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1952–1954

IRAN, 1951–1954

DEPARTMENT OF STATE

Washington

Foreign Relations of the United States, 1952–1954

Iran, 1951–1954

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Preface

The *Foreign Relations of the United States* series presents the official documentary historical record of major foreign policy decisions and significant diplomatic activity of the United States Government. The Historian of the Department of State is charged with the responsibility for the preparation of the *Foreign Relations* series. The staff of the Office of the Historian, Bureau of Public Affairs, under the direction of the General Editor of the *Foreign Relations* series, plans, researches, selects, and edits the volumes in the series. Secretary of State Frank B. Kellogg first promulgated official regulations codifying specific standards for the selection and editing of documents for the series on March 26, 1925. These regulations, with minor modifications, guided the series through 1991.

Public Law 102–138, the Foreign Relations Authorization Act, established a new statutory charter for the preparation of the series which was signed by President George H.W. Bush on October 28, 1991. Section 198 of P.L. 102–138 added a new Title IV to the Department of State's Basic Authorities Act of 1956 (22 U.S.C. 4351, et. seq.).

The statute requires that the *Foreign Relations* series be a thorough, accurate, and reliable record of major United States diplomatic activity. The volumes of the series should include all records needed to provide comprehensive documentation on major foreign policy decisions and actions of the United States Government. The statute also confirms the editing principles established by Secretary Kellogg: the *Foreign Relations* series is guided by the principles of historical objectivity and accuracy; records should not be altered or deletions made without indicating in the published text that a deletion has been made; the published record should omit no facts that were of major importance in reaching a decision; and nothing should be omitted for the purpose of concealing a defect in policy. The statute also requires that the *Foreign Relations* series be published not more than 30 years after the events recorded.

Focus of Research and Principles of Selection for Foreign Relations, *1952–1954, Iran, 1951–1954*

This volume is part of a sub-series that documents the foreign policies of the Harry S. Truman and Dwight D. Eisenhower administrations. However, this volume is a retrospective volume that is meant to supplement *Foreign Relations*, 1952–1954, Volume X, Iran, 1951–1954, published in 1989. The 1989 volume provided significant documenta-

tion on the oil dispute between the United Kingdom and Iran following the latter's decision to nationalize the assets of the Anglo-Iranian Oil Company (AIOC) in March 1951. It represents a thorough, accurate, and reliable account of the role the United States played in mediating the dispute. However, it did not provide any documentation on the role of the Central Intelligence Agency (CIA) in the formulation of U.S. policy toward Iran or documentation on the covert action that led to the overthrow of Iranian Prime Minister Dr. Mohammad Mosadeq on August 19, 1953. The lack of such documentation prompted a sharply critical reaction from concerned academics, the media, and other interested members of the public. In 1991, this reaction prompted the introduction and passage of congressional legislation, updating the Foreign Relations statute and affirming the requirement that the *Foreign Relations* series "shall be a thorough, accurate, and reliable documentary record of major United States foreign policy decisions and significant United States diplomatic activity." Furthermore, the legislation required U.S. Government departments and agencies to provide Department of State historians with "full and complete access to the records pertinent to United States foreign policy decisions and actions." In order to fulfill this congressional mandate, Department of State historians were charged with compiling a "retrospective" volume, utilizing materials previously unavailable to the *Foreign Relations* series, to address the remaining gaps in the historical narrative left by the 1989 volume on Iran.

This *Foreign Relations* retrospective volume focuses on the use of covert operations by the Truman and Eisenhower administrations as an adjunct to their respective policies toward Iran, culminating in the overthrow of the Mosadeq government in August 1953. Moreover, the volume documents the involvement of the U.S. intelligence community in the policy formulation process and places it within the broader Cold War context. For a full appreciation of U.S. relations with Iran between 1951 and 1954, this volume should be read in conjunction with the volume published in 1989.

Editorial Methodology

The documents are presented chronologically according to Washington time. Memoranda of conversations are placed according to the time and date of the conversation, rather than the date the memorandum was drafted.

Editorial treatment of the documents published in the *Foreign Relations* series follows Office style guidelines, supplemented by guidance from the General Editor and the Chief of the Editing and Publishing Division. The original document is reproduced as exactly as possible, including marginalia and other notations, which are described in the footnotes. Texts are transcribed and printed according to accepted conventions for the publication of historical documents in the limitations

of modern typography. A heading has been supplied by the editors for each document included in the volume. Spelling, capitalization, and punctuation are retained as found in the original text, except that obvious typographical errors are silently corrected. Other mistakes and omissions in the documents are corrected by bracketed insertions: a correction is set in italic type; an addition is in roman type. Words or phrases underlined in the source text are printed in italics. Abbreviations and contractions are preserved as found in the original text, and a list of abbreviations is included in the front matter of each volume.

Bracketed insertions are also used to indicate omitted text that deals with an unrelated subject (in roman type) or that remains classified after declassification review (in italic type). The amount and, where possible, the nature of the material not declassified has been noted by indicating the number of lines or pages of text that were omitted. Entire documents withheld for declassification purposes have been accounted for and are listed by their headings, source notes, and number of pages not declassified in their chronological place. All brackets that appear in the original document are so identified by footnotes. All ellipses are in the original documents.

The first footnote to each document indicates the source of the document, original classification, distribution, and drafting information. This note also provides the background of important documents and policies and indicates whether the President or his major policy advisers read the document.

Editorial notes and additional annotation summarize pertinent material not printed in the volume, indicate the location of additional documentary sources, provide references to important related documents printed in other volumes, describe key events, and provide summaries and citations to public statements that supplement and elucidate the printed documents. Information derived from memoirs and other first-hand accounts has been used when appropriate to supplement or explicate the official record.

The numbers in the index refer to document numbers rather than to page numbers.

Advisory Committee on Historical Diplomatic Documentation

The Advisory Committee on Historical Diplomatic Documentation, established under the Foreign Relations statute, reviews records, advises, and makes recommendations concerning the *Foreign Relations* series. The Advisory Committee monitors the overall compilation and editorial process of the series and advises on all aspects of the preparation and declassification of the series. Although the Advisory Committee does not attempt to review the contents of individual volumes in

the series, it does monitor the overall process and makes recommendations on particular problems that come to its attention.

Because of the history and significance of this volume, the Advisory Committee offered advice throughout its lengthy preparation and took the unusual step of delegating a member to review the manuscript. Although the committee appreciates that some documentation remains classified and does not appear in the volume, it assesses the volume as a reliable guide to the trajectory of U.S. policy toward Iran from 1951 to 1954 and an exceptionally valuable addition to the historical record. Accordingly, the committee recommended its publication.

Declassification Review

The Office of Information Programs and Services, Bureau of Administration, conducted the declassification review for the Department of State of the documents published in this volume. The review was conducted in accordance with the standards set forth in Executive Orders 12958 and 13526, as amended, on Classified National Security Information and applicable laws.

The principle guiding declassification review is to release all information, subject only to the current requirements of national security as embodied in law and regulation. Declassification decisions entailed concurrence of the appropriate geographic and functional bureaus in the Department of State, other concerned agencies of the U.S. Government, and the appropriate foreign governments regarding specific documents of those governments. The declassification review of this volume, which began in 2004 and was completed in 2014, resulted in the decision to withhold 10 documents in full, excise a paragraph or more in 38 documents, and make minor excisions of less than a paragraph in 82 documents.

The Office of the Historian is confident, on the basis of the research conducted in preparing this volume and as a result of the declassification review process described above, that the documentation, annotation, and editorial notes presented here, and read together with *Foreign Relations*, 1952–1954, volume X, Iran, 1951–1954, provide a broadly accurate account of the main lines of U.S. policy toward Iran from 1951 to 1954.

Acknowledgments

The Office of the Historian wishes to express its gratitude to Ambassador Harmon Kirby for his tireless efforts in pursuit of transparency and accountability in his work on the *Foreign Relations* series. This volume is dedicated to his memory.

The editor wishes to acknowledge the valuable assistance of the Historical Staff of the Center for the Study of Intelligence at the Central

Intelligence Agency. The editor extends sincere appreciation to staff at the Truman and Eisenhower Presidential Libraries. The editor would also like to thank the staff at the National Archives and Records Administration (Archives II), College Park.

James Van Hook selected and annotated the documentation, under the supervision of Edward C. Keefer, the then General Editor of the *Foreign Relations* series. Chris Tudda and Kerry Hite coordinated the declassification review under the supervision of Susan C. Weetman and Carl Ashley, successive Chiefs of the Declassification and Publishing Division. Do Mi Stauber prepared the index.

Bureau of Public Affairs
2017

Stephen P. Randolph, Ph.D.
The Historian

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Sources for the Foreign Relations *Series*

The Foreign Relations statute requires that the published record in the *Foreign Relations* series include all records needed to provide comprehensive documentation on major U.S. foreign policy decisions and significant U.S. diplomatic activity. It further requires that government agencies, departments, and other entities of the U.S. Government engaged in foreign policy formulation, execution, or support cooperate with the Department of State's Office of the Historian by providing full and complete access to records pertinent to foreign policy decisions and actions and by providing copies of selected records. Almost all of the sources consulted in the preparation of this volume have been declassified in full or in part and are available for review at the National Archives and Records Administration.

The editors of the *Foreign Relations* series have complete access to all the retired records and papers of the Department of State: the central files of the Department; the special decentralized files ("lot files") of the Department at the bureau, office, and division levels; the files of the Department's Executive Secretariat, which contain the records of international conferences and high-level official visits, correspondence between the President and Secretary of State and foreign leaders, and memoranda of officials; and the files of overseas diplomatic posts. All the Department's indexed central files for these years have been permanently transferred to the National Archives and Records Administration at College Park, Maryland (Archives II). The Department's decentralized office (or lot) files covering this period have been transferred from the Department's custody to Archives II.

The editors of the *Foreign Relations* series also have full access to the papers of Presidents Harry S. Truman and Dwight D. Eisenhower, as well as other White House foreign policy records. Presidential papers maintained and preserved at the Harry S. Truman Presidential Library in Independence, Missouri, and the Dwight D. Eisenhower Presidential Library in Abilene, Kansas, include some of the most significant foreign affairs-related documentation from the Department of State and other Federal agencies, including the National Security Council, the Central Intelligence Agency, the Department of Defense, and the Joint Chiefs of Staff.

Department of State historians also have full access to records of the Department of Defense, particularly the records of the Joint Chiefs

of Staff and the Secretaries of Defense and their major assistants. The Central Intelligence Agency provided full access to its files.

Sources for Foreign Relations, 1952–1954, Iran, 1951–1954

This volume includes National Security Council and Presidential materials that document the U.S. decision to proceed with the operation against Mosadeq, and the operational files within the Central Intelligence Agency (CIA) that document the implementation of the operation, codenamed TPAJAX. Moreover, this volume includes documents that illustrate the U.S. Government's collective attempt to understand Mosadeq as a leader, his role in Iranian history, the likely trajectory of Iranian history at that time, and, not least, the position within the U.S. Government's understanding of the Cold War in the Near East during the early 1950s. The compilation thus draws on many documentary collections throughout the U.S. Government, including the Department of State, the National Security Council, the Presidential libraries, the Department of Defense, foreign aid agencies, and the many collections of the Central Intelligence Agency. For the most part, the CIA files were still classified. Other collections were either still classified, still classified in part (i.e. redacted), or had been released to the public recently.

The focus of *Foreign Relations*, 1952–1954, volume X, Iran, 1951–1954, published in 1989, was on the oil negotiations resulting from Iran's nationalization of the British controlled Anglo-Iranian Oil Company in 1951. This retrospective volume focuses on the evolution of U.S. thinking on Iran as well as the U.S. Government covert operation that resulted in Mosadeq's overthrow on August 19, 1953. Both volumes should therefore be read together for complete documentation on U.S. policy toward Iran from 1951 to 1954.

This volume has drawn heavily on the central decimal files of the Department of State in Record Group 59, particularly those including material on Iranian political affairs (788 series) and economic affairs (888 series). Bureau lot files for the Bureau of Near Eastern, South Asian, and African Affairs, while small, contained copies of key position papers particularly from late 1952. (These lot files include Lot 57 D 155 and Lot 57 D 529, both of which originated from the Greece, Turkey, Iran Desk within the Bureau.) The Department of State post files also proved of great use as a supplement to the central files. This is because the post files tend not to have been culled. Thus, though the files are organized more strictly by subject, they often contain material that appeared significant from the point of view of the Embassy. These files are found in Record Group 84. Additionally, this volume includes materials from the London and Tehran posts.

The general National Security Council (NSC) records in Record Group 273 have been used to establish the evolution of policy from

1951 to 1954. Drawn from both the relevant Truman and Eisenhower administration collections, these documents include the official minutes, which are quite short and consist largely of records of action, and files on the major NSC policy papers relevant to U.S. policy toward Iran (NSC 107 and NSC 136). These NSC files allow the researcher not only to follow policy, but also to locate those analytical pieces that played direct roles in the formulation of policy. As the official minutes in Record Group 273 consist only of records of action, this volume has made use of the more extensive NSC meeting minutes found in the Truman and Eisenhower Presidential libraries. Many of these documents appeared in the 1989 *Foreign Relations* volume on Iran, albeit with critical redactions which have been restored here. Special attention has also been given to the CIA files devoted to the NSC policymaking process. The relevant files here are housed in the Office of the Deputy Director for Intelligence, who maintained the NSC files for the Director of Central Intelligence. These files, found in Job 33R00601A and Job 80R01443R, contain CIA contributions to the policy debates surrounding NSC papers 107 and 136.

Great use has also been made of the many collections containing analytical documentation devoted to the evolving U.S. Government understanding of Mosadeq and Iran. Along with analytical pieces from the Department of State collections discussed above, this volume draws heavily on documents produced by the analytical arm of the CIA, particularly the relevant National Intelligence Estimates (NIEs) and Special National Intelligence Estimates (SNIEs), housed in the files of the present-day National Intelligence Council. Special care has been taken not just to print the relevant estimates, but also to document the debates and/or evolution of consensus opinion, material for which is also contained in the NIE files. The most important such collection is in Job 79R01012A. The Deputy Director for Intelligence files also have material that effectively demonstrates the debates over how to understand Mosadeq within the context of Iranian history, the expected future trajectory of the country, and U.S. Government strategic priorities. These are found in the "staff memoranda" files (Job 79T00937A). Unfortunately, these memoranda, of which there are many hundreds per year, are arranged solely chronologically and thus practical to use only for short projects covering a limited period of time. This volume also made use of the collections of intelligence memoranda from the Office of Current Intelligence and a limited number of longer research reports from the Office of Research and Reports, both offices of which were in the Directorate of Intelligence.

In order to document the specific decision to employ covert means to seek Mosadeq's overthrow, as well as to document the course of the operation itself, much greater use has been made of the secret files of

the Directorate of Operations (DO) within the CIA. To be sure, the distinction between operational files and analytical files does not always accurately reflect what is housed in DO files. Nevertheless, these files tend to have been created and organized with the intent to facilitate policy decisions and implementation. Also of great importance are the relevant files maintained by the Office of the Director of Central Intelligence (DCI). These actually are not considered operational files, but, for the purposes of this volume, have been utilized to document the Director's role in the covert policy toward Iran. These files are often very useful, but are not of uniform quality, nor do they give the consistent impression of completeness. They contain the DCI's correspondence, important files on specific issues the documentation of which was not maintained in the individual directorates, the DCI's records for the Psychological Strategy Board and other inter-departmental bodies subordinated to the NSC, and, importantly, the DCI's logs and the minutes of his regular meetings with the Deputy Directors.

Of greater importance are the Directorate of Operations files themselves. (References to records maintained by the Directorate of Operations (DO), Central Intelligence Agency, were accurate at the time the volume was compiled. The DO has since been renamed the National Clandestine Service.) On the whole, DO files are well-organized. In adherence to the strict operational principle of compartmentation, they tend to be organized by operation. That is, unlike in the Department of State where a central filing system was maintained in order that individuals could become familiar with overall policies, the DO system parceled out information on the "need-to-know" basis. If one was involved in a specific operation, one could obtain access to documents that related specifically to that operation and that operation only. These kinds of files are called project files. While in theory, compartmentation made a considerable amount of sense, it also became obviously clear that there was a need to maintain collections that illustrated policy contexts within which specific operational needs were to be met. This practice was significant to this volume in two ways. First, there is an overall tendency for certain project files for countries regarded as more important to contain documentation of internal DO discussions that led to the approval of proposed covert operations as well as the execution of those operations. These files, a kind of central file by default, contain relevant telegraphic traffic, DO analytical pieces, operational proposals, and reports about the implementation of covert operations. Second, the DO also maintained more general files for top-level officials within the Directorate. The files maintained for Frank Wisner, the head of the Office of Policy Coordination (OPC) and later the Directorate for Plans (DP) were particularly relevant for this volume. Wisner's "secret" files, in Job 79–01228A, organized by subject, are variously rich and sparse in documentation, but generally episodic in char-

acter. Wisner's "top secret" files, in Job 80–01795R, are organized chronologically up to 1954 and appear more complete. They do not contain materials on the evolution of covert policies to the extent that the core project files do, but they do contain complete collections of reports submitted to Wisner by the Area Divisions as well as a complete record of Wisner's interaction with the "Senior Consultants," the interdepartmental body that officially discussed and approved covert actions with Wisner and other high officials of the Directorate of Plans before the adoption of the NSC committee covert action approval process of late 1954.

The original CIA cables relating to the implementation of the covert action TPAJAX no longer exist. The original TPAJAX operational cables appear to have been destroyed as part of an office purge undertaken in 1961 or 1962, in anticipation of Near East (NE) Division's move to the Central Intelligence Agency's new headquarters. However, during the preparation of the previous volume on this topic, *Foreign Relations*, 1952–1954, volume X, Iran, 1951–1954, in the late 1970s, Department of State historians obtained hand-typed transcriptions of microfilmed copies of these cables. The microfilm was later destroyed in accordance with a National Archives approved records schedule. Although the Office of the Historian (HO) did not obtain approval to publish these transcribed cables in the earlier volume, twenty-one are published in this volume and an additional seven are referenced in footnotes. The following account of these transcribed cables is based on investigations conducted by CIA's History Staff from 1994 until 1996, as well as more recent searches undertaken by HO with the cooperation of the CIA.

When interviewed in the mid-1990s, NE staff members who were present during the office move to the new CIA headquarters building in the 1960's stated that the Division's "chrono" files and cables were destroyed at that time. Chrono files, typically held for only one year, were intended as duplicate reference sets of documents held in other files. The staff also noted that the Division destroyed its cables only after determining that copies of the cables were retained on microfilm in CIA's Cable Secretariat, in the Directorate of Support's Office of Communication. However, a National Archives-approved CIA records schedule issued in 1977 authorized the destruction of the microfilmed cables in the Cable Secretariat once they were 20 years old. Although there is no written record confirming the destruction of the 1953 microfilmed cables, records of such routine destruction were themselves temporary and scheduled to be destroyed after five years. A thorough CIA search in the mid-1990s turned up no 1950s microfilmed cables, nor any record of their destruction.

HO began research on the previous 1951–1954 Iran volume in the late 1970s, at a time when the microfilm cables in the Cable Secretariat

had been scheduled for destruction but not yet destroyed. At that time, a CIA historian assisting with the volume searched and located relevant cables relating to TPAJAX in the Cable Secretariat's microfilm set. Due to the poor quality of this microfilm (and possibly the lack of printing capability) the CIA historian transcribed these cables on a typewriter. It appears that the transcriptionist attempted to capture everything on the original cables, and to reproduce all of the text and numbers on the same part of the page where they appeared on the original. Given the way in which the cables were transcribed, as well as the fact that they were transcribed by a professional historian for use in the official *Foreign Relations* series, HO believes that the transcribed cables represent a good faith effort to accurately reproduce the original microfilm. However, some of the transcriptions contain question marks and brackets, suggesting that in some instances the text of the microfilm was partially illegible.

There are differing accounts of the total number of transcribed cables that HO received at the time the previous Iran volume was compiled. Some subsequent accounts describe as many as 102 or 105 transcripts in HO's possession; another account describes half an inch of transcripts; more recent accounts list 68 cables, including the ones printed in this volume. Currently, 68 cable transcripts have been located at the CIA. It appears that they are all copies HO brought to the CIA in 1994, when HO began contemplating the current retrospective volume and inquired about the origins of the transcripts. More recently, HO has searched its own files, active and retired, and has been unable to find the transcribed cables originally provided to HO by the CIA historian in the late 1970s. However, the compiler of this volume had access to all of the transcribed cables at the time the volume was compiled approximately 10 years ago. In a few instances, cable transcripts printed or footnoted in this volume could not be located in the extant set of 68 cables at CIA, specifically: Document 276; the cable referenced in footnote 2, Document 273; and the cable referenced in footnote 3, Document 290. It should be noted that a few other CIA cables from before and after the time of the TPAJAX operation itself have survived in the CIA and Truman Library collections listed below. Some of these surviving original cables appear in this volume, in addition to the transcribed cables.

Unpublished Sources

National Archives and Records Administration, College Park, Maryland

Record Group 59, Records of the Department of State

Central Files 1950–1954

788.00

788.11

788.13

788.21

788.5

888.00

888.2553

Lot Files

GTI Files, Lot 57 D 155

Files on Iran dealing chiefly with petroleum matters and U.S. oil negotiations with Iran for the years 1946–1954.

GTI Files, Lot 57 D 529

Files on Iran covering principally political and military matters and U.S. economic and military assistance to Iran for the years 1946–1954.

Record Group 84, Records of the Department of State's Posts

London Embassy Files, Lot 59 F 59

Classified General Records, Boxes 34 & 274

Tehran Embassy Files

Classified General Records, 1950–1952, Boxes 10–129

General Records, 1953–1955, Boxes 1–7

Classified General Records, 1953–1955, Box 934

Record Group 273, Records of the National Security Council

Policy Papers

Box 194 (Pertaining to the NSC 107 Series)

Box 210 (Pertaining to the NSC 136 Series)

Official Minutes, 1947–1961

Boxes 12, 14, 16, 22–24, 26–27, 29, 35, 38

NSC Records of Action, Box 95

Record Group 330, Records of the Office of the Secretary of Defense

OSD/ISA Files

Office of Military Assistance, Project Decimal Files, Boxes 35 & 63

Record Group 469, Records of U.S. Foreign Assistance Agencies, 1948–1961

Mission to Iran

Executive Office Subject Files (Central Files) 1951–1961, Boxes 1–7

Harry S. Truman Presidential Library, Independence, Missouri

President's Secretary's Files, Box 180

Dean Acheson Papers

Memoranda of Conversations, Box 71

Dwight D. Eisenhower Presidential Library, Abilene, Kansas

Ann Whitman File

Box 4 (NSC Meetings)

Box 4a

Box 32 (Iran)

DDE Diary Series, Box 1

Disaster Files Series

NSC Staff Papers, Boxes 65 & 69

International Series

Box 9 (Iran)

Special Staff Files, Box 4

Central Intelligence Agency, Langley, Virginia

Office of the Director of Central Intelligence

Job 80B01676R (DCI Logs, Minutes of Deputies Meetings, and Subject Files)

Job 80R01731R (DCI's Interagency Correspondence)

Job 80–01065A (Records of the Psychological Strategy Board, as maintained by the DCI)

National Intelligence Council Files

Job 79R01012A (Registry of National Intelligence Estimates)

Job 79S01011A (Registry of Special National Intelligence Estimates)

Job 79R00904A (Memoranda for the DCI)

Job 98–00979R (National Intelligence Estimates)

Files of the Deputy Director for Intelligence

Job 01–00707R

Job 33R00601A (Files on NSC Papers, as maintained by the DDI)

Job 79T00937A (Staff memoranda)

Job 80R01443R (Briefing for DCI intended for meetings of the NSC)

Job 80–00810A (Disseminated Telegrams)

Files of the Directorate of Intelligence, Office of Current Intelligence

Job 91T01172R (Intelligence Memoranda)

Files of the Directorate of Intelligence, Office of Research and Reports

Job 79S01097A

Files of the Deputy Director for Operations

Job 79–01228A (Wisner's general chronological and subject files)

Job 80–01795R (Wisner's Top Secret Files)

Job 81–01061 (Wisner's Top Secret Monthly/Quarterly Reports)

Job 58–00070R (Project Files)

Job 59–00133R (Project Files)

Job 78–01521R (Project Files)

Job 78–00222R (Project Files)

Job 80–01701R (Project Files)

Job 89–00176R (Project Files)

The National Archives, Kew, United Kingdom

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United States. Department of State. *American Foreign Policy, 1950–55: Basic Documents*, Vol. II. Washington: U.S. Government Printing Office, 1957.

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Abbreviations and Terms

AA, anti-aircraft
ADPC (also AD/OPC), Assistant Director for Policy Coordination
AFP, *Agence France-Presse*
AIOC, Anglo-Iranian Oil Company
ALR, Arthur L. Richards
Amb, Ambassador
AmConsul, American Consul(ate)
Amer, American
AP, Associated Press
ARAMCO, Arabian-American Oil Company
ARMISH, United States Military Mission with the Iranian Army
AWD, Allen W. Dulles

BBC, British Broadcasting Corporation
B/D, barrels per day
BMI, Bank Melli Iran
BNA, Office of British Commonwealth and Northern European Affairs, Bureau of European Affairs, Department of State
BNE, Board of National Estimates, Directorate of Intelligence, Central Intelligence Agency
BOB, Bureau of the Budget
Brit, British

CFM, Council of Foreign Ministers
CGSAC, Commanding General, Strategic Air Command
CIA, Central Intelligence Agency
CINCNELM, Commander in Chief, United States Naval Forces, Eastern Atlantic and Mediterranean
cld, could
CNE, Chief of the Near East and Africa Division, Directorate of Plans, Central Intelligence Agency
C/NEA (also CNEA), Chief of the Near East and Africa Division, Directorate of Plans, Central Intelligence Agency
Col., Colonel
Cominform, Communist Information Bureau (informal name of the Information Bureau of the Communist and Workers' Parties)
Conf, conference
Cons, Consuls; Consulates
conv, conversation
COS, Chief of Staff; Chief of Station
C/PAD, Chief of the Political Action Division, Directorate of Plans, Central Intelligence Agency
CUCTU, Central United Council of Trade Unions (Iran)

DADPC, Deputy Assistant Director of Policy Coordination, Central Intelligence Agency
DCI, Director of Central Intelligence
DCOS, Deputy Chief of Staff

DD/A, Deputy Director for Administration, Central Intelligence Agency
DDCI (also D/DCI), Deputy Director of Central Intelligence
DDE, Dwight D. Eisenhower
DDI (also DD/I), Deputy Director for Intelligence, Central Intelligence Agency
DDO, Deputy Director for Operations, (successor to the Deputy Director for Plans), Central Intelligence Agency
DDP (also DD/P), Deputy Director for Plans, Central Intelligence Agency
Depcirctel, Department circular telegram
Dept, Department
Deptel, Department of State telegram
DI, Directorate of Intelligence, Central Intelligence Agency
dissem, dissemination
div, division
DMS, Office of the Director of the Mutual Security Agency
DO, Directorate of Operations (successor to the Directorate of Plans), Central Intelligence Agency
DOD, Department of Defense
DOS, Department of State

E&E, escape and evacuation
Emb, Embassy
Embtel, Embassy telegram
EXIM, Export-Import Bank

FBI, Federal Bureau of Investigation
FBIS, Foreign Broadcast Information Service
FGW, Frank G. Wisner
finan, financial
FNU, first name unknown
FOA, Foreign Operations Administration
FonOff, Foreign Office
FY, fiscal year
FYI, for your information

G–2, military intelligence
Gen. (also Genl.), General
GER, Office of German Affairs, Bureau of European Affairs, Department of State
GOI, Government of Iran
govt, government
grp, group
GTI, Office of Greek, Turkish, and Iranian Affairs, Bureau of Near Eastern, South Asian, and African Affairs, Department of State

HIM, His Imperial Majesty
HMG, His/Her Majesty's Government
HQS, headquarters

IAC, Intelligence Advisory Committee
IBRD, International Bank for Reconstruction and Development
ICJ, International Court of Justice
IMF, International Monetary Fund
immed, immediate
inf, infantry

intnatl, international
IranGov, Government of Iran

JCS, Joint Chiefs of Staff
JHW, John H. Waller
JIC, Joint Intelligence Committee (UK)

KR, Kermit Roosevelt
KUBARK, cryptonym for Central Intelligence Agency
KUCLUB, cryptonym for Office of Communications, Central Intelligence Agency

LWH, Loy W. Henderson

MA, military attaché
MAAG, Military Assistance Advisory Group
mbrs, members
MDAP, Mutual Defense Assistance Program
ME, Middle East
MFA, Minister of Foreign Affairs
mil, military
milatts, military attachés
MilGov, Military Governor
milsitrep, military situation report
Min, Minister
Min Court, Minister of Court
MinFonAff, Minister for Foreign Affairs
MinInt, Minister of the Interior
morn, morning
MSA, Mutual Security Administration

natl, national
NATO, North Atlantic Treaty Organization
NE, Office of Near Eastern Affairs, Bureau of Near Eastern, South Asian, and African Affairs, Department of State; Near East
NEA, Bureau of Near Eastern, South Asian, and African Affairs, Department of State; Near East and Africa Division, Directorate of Plans, Central Intelligence Agency
negots, negotiations
NF, National Front (Iran)
NIACT, night action, communications indicator requiring attention by the recipient at any hour of the day or night
NIC, National Intelligence Council
NIE, National Intelligence Estimate
NIOC, National Iranian Oil Company
NMF, National Movement Faction
Noforn, no foreign dissemination
NSC, National Security Council

OCB, Operations Coordinating Board
OCI, Office of Current Intelligence, Directorate of Intelligence, Central Intelligence Agency
ODACID, cryptonym for Department of State
ODDI, Office of the Deputy Director for Intelligence, Central Intelligence Agency
ODYOKE, cryptonym for U.S. Government
OIR, Office of Intelligence and Research, Department of State

ONE, Office of National Estimates, Directorate of Intelligence, Central Intelligence Agency
ONI, Office of Naval Intelligence
OPC, Office of Policy Coordination, Directorate of Plans, Central Intelligence Agency
ORR, Office of Research and Reports, Directorate of Intelligence, Central Intelligence Agency
OSD, Office of the Secretary of Defense
OSD/ISA, International Security Affairs, Office of the Secretary of Defense
OSO, Office of Special Operations, Central Intelligence Agency

PED, Petroleum Policy Staff, Office of International Materials Policy, Department of State
PM, Prime Minister; paramilitary
pol (also polit), political
PP, psychological and political
PPS, Policy Planning Staff, Department of State
PriMin, Prime Minister
PSB, Psychological Strategy Board

recd, received
reftel, reference telegram
Ret., retired
RG, Record Group
ROK, Republic of Korea
rpt, repeat
rptd, repeated
RSFSR, *Rossiyskaya Sovetskaya Federativnaya Sotsialisticheskaya Respublika* (Russian Soviet Federative Socialist Republic)

SAC, Strategic Air Command
shld, should
SIS, Secret Intelligence Service (UK)
SNIE, Special National Intelligence Estimate
SO, Special Operations
Sov, Soviet
S/P, Policy Planning Staff, Department of State
svc, service

TCA, Technical Cooperation Administration, Department of State
TCI, Technical Cooperation Administration Mission in Iran
TEHE, Tehran

UK, United Kingdom
UN, United Nations
unn, unnumbered
ur, your
urtel, your telegram
US, United States
USA, United States Army
USAF, United States Air Force
USG, United States Government
USN, United States Navy
USSR, Union of Soviet Socialist Republics

VOA, Voice of America

Wash., Washington
WBS, Walter Bedell Smith
WE, Western Europe
wld, would

Z, Zulu time (Greenwich Mean Time)

Persons

Acheson, Dean G., Secretary of State until January 20, 1953
Afshartus, Mahmud, Brigadier General, Iranian Army; Chief of Police in Tehran until April 1953
Akhavi, Ali Akhbar, Iranian Minister of National Economy, July 1952–August 1953
Akhavi, Hassan, Colonel (later Brigadier General), Chief of Intelligence, Iranian Army, until August 1953; thereafter, Deputy Chief of Staff
Ala, Hosein, Iranian Prime Minister, March 1–April 27, 1951; Iranian Minister of Court, April 1951–April 1953; and after August 1953
Aldrich, Winthrop W., Ambassador to the United Kingdom from February 20, 1953
Alemi, Ibrahim, Iranian Minister of Labor, November 1951–August 1953
Ali Khan, Liaqat, Pakistani Prime Minister and Minister of Defense until October 16, 1951
Allen, George, Ambassador to Iran, 1946–1948; Ambassador to Yugoslavia, January 25, 1950–March 11, 1953
Allen, Raymond, Psychological Strategy Board, Central Intelligence Agency
Amini, Abol Qasem (Abdul), Iranian Minister of Court, May–August, 1953
Amini, General Mahmud, Head of Iranian Gendarmérie
Aramesh, Ahmad, Iranian Minister of Labor from August 1953
Arfa, Major General Hasan, Chief of the Iranian General Staff, 1944–1946; Minister of Roads and Communications, March–April 1951
Armory, Robert, Jr., Assistant Director, Office of Research and Reports, Directorate of Intelligence, Central Intelligence Agency, March 1952–February 1953; thereafter, Deputy Director for Intelligence, Central Intelligence Agency
Armstrong, W. Park, Jr., Special Assistant for Intelligence to the Secretary of State
Ashrafi, Colonel Hussein-Ghuli, Commander of Third Mountain Brigade, Iranian Army; later, Military Governor of Tehran
Azad, Abdul Qadir, Iranian newspaper editor; member, National Front

Baharmast, General Qolam Mahmud, Chief of Staff of the Iranian Army, October 1952–March 1953
Bakhtiar, Colonel Teimur, Commander of Iranian Army garrison at Kermanshah until September 1953
Baqai (Baghai, also Boagi), Dr. Mozaffar, founder of the Workers Party, a component of Mosadeq's National Front; Deputy in the 17th Majlis, 1952–1953
Barnes, Stanley N., Assistant Attorney General in the Anti-Trust Division, Department of Justice, after 1953
Barnes, Tracy, Chief, Policy and Plans Division, Directorate of Plans, Central Intelligence Agency
Barzani, Mustafa, President, Kurdish Democratic Party
Batmanqilich (Batmangelich, Batqamalich), Nader, General, Chief of Staff of the Iranian Army after August 19, 1953
Battle, Lucius D., Special Assistant to the Secretary of State from June 26, 1951; Foreign Affairs Officer, Office of the Special Assistant to the Secretary of State for Mutual Security Affairs, after October 13, 1952; Attaché in the Embassy in Denmark after July 26, 1954
Becker, Loftus, Deputy Director for Intelligence, Central Intelligence Agency, January 1, 1952–April 30, 1953

Beeley, Harold, Counselor of the British Embassy in the United States after February 18, 1953

Behbahani, Ayatollah Sayyed Mohammad, Iranian cleric allied to anti-Mosadeq opposition

Berry, Burton Y., Acting Assistant Secretary of State for Near Eastern, South Asian, and African Affairs, December 1951–June 1952; Ambassador to Iraq, June 25, 1952–May 3, 1954

Black, Lieutenant General, Office of the Secretary of Defense

Black, Eugene R., President and Chairman of the Executive Directors of the International Bank for Reconstruction and Development after 1949

Black, Robert, Staff member, Office of the Director of the Mutual Security Agency

Bohlen, Charles E., Counselor of the Department of State, July 12, 1951–March 29, 1953; Ambassador to the Soviet Union from April 20, 1953

Bowie, Robert R., Director, Policy Planning Staff, Department of State, from May 28, 1953

Bowker, Sir Reginald J., Assistant Under Secretary of State, British Foreign Office, until January 13, 1954; thereafter Ambassador to Turkey

Bruce, David K.E., Ambassador to France until March 10, 1952; Under Secretary of State, April 1, 1952–January 20, 1953; consultant to the Secretary of State until February 8, 1953; thereafter Observer at the Interim Committee of the European Defense Community at Paris and Representative to the European Coal and Steel Community

Bruce, John R., Press Attaché at the Embassy in Iran, October 1951–May 1954

Bryant, Elmer C., Chief of Field Improvement Office at Shiraz, Technical Cooperation Administration, 1952–1953; Regional Director, Tehran, 1953–1954; Provincial Director, Shiraz, 1954; Assistant Director of Field Operations, Tehran, from March 1954

Bundy, William, Staff member, Office of National Estimates, Central Intelligence Agency

Burrows, Bernard B.A., Counselor of the British Embassy in the United States, January 1950–July 1953

Butler, Richard A. (RAB), British Chancellor of the Exchequer from October 28, 1951

Byroade, Henry A., Director, Office of German Affairs, Bureau of European Affairs, Department of State, until April 1952; Assistant Secretary of State for Near Eastern, South Asian, and African Affairs from April 14, 1952

Cabell, Lieutenant General Charles P., USAF, Director of the Joint Staff, Joint Chiefs of Staff, until January 1953; Deputy Director of Central Intelligence after April 23, 1953

Chapman, Christian G., Third Secretary of the Embassy in Iran, September 1953–March 1954; Second Secretary of the Embassy in Iran from March 1954

Churchill, Winston S., British Prime Minister from October 26, 1951

Collins, General J. Lawton, USA, Chief of Staff of the Army until August 14, 1953; thereafter Representative to the NATO Military Committee and Standing Group

Crowl, R. Bernard, Staff member, Office of Greek, Turkish, and Iranian Affairs, Bureau of Near Eastern, South Asian, and African Affairs, Department of State

Cunningham, Joseph H., Third Secretary of the Embassy in Iran, January–October 1953

Cuomo, Anthony, Assistant Attaché at the Embassy in Iran, Feburary 1951–November 1954

Cutler, Robert, Administrative Assistant to President Eisenhower, January–March 1953; thereafter Special Assistant to the President for National Security Affairs

Dadsetan, Major General, Military Governor of Tehran, 1953

Daftari, General Muhammad, Commander of Iranian Customs Guard

Davalu, Brigadier General Mahmud, Iranian Army, Isfahan

Davis, Vice Admiral Arthur C., USN, Director of the Joint Staff, Joint Chiefs of Staff, until November 1, 1951

Deihimi, Colonel (later Brigadier General) Habibollah, Chief of Staff of Kerman Division, Iranian Army, until August 1953; Deputy Chief of Staff, Iranian Army, August 1953–February 1954; Military and Air Attaché at the Iranian Embassy in the United States from February 1954

Dodge, Joseph M., Director, Bureau of the Budget, January 22, 1953–April 15, 1954

Dooher, Gerald F. P., Chief, Near Eastern, Soviet-East, and Trans-Caucasian Sections, International Broadcast Service, Department of State, June 1951–August 1953; United States Information Agency, August 1953–August 1954; Chief, Near East, South Asia, and Africa Division, International Broadcast Service, Department of State, from August 1954

Douglas, William O., Associate Justice of the Supreme Court, 1939–1975

Dreyfus, Louis G., Minister to Iran, 1939–1943

Dulles, Allen W., Deputy Director for Plans, Central Intelligence Agency, until August 1951; Deputy Director of Central Intelligence from August 1951; Director of Central Intelligence after January 1953

Dulles, John Foster, Consultant to Secretary of State Dean Acheson and Personal Representative of President Truman for the Japanese Peace Treaty; Secretary of State after January 21, 1953

Dunn, James C., Ambassador to France, March 13, 1952–March 2, 1953

Earman, S.J., Executive Assistant to the Director of Central Intelligence, 1952

Eden, Anthony (Sir Anthony from 1954), British Secretary of State for Foreign Affairs from October 27, 1951

Eisenhower, Dwight D., General, USA, Supreme Allied Commander, Europe, April 2, 1951–May 30, 1952; President after January 20, 1953

Engert, Cornelius V., Minister to Iran, 1937–1940; Minister to Afghanistan, 1942–1945

Entezam, Abdollah, Iranian Minister of Foreign Affairs after August 1953

Faramarzi, Abdul Rahman, Iranian newspaper editor; member of the Majlis

Farzanegan, Colonel (later Brigadier General) Abbas, Iranian Army Staff officer; Acting Deputy Chief of Staff, Iranian Army, August 1953; Minister of Posts and Telegrams from August 1953

Fatemi (Fatimi), Hossein, Iranian Minister of Foreign Affairs and confidante of Iranian Prime Minister Mosadeq, October 1952–August 1953

Fechteler, Admiral William M., USN, Chief of Naval Operations, August 16, 1951–August 15, 1953

Ferguson, C. Vaughan, Officer in Charge of Iranian Affairs, Office of Greek, Turkish, and Iranian Affairs, Bureau of Near Eastern, South Asian, and African Affairs, Department of State, until July 1952

Forkner, Claude E., U.S. physician

Foster, William C., Staff member, Office of Military Assistance, Department of Defense

Franks, Sir Oliver, British Ambassador to the United States until February 13, 1952

Fraser, Sir William, Chairman, Anglo-Iranian Oil Company (British Petroleum after 1954)

Gannett, Michael R., Second Secretary of the Embassy in Iran from March 1953

Garner, Robert L., Vice President of the International Bank for Reconstruction and Development

Garzan, General Abbas, Chief of the Iranian General Staff until 1952

Gerhart, Major General John K., USAF, Joint Chiefs of Staff adviser to the Planning Board of the National Security Council from March 1953

Ghanatabodi (Ghanat-Abadi, Qanatabadi), Shams, Deputy in the 17th Iranian Majlis

Ghashghai, see Qashqai

Ghashghaie, see Qashqai

Gifford, Walter S., Ambassador to the United Kingdom until January 23, 1953
Gleason, S. Everett, Deputy Executive Secretary, National Security Council, from January 1950
Golpyra, Major General, Commanding General of the Iranian Gendarmérie from August 1953
Grady, Henry F., Ambassador to Iran until September 19, 1951
Gray, Gordon, Director, Psychological Strategy Board, Central Intelligence Agency, June 20, 1951–May 1952
Guilanshah, General, Chief of the Iranian Air Force
Guilanshah (Gilanshah), Colonel Hedayat, Adjutant to the Shah of Iran

Haerizadeh, Seyed Abol Hasan, Leader of the Iran Party, a component of Mosadeq's National Front; Deputy in the 18th Majlis, 1954
Hakimi, Ebrahim, Iranian Prime Minister, May–June 1945, October 1945–January 1946, December 1947–June 1948; President of the Senate from August 1951
Harriman, W. Averell, Special Assistant to the President until November 1951; Director, Mutual Security Agency, November 1951–January 1953
Hasibi (Hassebi), Kazem, Oil Adviser to Iranian Prime Minister Mosadeq until August 1953
Hayat (Haiat), Ali, Iranian Minister of Justice, 1951; Governor General of Fars province, August–September 1953; President of the Iranian Supreme Court from September 1953
Hedayat, Major General, Iranian Minister of National Defense from September 1953
Hedden, Stuart, Special Assistant to the Director of Central Intelligence, 1951–1952; Inspector General of the Central Intelligence Agency, January 1, 1952–January 19, 1953; member, Office of Policy Coordination's Project Review Committee, Central Intelligence Agency
Hejazi, Major General Abdol Hossein, Iranian Army; Commanding General of the 3rd Corps of the Iranian Army; Military Adviser to the Shah after September 1953
Hekmat, Sadr Fakhr, President of the Majlis
Helms, Richard, Chief, Foreign Division, Office of Special Operations, Central Intelligence Agency, until July 16, 1951; Chief of Operations, Office of Special Operations, Central Intelligence Agency, July 16, 1951–July 31, 1952; Chief of the Foreign Intelligence Staff, Office of the Deputy Director for Plans, Central Intelligence Agency, from July 31, 1952
Hemat, Major General Seyfollah, Iranian Army; Commanding General of Shiraz Garrison from October 1953
Henderson, Loy W., Ambassador to Iran, September 29, 1951–December 30, 1954
Hewitt, R.L., Staff member, Office of National Estimates, Central Intelligence Agency
Holmes, Julius C., Minister of the Embassy in the United Kingdom until November 1954
Hoover, Herbert, Jr., Consultant to the Secretary of State from October 14, 1953; Under Secretary of State, October 4, 1954–February 5, 1957
Hormuz, Mahmud, Leader, Tudeh Party
Houman, Ahmed, Assistant Minister of the Iranian Court, 1951
Howe, Fisher, Deputy Special Assistant for Intelligence to the Secretary of State
Howison, John M., Second Secretary of the Embassy in Iran, June 1952–November 1954
Human, Ahmad, Iranian Deputy Minister of Court
Humphrey, George M., Secretary of the Treasury from January 21, 1953

Imam (Imami), Jumeh (Jamal), President of the Iranian Majlis until July 1952

Jackson, C.D., Special Assistant to the President, February 26, 1953–March 31, 1954; Representative, U.S. Delegation to the Ninth Session of the U.N. General Assembly, November 1954

Jackson, William H., Deputy Director of Central Intelligence until August 3, 1951

Jernegan, John D., Deputy Assistant Secretary of State for Near Eastern, South Asian, and African Affairs from June 26, 1952

Johnson, Louis, Secretary of Defense until September 19, 1950

Joyce, Robert, Senior Consultant (representing the Secretary of State), Office of Policy Coordination, Central Intelligence Agency, from September 1948; Policy Planning Staff, Department of State, from December 1948

Kashani, Seyed Ayatollah Abdol Ghassem, Iranian religious leader; founder of Fedayan Islam in 1948; principal leader in the Iranian National Front; President of the 17th Majlis, 1952–1953

Kent, Sherman, Chairman, Board of National Estimates, Central Intelligence Agency, from January 3, 1952

Khoury, Bechara El, President of Lebanon until September 1952

Kitchen, Jeffrey C., Assistant to Country Specialist, Bureau of Near Eastern, South Asian, and African Affairs, Department of State, until October 1951; Foreign Affairs Officer, October 1951–May 1952; Acting Chief, Policy Reports Staff, May–November 1952; Special Assistant to the Secretary of State, November 1952–January 1953; Deputy Director, Executive Secretariat, Department of State, from January 1953

Langer, William L., Chairman, Board of National Estimates, Central Intelligence Agency, November 13, 1950–January 3, 1952

Lankarani, Ahmad, Leader, Tudeh Party

Lavrentiev, Anatoli I., Soviet Ambassador to Iran from July 1953

Lay, James S., Jr., Executive Secretary, National Security Council, after January 1950

Leavitt, John H., Chief, Iran Branch, Directorate of Plans, Central Intelligence Agency

Lemnitzer, Lieutenant General Lyman L., USA, Deputy Chief of Staff of the Army for Plans and Research from August 1952

Levy, Walter, former Standard Oil executive; petroleum consultant to the Iranian Government, 1952

Lodge, Henry Cabot, Jr., Senator (R–Massachusetts) until January 3, 1953; Permanent Representative to the United Nations from January 12, 1953

Long, Robert E., Assistant to the Director of Central Intelligence

Lovett, Robert A., Secretary of Defense, September 17, 1951–January 20, 1953

Luce, Claire Boothe, Ambassador to Italy from May 4, 1953

McClure, Brigadier General Robert A., USA; Chief of the United States Military Mission with the Iranian Army and Chief of the United States Military Assistance Advisory Group in Iran after 1953

McGhee, George C., Assistant Secretary of State for Near Eastern, South Asian, and African Affairs until December 18, 1951; Ambassador to Turkey, January 15, 1952–June 19, 1953

Maki (Makki), Hosein, confidante of Iranian Prime Minister Mosadeq; member, Board of Directors, National Iranian Oil Company, until December 1952; Deputy in 17th Majlis, 1952–1953

Makins, Sir Roger M., British Deputy Under Secretary of State for Foreign Affairs until December 30, 1952; British Ambassador to the United States after January 7, 1953

Maleki, Khalil, Iranian intellectual and Mosadeq supporter; co-founder of Toilers Party; founder of Third Force Party (Niru-ye Sevom)

Mansur (Mansour), Ali, Iranian Prime Minister, March–June 1950; Iranian Ambassador to Turkey after 1954

Matin-Daftari, Ahmad, Iranian Prime Minister, 1939–1941; international law adviser to Mosadeq

Matthews, H. Freeman, Deputy Under Secretary of State, July 5, 1950–October 11, 1953; Ambassador to the Netherlands from November 25, 1953

Mattison, Gordon H., Counselor of Embassy in Iran, April 1952–October 1953

Melbourne, Roy M., First Secretary and Counselor of Embassy in Iran, July 1951–December 1953.

Merchant, Livingston T., Special Assistant to the Secretary of State for Mutual Security Affairs until March 24, 1952; Deputy to the U.S. Special Representative in Europe at Paris until March 11, 1953; Assistant Secretary of State for European Affairs from March 16, 1953

Middleton, George H., British Counselor of Embassy in Iran after January 20, 1951; Chargé d'Affaires, January 20–October 31, 1952; Deputy British High Commissioner to India after April 1, 1953

Mirjahangir (Mir-Jahangir), General, Commander of Shiraz Garrison

Moazami, Abdullah, President of the 17th Iranian Majlis until August 1953

Momtaz (Mumtaz), Colonel Ezatollah, Commander, Second Mountain Brigade, Iranian Army; charged with defense of Mosadeq's residence during August 19, 1953, coup

Morgan, George A., Acting Director of the Psychological Strategy Board, Central Intelligence Agency, 1953

Morrison, Herbert S., British Secretary of State for Foreign Affairs, March 9–October 26, 1951

Mosadeq (Mossadeq, Mossadegh), Dr. Mohammad, Leader of the Iranian National Front; Prime Minister of Iran, April 1951–July 5, 1952, July 11–July 16, 1952; Prime Minister of Iran and Iranian Minister of Defense, July 22, 1952–August 15, 1953

Murphy, Robert D., Ambassador to Belgium until March 19, 1952; Ambassador to Japan, May 9, 1952–April 28, 1953; Assistant Secretary of State for United Nations Affairs from July 28, 1953; Deputy Under Secretary of State for Political Affairs from November 30, 1953

Naguib, Muhammad, Egyptian Prime Minister, September 17, 1952–February 25, 1954 and March 8–April 18, 1954; President of Egypt, June 18, 1953–November 14, 1954

Nahhas (Nahas), Mustafa el-, Egyptian Prime Minister until January 27, 1952

Nash, Frank C., Assistant to the Secretary of Defense (International Security Affairs), August 28, 1951–February 10, 1953; Assistant Secretary of Defense (International Security Affairs), February 11, 1953–February 28, 1954

Nasiri, Colonel Nematollah, Commander of the Iranian Imperial Guard after 1954; responsible for delivering the Shah's order of dismissal to Prime Minister Mosadeq on August 16, 1953, and subsequently for arresting Prime Minister Mosadeq

Nasser, Ali Asqar, Acting Governor of the Bank Melli Iran, 1951–1952; Governor after 1952

Nehru, Jawaharlal, Indian Prime Minister

Nelson, Orvis M., President, Transocean Airlines

Nitze, Paul H., Director, Policy Planning Staff, Department of State, January 1950–April 1953

Nixon, Richard M., Senator (R–California), January 1952–January 1953; thereafter Vice President

Noruzi, Daud, Leader, Tudeh Party

Olmsted, Major General George H., USA, Director, Office of Military Assistance, Office of the Secretary of Defense, Department of Defense, 1951–1953

Pace, Frank, Secretary of the Army until January 20, 1953

Pahlavi, Prince Ali Reza, brother of Mohammad Reza Pahlavi, Shah of Iran

Pahlavi, Princess Ashraf, twin sister of Mohammad Reza Pahlavi, Shah of Iran

Pahlavi, Mohammad Reza, Shah of Iran

Pahlavi, Reza Shah, Shah of Iran, 1923–1941
Palmer, Joseph, II, First Secretary of the Embassy in the United Kingdom until October 1953
Paul, Norman, Staff member, Office of the Director of the Mutual Security Agency, 1953
Penfield, James K., Counselor of Embassy in the United Kingdom until August 1954
Perron, Ernest, Secretary to the Shah of Iran
Pollard, Commander Eric W., USN, Naval Attaché at the Embassy in Iran
Pyman, Launcelot, former Oriental Counselor, British Embassy in Tehran

Qashqai (Ghashghai, Ghashghaie), Abdullah, Chieftain of Qashqai tribe
Qashqai (Ghasgghai, Ghashghaie), Habib, Chieftain of Qashqai tribe
Qashqai (Ghashghai, Ghashghaie), Khosrow Khan, Deputy of the 17th Iranian Majlis from National Movement Faction; Chieftain of Qashqai tribe
Qashqai (Ghashghai, Ghashghaie), Malek Mansur Khan, Chieftain of Qashqai tribe
Qashqai (Ghashghai, Ghashghaie), Mohammad Hoseyn, Chieftain of Qashqai tribe
Qashqai (Ghashghai, Ghashghaie), Mohamed Nasr (Nasser) Khan, Chieftain of Qashqai tribe
Qavam Es Sultaneh, Ahmed, Iranian Prime Minister, 1921, 1922–1923, 1942–1943, 1946–1947, and July 16–July 22, 1952

Radford, Admiral Arthur W., USN, Chairman, Joint Chiefs of Staff, from August 15, 1953
Rasavi, Sayyed Ahmad, member of the National Front and adviser to Mosadeq; Deputy of the 17th Majlis
Raynor, G. Hayden, Director, Office of British Commonwealth and Northern European Affairs, Bureau of European Affairs, Department of State, from March 4, 1951
Razmara, Lieutenant General Haji Ali, Iranian Army; Prime Minister of Iran, June 26, 1950–March 7, 1951
Riahi, Brigadier General Taqi, Chief of Staff of the Iranian Army, March 1–August 19, 1953
Richards, Arthur L., Counselor of Embassy in Iran until March 1952; Director, Office of Greek, Turkish, and Iranian Affairs, Bureau of Near Eastern, South Asian, and African Affairs, Department of State, June 1952–September 1954; Consul General in Istanbul after September 1954
Ridgway, General Matthew B., Chief of Staff, U.S. Army, August 15, 1953–June 30, 1955
Rockefeller, Nelson, Chairman, International Development Advisory Board, 1950–1952; Under Secretary of Health, Education and Welfare, June 1953–December 1954
Roosevelt, Kermit, "Kim," Chief, Near East and Africa Division, Directorate of Plans, Central Intelligence Agency, from September 6, 1950
Rountree, William M., Director, Office of Greek, Turkish, and Iranian Affairs, Bureau of Near Eastern, South Asian, and African Affairs, Department of State, August 7, 1950–May 1952; Deputy Chief of Mission in Turkey from June and Counselor of Embassy in Turkey from August 1952; Counselor of Embassy in Iran after October 1953

Sadchikov, Ivan V., Soviet Ambassador to Iran until July 1953
Sadeqi (Sadiqi), Ghulam-Hussein, Iranian Minister of Communications, November 1951–July 1952; Minister of Interior, July 1952–August 1953
Sa'Ed, Mohammed, Iranian Prime Minister, 1948–1950
Safavi, Navab, Leader, Fedayan-I-Islam Party
Said, Nuri al-, Iraqi Prime Minister until July 12, 1952, and from August 4, 1954
Saleh, Ali Pasha, Iranian consultant to the Embassy in Iran
Saleh, Allahyar, Leader, Iran Party, a component of Mosadeq's National Front; Iranian Ambassador to the United States until September 1953

Salisbury, Lord (Robert A.J. Gascoyne-Cecil), British Secretary of State for Commonwealth Relations, March–December 1952; Acting Secretary of State for Foreign Affairs, June–October 1953

Sanjabi (Sangabi), Karem, Iranian Minister of Education, May 1951–August 1953

Schaetzel, J. Robert, Special Assistant to the Assistant Secretary of State for Economic Affairs

Schwarzkopf, Brigadier General Herbert Norman, USA, Administrative Director, Department of Law and Public Safety for the State of New Jersey; Head of U.S. Military Mission to Iranian Gendarmérie, 1942–1948; envoy to Shah of Iran, August 1953

Shayegan (Shaygan), Dr. Seyid Ali, Iranian jurist and a confidante of Prime Minister Mosadeq; member of the Iran Party and a leader of the National Front; Deputy in the 17th Majlis, 1952–1953

Shepherd, Sir Francis, British Ambassador to Iran until January 20, 1952

Shishakli, General Adib al-, Syrian Chief of Staff and Deputy Prime Minister, 1952; Vice-President, Minister of Defense, and Chief of State, 1953; President, July 10, 1953–March 1, 1954; also Prime Minister, July 19, 1953–March 1, 1954

Smith, Walter Bedell, Director of Central Intelligence, October 7, 1950–February 9, 1953; Under Secretary of State, February 9, 1953–October 1, 1954

Snyder, John Wesley, Secretary of the Treasury until January 20, 1953

Sohely, Ali, Iranian Ambassador to the United Kingdom until January 1952 and after March 1954

Stassen, Harold E., Director, Mutual Security Agency, January 20, 1953–August 1, 1953; Director, Foreign Operations Administration, after August 1, 1953

Steel, Sir Christopher, British Minister in the United States, November 1, 1950–July 15, 1953

Stokes, Richard R., Lord Privy Seal with the British Labour Government until April 1951; British Minister of Materials, July–October 1951

Strang, Sir William, Permanent Under Secretary of State, British Foreign Office, until November 1953

Stutesman, John H., Jr., Second Secretary and Consul in Iran until March 1952; Officer in Charge of Iranian Affairs, Office of Greek, Turkish, and Iranian Affairs, Bureau of Near Eastern, South Asian, and African Affairs, Department of State, after September 15, 1952

Thornburg, Max, former Standard Oil executive; Petroleum adviser to Iranian Government, 1952

Truman, Harry S, President until January 20, 1953

Vandenberg, General Hoyt S., Chief of Staff of the United States Air Force until June 29, 1953

Villard, Henry S., Staff member, Policy Planning Staff, Department of State, 1951–1952

Vosuk (Vossuk, Vosak, Vosuq), Major General Ahmad, Iranian Deputy Minister of National Defense, August–September 1953

Wagner, Joseph J., Second Secretary of the Embassy in Iran until April 1951

Waller, John, Chief, Iran Branch, Directorate of Plans, Central Intelligence Agency, 1953

Warne, William E., Director, United States Technical Cooperation Administration Mission to Iran, after November 8, 1951

Waugh, Samuel C., Assistant Secretary of State for Economic Affairs from June 5, 1953

Webb, James E., member, National Security Council Staff

Wilber, Donald, Consultant to the Iran Branch, Directorate of Plans, Central Intelligence Agency

Wiley, John C., Ambassador to Iran, 1948–1950; Ambassador to Panama, June 20, 1951–November 27, 1953

Wilson, Charles E., Secretary of Defense after January 28, 1953

Wisner, Frank, Assistant Director for Policy Coordination, Directorate of Plans, Central Intelligence Agency, until August 23, 1951; Deputy Director for Plans, Central Intelligence Agency, from August 23, 1951

Zahedi, Ardeshir, son of Iranian Prime Minister Fazlollah Zahedi, Administrative Deputy in the United States Point Four Mission, 1950–1952; Civil Adjutant to the Shah of Iran after August 1953

Zahedi, Major General Fazlollah, Iranian Army; member of the Iranian Senate until August 1953; Iranian Prime Minister and Minister of the Interior, August 15, 1953–April 6, 1955

Zia Tabatabai, Seyyed, member of the Majlis; Leader, National Will Party

Zimmerman, Major General Wayne C., USA, Chief, U.S. Military Mission to Iran 1951–1952

Zirakzadeh, Ahmad, member of the Iran Party, a component of Mosadeq's National Front; Deputy in the 17th Majlis

Iran, 1951–1954

United States Efforts To Understand Mosadeq, February 1951–February 1952

1. Despatch From the Embassy in Iran to the Department of State[1]

No. 679 Tehran, February 23, 1951.

THE POSITION OF THE SOVIETS IN IRAN

[Omitted here is a table of contents.]

Introduction:

Nothing could be more interesting, were it possible to do so, than to eavesdrop upon a meeting of the Politburo during a discussion of the Iranian problem as it must appear to the Soviet planners. Here is a land area which they and their grandfathers and even earlier forbears have worked for years to control. They have pulled one trick after another out of the hat with which to cajole, seduce or threaten the Iranians into submission, but the problem still has not been solved.

We can of course only speculate upon what is in the heads of the Soviet planners. It is possible, though, to study the various techniques which have been used here by the Soviets in recent years and to analyze the motives behind those actions. This study has been prepared with that object in mind. While the conclusions drawn therefore will still have to remain within the realm of speculation yet perhaps from the pattern of past events we may be able to discover some indication as to what the future may bring.

Historical Background:

The past is supposed to be the prologue to the future. If history shows anything it is the continuing pressure of the Russians upon the

[1] Source: National Archives, RG 84, Tehran Embassy Files, 1950–1952, classified general records, Box 27. Secret. Prepared by Joseph J. Wagner, Second Secretary of the Embassy. Sent by air pouch to the Department.

Persians for more than two hundred years. The Russian drive for expansion was first felt under Peter the Great who, in a war with the Persians in 1722, took practically all of the western and southern shores of the Caspian. In 1800 Russia annexed Georgia. Persia was then induced to join Napoleon in his right against the Russians, hoping thereby to recover Georgia. But, when the Russo-Persian War ended in 1813 Persia was only forced to surrender all claim to Georgia but also to cede all Persian territory north of the Araxes River, except two small areas which were lost in a subsequent encounter. Then the Russians concentrated upon obtaining control of Turkestan.

A good part of northern Persia had then become Russian and the border had been moved about a thousand miles nearer to Teheran. Then, economic penetration of the northern area of what was left of Persia was undertaken, helped to a great extent by the Agreement of 1907 under which the Russians and the British outlined their separate spheres of influence. Finally, Russo-Iranian relations went through an entirely new phase in 1921 when the Soviets signed a Treaty of Friendship with the Persians. That Treaty, except for certain provisions bearing upon the Soviet right to introduce troops into Iran, was definitely in the Iranian interest. The Soviets at the same time denounced the Agreement of 1907.

Reza Shah simultaneously appeared on the scene and the Iranian situation become much more stabilized. The period with which this study is concerned began in 1941, when the Soviets and British (and later ourselves) marched into the country, Reza Shah was deposed and for all practical purposes Iran was placed under a three power occupation for the duration of the war. It is interesting to note, as a sidethought, that the Tudeh Party came into existence at just about the same time.

The history of the occupation is replete in examples of the many ways in which the Soviets, contrary to the Tri-Partite Treaty, interfered in the internal affairs of Iran. That interference primarily took place in areas dominated by the Soviet Army. The action of many Soviet commanders in using their military powers to advance the growth of the new Tudeh Party and to convert it to Communist ends is particularly noteworthy. Soviet-led Tudeh demonstrations were held in Tabriz and other cities and the Iranian security forces were physically prevented from putting down the subversive demonstrations. At the same time Soviet agents worked diligently on the Kurds, holding out the promise of an autonomous Kurdistan. Many other evidences of Soviet interference in Iranian affairs are on record. However, from the vantage point of hindsight what appears to be of importance is that even before the Teheran Declaration was signed the Soviets had already started to lay

the organization which they undoubtedly hoped would eventually lead to their absorption of the northern areas.

Soviet Objectives:

The pattern of recent Soviet activity with regard to Iran seems to show that the assimilation operation is looked upon by them as two-phased. One gets the impression that Soviet policy would be immediately served through the acquisition of the land area adjacent to Baku. The proximity of the Baku oil fields and their vulnerability to air attack certainly must make it extremely desirable that a protective buffer soon be carried out to the south. Iranian territory, in fact points like a dagger at Baku.

The foregoing theory was borne out several years ago by the statement of a former Soviet Military Attaché. When discussing the "menace" to the Soviet Union inherent in the presence of American Military Missions in Iran, that official remarked that while the Soviets had placed many factories, airplane hangers, et cetera, underground they obviously could not do so with the oil fields or refineries. Consequently, the presence of potentially hostile military personnel adjacent to such an essential operation had to be a continual source of worry.

The second phase of the assimilation operation, the absorption of what remained after the acquisition of the northern area, would be both easy and difficult. The severance of the northern area would leave Teheran stranded more or less in the middle of the desert. Part of its food supply could be cut off or turned on and off at will. A good part of the country's population, and much of its fertile and productive land would be gone. And the balance of the country could easily be flooded from the Soviet controlled zone with well-tutored Iranians. The difficulty would come in the southwest, when the British began to feel the pinch of events.

There are undoubtedly many other factors in the Iranian problem which must be significant to the Kremlin. Certainly global strategy will receive its due attention, and Soviet control of the northwestern area would have an important effect upon the Turkish position. That, however, is primarily within the realm of the military. Also, Iraq and the countries lying between it and the eastern shores of the Mediterranean would be affected by the penetration of Iran. However, while recognizing possible external effects this study will concern itself only with the internal aspects of the problem.

The Iranians and Communism:

The number of real Communists in Iran is comparatively very small. A good estimate probably would be one person per thousand. The member of Iranians who out of desperation induced by the unsatis-

factory state of affairs look to or sympathize with the Tudeh Party is, on the other hand, very considerable.

It is difficult for any one familiar with the ruggedly selfish and individualistic nature of the Iranians to imagine any situation in which most of them would subordinate their personal interests for the attainment of an ideal. In fact, the country probably would have been assimilated by the Soviets long before this had they been able to find more than a handful of persons willing to sacrifice themselves for the advancement of Communism. And certainly the Iranians understand only too well that the land on which they live has long been coveted by the Russians. There are factors which must increase the difficulties of communizing the population. Notwithstanding, there are strong factors operating in the Soviet favor.

The Iranian Government as it has existed during recent years has lacked the first requirement of sovereignty, the ability to rule effectively. Further, the loss of faith in Government on the part of the Iranian people has almost become complete. To them Government is simply an oligarchical structure which exists for the purpose of dividing the proceeds of corruption having the chosen few. It is this lack of cohesion in the social body which is driving the great mass of Iranians to search for a "change", and more and more to feel that if Communism is the only available agency through which their present frustration can be relieved, then Communism will have to be accepted.

As one explores the Iranian mind of today one increasingly encounters the wish that another Reza Shah appear and reduce the present chaos to order. Iranian feelings along these lines are, of course, qualified. Some would settle for an "educated" dictator. Some look for an "honest" one. While the thought is never expressed, what always is implied is that self-rule has failed. And it is this same quest for order, for the reduction of the social system to a basis which will mean something to the individual, which is one of the factors driving people into the Tudeh camp. As an illustration, two *Life* photographers who recently visited Azerbaijan reported that they encountered certain persons in that area who still spoke of the accomplishments under the so-called "Democratic" regime.[2]

The average Iranian who becomes a Tudeh sympathizer does so mainly because the Tudeh promises to get rid of a regime which he has learned to despise and which he is certain will do nothing for him. And, the persistent belief that the Moslem religion will serve as a bulwark against the spread of Communism mostly represents wishful thinking, for the Moslem Church in Iran seems to be about as corrupt as the Gov-

[2] Reference is presumably to the provincial government of the Azerbaijan Democratic Party during the Iran crisis of 1946.

ernment and to be equally ignorant of the problems of the age. The Iranian does not really look to the West because he has now generally adopted the belief that the West is trying to use him for its own ends. And, subconsciously, much of the hatred which is openly expressed toward the British is actually of a much deeper origin. It stems largely from the fact that the West, mostly through the instrumentality of the British who have been here for such a long period, has unalterably affected the former Persian way of life.

It is doubtful if Communism holds any real attraction for but a very limited number of Iranians. On the other hand, the country is in what might be called an embryonic revolutionary state and is groping for the means of doing something which it does not really yet comprehend. Communism does offer a vehicle under which the regime can be assailed and wrongs redressed. Its appeal to the youth seems to be particularly strong. Teheran University, for example, is shot through with Tudeh cells, and a similar situation is rapidly being imposed upon the secondary school system. Other groups, too, such as the railroad workers, are more open in espousing communistic feelings. Most of these groups seem to have one thing in common, the feeling that they are being ignored by the existing social system in terms of income or privilege, and for that reason the cause for the acceptance of communism is often found in depressed standards of living. The answer, however, would in this case seem to be deeper than that. Perhaps it can also be found in the political and social stagnation which characterizes the entire Near East and the resultant slow crumbling of the social organizations therein.

Finally, it would be a mistake to think that because it has no basic appeal outside of its ability to offer a change, Communism cannot sweep over Iran. An Iranian life is really one of expediency and should the choice ever be forced upon the masses it is likely that they would accept Communism with the feeling that their lot thereunder would not be worse than it is at present. From our point of view such a development would be a sorry one for while the Iranians undoubtedly would eventually adopt Communism to their own character yet certain basically needed social changes undoubtedly would occur and in the final summing up the Soviets and not the West would get credit for affecting those changes.

Methods Used in Recent Years by the Soviets in Their Attempts To Assimilate Iranian Territory:

It should be interesting to consider, in as chronological order as possible, the various methods used by the Soviets during recent years in their endeavors to assimilate Iranian territory. The end of World War II furnishes a good starting point, as it was then that the Soviets appar-

ently believed that the stage had been set for the incorporation of Azerbaijan.

(a) *Establishment of Puppet State*—

The Soviets showed no inclination to withdraw their troops from Iran under the terms of the Tri-Partite Treaty. Instead, they remained behind and protected the formation of the Azerbaijan puppet state. The old and wily Qavam went to Moscow to discuss the troop withdrawal question, but apparently returned empty handed. Later, talks were undertaken by him with the Soviet Ambassador in Teheran, and those talks led to the initialing of an agreement covering the creation of a joint Iran-Soviet company to exploit the northern oil. The Soviet troops were then withdrawn and the Iranian forces entered Azerbaijan and put down the insurrection. Many months later, however, the Soviets found that they did not even have the northern oil concession when the Majlis refused to give the necessary ratification.

It is difficult to explain the Soviet failure in these two instances. With regard to the collapse of the puppet state, some say that the Communist elements left there had been insufficiently trained and inspired while at the same time the Soviets did not expect that the Iranian Army would immediately enter the area. With regard to the oil deal one can still find two stories prevalent in Teheran: (a) that Qavam tricked the Soviets and (b) that Qavam intended to give them the northern oil concession but was frustrated by the Majlis.

There also were other forces bearing upon the Azerbaijan incident. There was United Nations pressure accompanied by great international sympathy for "little" Iran which was standing up to the Russian giant. Regardless of the reasons for the defeat of the Soviets one thing stands out and that is that their plans, had they carried successfully, would have given them real control of the northwestern area.

(b) *Reliance upon Tudeh Activity*—

With both their troops and the puppet state gone, the Soviets were more or less forced to rely upon the use of Iranians in their efforts at subversion. That primarily meant the Tudeh Party. Besides being the best means available, the Soviets seem to have placed more immediate faith in the party than subsequent events showed to be warranted.

The Tudeh Party is a difficult subject to discuss, because of the clandestine nature of its operations and also because, like so many other things in Iran what was planted as an oak seems to have come out resembling a melon vine, growing in all directions. The Tudeh was at the outset an Iranian organization. But the Soviets were apparently quick in recognizing the party to be an excellent catalyst which could be used to draw together the discontented groups and through which the energies thus liberated could be turned toward Soviet objectives.

It seems that the Soviets gradually lost some of the hope which they initially placed in the organized power of the Iranian laboring classes. They evidently found that many of the Tudeh members or sympathizers were undependable as far as true communist activity was concerned. Also, there eventually developed some rebellion against increased interference from Moscow and in 1948 a seccessionist movement took place. A segment of the Tudeh then broke away and formed the Iranian Tudeh Socialist Society. That organization did not live long, and there is some suspicion that the schism might have been inspired by Moscow. On the other hand, intensified Soviet efforts to take over completely the Tudeh must also have been, to some degree, responsible.

In any event history was hastened when, in February 1948, the attempt upon the Shah's life occurred. It is, parenthetically, still a moot point whether the Tudeh really was responsible for that incident. Yet that occurrence did result in the Tudeh being driven underground and many of its leaders being imprisoned. Since then and until several months ago the Government pursued a very strong anti-Tudeh policy, and little was obvious in the way of subversive activity except the occasional distribution of Communist literature. It is generally believed that the Tudeh lost ground during this period. In fact, it was only a year ago that Komissarov, who had formerly been an officer in the Soviet Embassy in Teheran, returned here for the reported purpose of cutting away from the Tudeh the many diverse elements which had attached themselves to it and were hindering its real movements. That move in itself seemed to indicate that the Soviets realized that to be effective the Tudeh needed a pruning and general overhauling.

(c) *Direct Threats*—

The Iranian-Soviet Treaty of 1921, which provided the legal basis for the entry of Soviet troops in 1941, was also resorted to by the Soviets. The pertinent clauses of that Treaty follow:

"Clause V:

Both the High Contracting Parties bind themselves:

1. Not to permit the formation, or existence on their territory of organizations or groups, under whatever name, or of separate individuals, who have made it their object to struggle against Persia or Russia, and also against states allied with the latter, and similarly not to permit on their territory the recruiting or mobilization of persons for the armies or armed forces of such organizations.

2. To forbid those states or organizations, under whatever name, which make it their object to struggle against the other High Contracting Party, to bring into the territory or to take through the territory of each of the High Contracting Parties anything that may be used against the other High Contracting Party.

3. By all means at their disposal to prohibit the existence on their territory of the troops or armed forces of any third state whatsoever, the presence of which would constitute a threat to the frontiers, interests, or security of the other High Contracting Party.

"Clause VI:

Both the High Contracting Parties are agreed that in case on part of third countries there should be attempts by means of armed intervention to realize a rapacious policy on the territory of Persia or to turn the territory of Persia into a base for military action against the R.S.F.S.R., and if thereby danger should threaten the frontiers of the R.S.F.S.R. or those of Powers allied to it, and if the Persian Government after warning on the part of the Government of the R.S.F.S.R. should prove to be itself not strong enough to prevent this danger, the Government of the R.S.F.S.R. shall have the right to take its troops into Persian territory in order to take necessary military measures in the interests of self defense. When the danger has been removed the Government of the R.S.F.S.R. promises immediately to withdraw its troops beyond the frontiers of Persia.

The technique used was one of intimidation, of holding over the heads of the Iranians the threat to invoke the Treaty and occupy the northern area. The cause for the threatened action was found in the presence of the two American Military Missions, which allegedly were engaged in turning Iran into a base for operations against the Soviet Union and so constituted a danger to the security of that country. Very strong notes were sent to the Foreign Office in Teheran, but those notes were vigorously answered by Teheran. A state of tension was created but the Iranians stood up well under the pressure. Perhaps the Iranian rebuttal should have put on record the true fact that Clauses Five (V) and Six (VI) of the Treaty had been drafted with an entirely different set of conditions in mind and, as those conditions would no longer exist, the articles mentioned obviously were inapplicable. In other words, perhaps the Soviets did accomplish something through this maneuver to the extent that they created the belief that they had the right to invade the country should a situation which might menace their security develop. Plainly, however, the technique did not accomplish the desired purpose, for the Iranians retained both Military Missions while no Soviet occupation occurred.

[Omitted here is information about Iranian-Soviet commercial and consular activities.]

(f) *Reversion to Technique of Friendship and Commerce*—

The latest Soviet move was made but several months ago. They then apparently became worried by the implication inherent in our plans to assist the country economically and seem to have decided to meet that challenge through a reversion to peaceful techniques, antici-

pating our move by entering the field of economics themselves. Also, their timing was very good, for they took advantage of the fear psychology generated in Teheran by the Korean episode, than in its early stages. They offered the Iranians the hope for the release of tension which would come from the restoration of friendlier relations, and did so at a time when foreign publications were asking "Is Iran next"? They released several Iranian soldiers who had been held as hostages and gained considerable good will from that inexpensive gesture. The trade discussions were attended by considerable publicity, and the feeling was generated among the populace that now was the time for work for friendlier relations with the Soviets and thus try to avoid what had happened in other countries.

At the same time, there was the gradual adoption of what might be termed a "soft" policy toward the Soviet Union on the part of the Iranians. That new policy seems to have resulted from several things: (a) the Iranian desire to demonstrate friendship, while keeping their fingers crossed at the same time, (b) the decision of the Razmara Government to restore a "balance" between the great powers interested in Iran (which carried with it the apparent desire of Razmara to be the first Premier within recent years able to deal with the Soviets), (c) possibly, according to political rumors, the existence of a secret understanding between Razmara and the Soviet Ambassador providing for greater freedom to Soviet "democratic" propaganda, the suppression of anti-Soviet propaganda and the release of some of the Tudeh leaders.

This latest technique has, so far, paid dividends greater than any of those previously used. That is not to say that the method alone was responsible for the result, for undoubtedly other pressures upon the Prime Minister caused him to seek a strengthening of his own position through some wooing of the Soviets. However, the course of internal and international events has led to the present position in which Soviet influence in Iran has considerably increased as Iranian policy has turned from one of orientation toward the West to that of "neutrality".

This brings us up-to-date. As the Soviet fortunes have waxed, so have ours waned. The wheel of events turns quickly in Iran, however, and what is true today might be false tomorrow. On the other hand, having taken the initiative the Soviets can be expected to follow up that initiative. It might therefore be useful to speculate upon the courses of action which might be used by them in the future.

Methods Which Might in Future Be Used by the Soviets in the Attempt To Assimilate Iranian Territory:

The following appear to be the principal channels available to the Soviets for use in an attempt to assimilate Iranian territory:

(a) *To Use Commercial Relations as a Means of Political Infiltration—*

It would be naive to think that the restoration of trade relations by the Soviets was undertaken with only commercial ends in view. The ends must also be political. Now that trade relations have been restored, even though on a restricted basis, there undoubtedly will be many occasions for the Soviets to pervert those dealings to political ends. There are, in fact, rumors in Teheran that the Soviets have already started to subsidize important merchants in return for the latter's exertion of internal political activity in the Soviet interest. Further, undoubtedly the Soviets hope that the resumption of trade will primarily benefit the northern areas, where surpluses have been accumulating during the past years for lack of a market, and that the result will be to make those areas more amenable to Soviet overtures.

In this move, as in others, one can again fine reasons for believing that the basic objective of the Soviets must be aimed at the political influencing of the important northern areas. Perhaps their endeavors will be expedited by the Iranian inability to form Government-controlled trading companies in Azerbaijan, with the result that trade will eventually be reduced to a buyer-seller basis. And it probably would not take very much in the way of tangible achievement to convince many of the Azerbaijanis that they stood to gain more under a Communist-led autonomous government than under the state of affairs which now exists.

(b) *To Establish a Situation Under Which Occupation of the Northern Areas Could be Accomplished Under the Treaty of 1921—*

The Soviets are still in the position of being able to stimulate unrest among the Azerbaijanis and Kurds (and possibly introducing extraneous groups as well), and of them sending their troops into the area under the allegation that the security of the Soviet Union is thereby being threatened. That development, should it occur, would certainly be quickly brought to the attention of the United Nations. However, the determination of the legal points at issue probably would take considerable time, during which the Soviets would be enabled to lay the groundwork for whatever eventuality might be anticipated. Also, it might be wise for us to ascertain definitely just what position the British would take in the United Nations under such circumstances, especially as there were indications several years ago that the British interpretation of the pertinent articles of the Treaty did not then entirely agree with our own.

It seems likely from the information available that the population of Azerbaijan would not actively resist a Soviet occupation. Some undoubtedly would even welcome the move.

(c) *To Endeavor to Reach an Agreement with the British Under Which Separate Spheres of Influence Would be Established in Iran—*

The Shah is reported to fear that out of the present international situation there might emerge an alignment of nations along the following plans: (1) a Soviet-led bloc, (2) an appeasement bloc, led by the British, and (3) a resistance bloc, led by the United States. He reportedly further fears that such a development might bring with it an understanding between the British and the Soviets whereunder, among other things, Soviet control of Azerbaijan might be exchanged for British control of the Khazistan-Abadan area. The Shah is supported in this belief by others, some of whom point to the fact that in 1946 the British were prepared to throw the Qashqais into revolt and thereby curve out their own puppet state around the oil fields and refineries when it appeared as though Azerbaijan might be lost.

Certainly there is reason to share the Shah's reported fears that the continued growth in British circles of the desire to avoid entanglements which might lead to war might carry with it the hope of reaching some working agreement (even if temporary) with the Soviets. Such a division of interest would, again, seem to serve the primary interests of the Soviets and might easily be looked upon as a worthy expedient by the British inasmuch as they could then bring in troops to defend Abadan.

(d) *To Continue to Use the Psychological Factors Inherent in the Present State of World Affairs as a Weakening Agent Against the Iranian Government and People—*

The will of the Iranian Government and people to resist the Soviets has lessened considerably during the past year. The Iranians have been frightened by the Communist show of strength in Korea and, contrasting that strength with what they think is the global military weakness of the West, have concluded that their hope for survival lies in becoming "neutral" and in dropping their previous Western coloration. With this policy of neutrality and good neighborliness there has also developed the lessening of Government control over Communist activity. In fact, the authorities have become reluctant even to take any drastic measures against the Tudeh Party.

The Iranian is much more at home in the field of intrigue than he is on the field of battle. Consequently, he is very responsive to any evidence of real outside strength which might be directed against him. The Soviets might very well keep the Iranians in the present state of hopeful suspense, while at the same time preparing the ground for the installation of a new order and being helped in that connection by the uneasiness and consequently softness of the Iranians.

(e) *Endeavor to Initiate Civil War in Azerbaijan—*

Our Consulate in Tabriz has reported the presence in Azerbaijan of a number of officials of the former "Democratic" regime. Also, several newspapermen who recently toured through the area have reported that they found the population in general to be dissatisfied, to feel ne-

glected by the Central Government, and to be lacking in any real anti-Communist feelings. The Soviets undoubtedly could, if they wished, send into the area the Barzanis (greatly strengthened with Soviet nationals), together with groups which could be labeled refugees from the "Democratic" government. If at the same time the Kurds and the Azerbaijanis could be incited to rebel, a situation which might lead to a civil war can easily be imagined.

The foregoing possibility should not be confused with that set forth under paragraph (b). The situation envisaged here is one in which a prolonged civil war, with the insurgents receiving supplies across the border, might be developed. Such a move, if successful, could easily drain all of the country's military energy and lead to a situation in which resistance to Soviet pressure would eventually be effectively destroyed unless, of course, outside strength should be added to that available to the Central Government.

(f) *At the Propitious Moment, to Renew Their Demand for the Northern Oil Concession—*

The Soviets certainly have not forgotten how they were tricked out of the northern oil concession. It is possible that they might eventually decide to renew their demands for that concession, perhaps selecting a moment for action in which Iranian fears have become really excited. A flood of Russian "technicians" into the area would make it fairly easy for the Soviets to obtain political control of the region, and possibly even to elect Majlis deputies who could carry the Communist line into the Majlis.

(g) *At the Propitious Moment, to Renew Their Demands for the Dismissal of the Two American Military Missions—*

The presence of the American Military Missions with the Iranian Army and Iranian Gendarmérie serves, from our point of view, much more of a political than military purpose. Their presence also is none [*more*?] proof, to the Iranians who see them every day, of American interest in the maintenance of the integrity of Iran.

It is possible that the Soviets might again be led to demand their dismissal, thinking that through such a move the Iranians might be made to feel a greater abandonment by the West. It is not unlikely, should such a maneuver be successful and given the continued weakening of the Iranian will to resist, that the Soviets might then endeavor to impose their own military missions upon the country.

(h) *Increased Tudeh Activity—*

There has been, within the past several months, a considerable increase in Tudeh activities. That increase is not as apparent in terms of visible demonstration as in terms of indications. Yet, there are outward signs, as in the case of inspired disturbances in the secondary school

system. CAS Teheran has also received information to the effect that the cellular organization of the Tudeh Youth is to be broadened. Of greatest importance is the evidence, already mentioned, that the Government has abandoned the strong measures formerly used to keep the Tudeh in check.

It seems logical to suppose that the Soviets will endeavor to use the Tudeh to the limits of its capabilities. Those capabilities, however, are not too obvious, for a regrowth of the Party which was whittled down by Komissarov last year will undoubtedly bring with it the absorption of many undependable elements. The most informed opinion still holds that the Tudeh, acting solely by itself, is not strong enough to change materially the course of events. The Soviets certainly are also aware of this fact and in their planning must undoubtedly seek to coordinate Tudeh activities with some movement of greater strength.

(i) *To Endeavor to Reach an Agreement with an Iranian Prime Minister Under Which the Country Would be Delivered into the Soviet Bloc—*

The foregoing possibility exists, especially as it embodies a technique used by the Soviets in other areas. The development envisaged is, for evident reasons, most difficult to anticipate.

In this connection, some thought might be given to the relations between Prime Minister Razmara and the Soviets. While no evidence has yet been produced that Razmara is really pro-Soviet, yet the fact remains that he is the first Premier within recent years to lead the Iranians down the path of closer and consequently more dangerous relations with the Soviets. Also, CAS Teheran received a report on a recent Tudeh Youth meeting during which those present were informed that Razmara is actually working in the interests of the Soviets. While that report is difficult to evaluate, yet it also seems noteworthy that the Soviets have been very sparing in their criticism of Razmara. Even in the case of the recent Iranian action in voting to name the Chinese Communists as aggressors in Korea, the inspired leftist press in Teheran has placed the blame therefor mainly upon Entezum and not upon Razmara.

The Possible Shape of Things to Come:

If one assumes that the Soviets are ready for a world war, then there is little sense in trying to estimate on the basis of past developments what the future may bring. Under that circumstance the country could be quickly over-run, with probably little resistance from the Iranian Army, and incorporated into the Soviet Union.

Our thinking must therefor be based upon the supposition that the present ideological struggle (probably with armed conflicts arising from time to time on the borders dividing the Soviet and Free blocs) will continue for some period to come. Accepting that hypothesis, the

study of the pattern of Soviet activity in Iran during recent years indicates that that activity has been primarily directed to the acquisition of the northern, particularly northwestern, areas of the country. It would seem logical to conclude therefrom that *immediate* Russian policy could be satisfied through the acquisition of political and military control over the Iranian land area south of Baku. The ultimate objective would, of course, remain the assimilation of the entire country, although perhaps that operation might not be attempted until the Soviets are ready to run the risks which would attend their entry into the Persian Gulf oil basin.

It is difficult to anticipate what the next Soviet move will be. Some of the techniques available for their use have been described. Yet, the Soviets are probably as dedicated to the rule of expediency as are the Iranians and will suit method and timing to the conditions which confront them.

The Soviet position in Iran can best be understood if the following thoughts are given the consideration which they deserve:

(1) The primary Soviet objective must be land and not, as is commonly believed, oil. While the "Heartland" doctrine of MacKinder has been found to be somewhat inapplicable today yet it is interesting to note that the Soviets now control all of the so-called Heartlands except the territories of Iran and Afghanistan, (Tibet being the last acquisition in that respect). Iranian oil must, of course, enter into Soviet planning but their objective certainly would remain unchanged even if tomorrow the oil under Iranian soil should suddenly disappear.

(2) Iran, the country being acted upon by the Soviets, is for all practical purposes but a geographical expression which has so far been maintained intact solely by the will of the West. Further, the course of events in Iran promises to be such as to lead eventually to a situation which will play directly into Soviet hands. The Iranian social system represents an anachronism which ultimately will be either changed or destroyed, and there is little reason to hope that the necessary changes will be brought about in proper time by those in power.

Finally, the situation which probably will ultimately develop in Iran was more or less predicted by Sumner Welles in 1946 in his book "Where are We Heading". That situation is envisaged as a direct conflict between basic British and Russian interests in the country. While we would be primarily concerned with the international aspects of the collision of interests, the British might very easily be tempted to resort to a "realistic" settlement of the conflict. This would seem to be the time for us to decide the role which we would assume should such a state of affairs eventuate.

Joseph J. Wagner
Second Secretary of Embassy

2. Editorial Note

In telegram 2001 from Tehran, March 7, 1951, Ambassador Grady reported on the "confused" situation in Tehran following the assassination that day of Prime Minister Razmara. Discounting the possibility that the Soviets had been involved in the assassination, Grady wrote that many others may have had an interest in Razmara's death, including the Shah, who feared Razmara's power; the British, who felt Razmara had not done enough to settle the oil dispute; and the National Front. He added that the Shah had suggested the imposition of martial law to the Majlis, but was dissuaded from doing so. (National Archives, RG 59, Central Files 1950–1954, 788.00/3–751)

In telegram 2008 from Tehran, March 8, Ambassador Grady predicted that, in the wake of Razmara's assassination, the likelihood of the Majlis demanding nationalization of the Anglo-Iranian Oil Company (AIOC) was high. Grady therefore suggested that "considering US may lose through any open intervention, that we stand to lose less by insistence that Britains now make every possible effort reach agreement along Aramco lines while we limit our action to public and private statements that we believe such an agreement would completely safeguard Iran interests and should be accepted by them." He added that "this approach could be discussed at Washington–London level and if Britains knew that we would support them to degree mentioned it is possible that they might be encouraged to concentrate all of their power here upon problem. Because question is now almost entirely political and emotional, British solution would have to be along those lines." (Ibid., 888.2553–AIOC/3–851)

Grady then reported on his conversation with the British Ambassador in Tehran in telegram 2020 from Tehran, March 9. They both agreed "that Shah likely to decide upon weak government as temporary measure until some of emotion now prevalent wears itself out, and then it is to be hoped, install strong Prime Minister." He added that he had suggested to the Shah a legal way be found to impose martial law. He also gave expression to his fear that the "Soviets might attempt capitalize upon present disturbed conditions." (Ibid., 788.00/3–951) For a related report on the situation in Iran from Deputy Assistant Secretary for Near Eastern, South Asian, and African Affairs, Burton Berry, to Secretary Acheson, see *Foreign Relations,* 1952–1954, volume X, Iran, 1951–1954, pages 9–11 (Document 5).

3. Memorandum Prepared in the Office of National Estimates, Central Intelligence Agency[1]

Washington, March 9, 1951.

MEMORANDUM OF INFORMATION NO. 32

FOR

National Estimates Board

SUBJECT

The Situation in Iran

1. Information is still incomplete regarding the influences at work behind the assassination of Premier Razmara of Iran. It appears, however, that the murder was an outgrowth of Iran's internal stress and strains and that Soviet influences were not directly involved. Little is known about Fedi-i-a-Islam, the organization which planned to [*the*] murder, but it is probably a band of religious fanatics similar to the so-called Committee of Twelve responsible for the murder of Minister of Court Ilajir in November 1949. Like the Committee of Twelve, Fedi-i-a-Islam appears to be an extremist off-shoot of the small but vociferous troup of religious reactionaries and xenophobes in the Majlis. This group has opposed Razmara especially for his "sellout" to the UK on the Anglo-Iranian Oil Company (AIOC) concession issues. Members of group, however, have also accused Razmara of appeasing the USSR and of coddling the pro-Communist element in Iran; although there have been various unproved assertions that Mulla Kashani, the leader of the ultra-reactionary clerical element, has covert ties with the USSR, it is unlikely that the USSR could have had any direct influence on the murder. The pro-Soviet Tudeh Party was officially charged with planning another act of terrorism, the attempted assassination of the Shah in February 1949, but the evidence to that effect was unconvincing.

2. The assassination will have no immediate effect on Iran's willingness and ability to resist Soviet pressures. Nevertheless, it will promote a further weakening of Iran's internal stability, both by adding to the general sense of aimlessness, insecurity, and frustration and by highlighting Iran's lack of capable leadership. The Shah may well respond temporarily to the challenge by attempting personally to provide the vigorous leadership that Iran needs, but it is doubtful that he

[1] Source: Central Intelligence Agency, DDI Files, Job 79T00937A, Box 1, Folder 1, Staff Memoranda—1951. Secret. There is no drafting information on the memorandum.

has the tenacity of purpose to persist in such a policy. As for the premiership, General Razmara was elevated from Chief of Staff to Premier last year because he appeared to be the only man who had the prestige and vigor needed to stir the Iranian Government out of its accustomed lethargy. The Shah is reportedly considering naming Minister of Court Ala, the competent and strongly pro-US former Iranian Ambassador in Washington, to the premiership. Although Ala might get more wholehearted support than did Razmara from the Shah, (who was unable to control his fears that Razmara might attempt to seize power as the Shah's own father had done), Ala lacks strong supporters in Parliament. Whether or not Ala is given the premiership, Razmara's office will probably revert in the end to the old-time politicians who have borne the principal responsibility for the Iranian Government's tendency to drift.

3. The effect of the assassination on the oil nationalization issue is less clear. Yesterday's unanimous pro-nationalization vote of the Majlis Oil Commission indicates that the ultra-nationalists have not slackened their fight to expel the oil company. General indications before the assassination, however, were that the Oil Commission would make such a declaration but that no practical steps to expropriate the company would ensure. Razmara himself, apparently felt that some sop to the advocates of nationalization was needed. In presenting to the Oil Commission, as his own, an AIOC proposal for a more generous concession agreement, Razmara inserted a declaration that nationalization was the ultimate objective of the government.

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4. Memorandum From the Plans Branch, Near East and Africa Division, Directorate of Plans to the Deputy Director of Central Intelligence (Jackson)[1]

Washington, March 12, 1951.

U.S.-Iranian relations have been deteriorating for some time with the result that there has been a closer orientation of Iran with the Soviet [Union], and a number of reports bear witness to this fact. Ambassador Grady in January was sufficiently exercised to propose a quiet decrease in number of U.S. women and children in Tehran and to state that the

[1] Source: Central Intelligence Agency, DDO Files, Job 79–01228A, Box 11, Folder 14. Iran 1951–1953. Secret. Drafted by [*name not declassified*].

situation was sufficiently serious to be brought to the attention of the President before it was too late. With the assassination of Razmara, deterioration of the situation receives new impetus.

As you know, ONE is presently working on N.I.E. 6, "Iran's Position in the East-West Conflict."[2] However, due to new conditions arising from the death of Razmara and the general sensitivity of Iran, a Special Estimate or Intelligence Memorandum might be warranted in order to cover CIA until the final production of N.I.E. 6. Reasons for such an estimate might include:

(1) Hussein Ala, the new Premier, although pro-American, is reportedly not a very strong or forceful character and might not successfully cope with pro-Communist elements.

(2) Infiltration of agents may well increase, and with the further implementation of the Russian-Iranian Trade Treaty a large number of Russian "specialists" may enter the country.

(3) With Razmara's death, the Communist Tudeh Party (presently outlawed) may have a new resurgence especially in the south where there have been numerous economic difficulties.

(4) Again, with the death of Razmara, the National Front and other parties probably will promote nationalization of oil with greater determination. If oil is nationalized, there is a presumption that the Iranians will turn to the Soviet [Union] instead of UK–US for technical advice. This would give the Russians a great opportunity to obtain a modicum of control in relation to Iranian oil and a further chance of obtaining northern oil concessions.

(5) There is also the ever-present Kurdish problem. The Kurdish group in the Caucasus under Mullah Mustafa Barzani are pro-Communist, and Barzani has already asked permission to pass (with a number of his followers) through Iran to Iraq. This permission, to date, has been denied as long as these Kurdish elements wish to carry arms. If, however, Barzani, and his followers are allowed to pass through Iran they would then be able to get in touch with Kurdish elements in Syria, Iraq, and Turkey. Many of these Kurds are long-standing dissidents, and trouble might ensue.

(6) The inherent weakness of the Iranian government has probably been increased by the death of Razmara. Increased infiltration of Russian agents, heated debate over such things as nationalization of oil and growing activity of dissident elements including the Tudeh Party, could lead to severe internal disorders and even possibly to the overthrow of the Iranian government. In such a case Russia might seize the opportunity to intervene overtly under the guise of maintaining peace

[2] Document 13.

in Iran specifically and the Near East in general. The chance of such an overt invasion of Iran would not appear probable but can not be completely overlooked.

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5. Paper Prepared in the Directorate of Plans, Central Intelligence Agency[1]

Washington, undated.

SUMMARY APPRAISAL OF THE CURRENT SITUATION IN IRAN

The assassination of Prime Minister Razmara seriously worsens an already grave situation in Iran. Political and economic insecurity combine with chauvinist and fanatical religious emotions to produce an atmosphere extremely favorable to Soviet subversion. Nationalization of the oil industry possibly combined with further assassinations of top Iran officials, including even the Shah, could easily lead to a complete breakdown of the Iran government and social order, from which a pro-Soviet regime might well emerge leaving Iran as a satellite state.

Assuming that we can for the moment discount the likelihood of direct Soviet military intervention, the following developments threaten, unless remedial measures can be promptly taken.

1. Continuation of the present uncertain situation under which Iran faces the threats of chaos and disintegration, with the ever-present danger of anti-US elements gaining control of the government.

2. A serious worsening of the internal situation and further assassinations, including that of the Shah and Prime Minister Ala. Such developments could well result in a complete breakdown of the central government and general disintegration.

3. The actual assumption of control over the central government by pro-Soviet elements and the absorption of Iran into the Soviet orbit as a satellite state. In our opinion, the most effective courses of action in these various contingencies are as follows:

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[1] Source: Central Intelligence Agency, DDO Files, Job 79–01228A, Box 11, Folder 14, Iran 1951–1953. Top Secret. The paper is undated but is attached to a working draft dated March 13. This is apparently the paper presented to Department of State officials on March 14. See Document 8.

1. *Continuation of the Present Situation.*

At this moment it is essential to develop an intensified propaganda campaign (by both overt and covert means) in support of the Shah and Prime Minister Ala. The campaign, which should be country-wide, would obviously include the following: increased support to the papers which would publish stories in support of Ala and the Shah, advocating calmness and restraint in national crisis; appealing to Iranian patriotism and Moslem pride against foreign and anti-religious ideologies; support to political parties and individuals who would work for those same ends, including possibly an attempt, closely coordinated with the State Department, to establish a strong coalition movement enlisting the backing of individual political and religious leaders and parties, elements of the army and if possible of the tribes as well; and assistance in the form of money, personnel and technical aid to the police and security forces in Iran. It should be pointed out that this whole program would have a vastly better chance of success if it could be done in support of a vigorous overt US program to strengthen Iran, including loans, increased military aid, medical and public health programs, and Point Four assistance generally.

The chief danger to the continuity of any pro-Western government—aside from the consequences of failure to make progress with critical financial and economic problems and the disruptive influence of the USSR—lies in the unholy alliance of the Mossadeq[2] group with Ayatollah Kashani.[3] Their combined efforts work to impede the orderly functioning of the legislative body and to promote a chauvinistic program which is difficult for any cabinet to oppose without being charged with neglecting national interests.

It may be that the new government will have a period of two or three months of grace before it, in turn, is subjected to the destructive criticism of the above alliance. In this period a serious effort should be made to discredit, weaken, and split these groups. How can this be done?

In the case of the Ayatollah Kashani group, by persuading the leading pro-government clerics to take an open stand against the terrorism and inflamatory appeals of the Kashani group as being contrary to the principles of Islam. It is probable that leading clerics do believe this and, in addition, they are likely to be jealous of the popularity and conspicuousness of Kashani.

The individuals to be approached include the following:

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[2] In the margin after "Mossadeq" is handwritten "National Front."

[3] After the name "Kashani," a handwritten addition reads: "leader of the fanatical Crusaders for Islam."

a. [*5 lines not declassified*]

b. [*1½ lines not declassified*]

c. [*1½ lines not declassified*]

d. [*2 lines not declassified*]

Efforts should also be made to buy off Kashani. It would appear that at heart Kashani is primarily interested in himself rather than being inspired by a crusading zeal, and there have been indications that his attitude toward the US can be influenced by money.

Approach to Kashani should be made through either:

a. [*1 line not declassified*]

b. [*1½ lines not declassified*]

An alternative course would be to discredit Kashani by means of printed material. Pamphlets could be clandestinely printed and distributed vehemently attacking Kashani. Two approaches, at least, are possible. One is to praise Kashani in such a way as fully to expose the dangers of his methods. Another is to trade his career, emphasizing the unsavory character of a good deal of it, and then tie him in with the Soviet efforts to undermine the Iranian Government.

Approaches to Dr. Mossadeq and the National Front group are more difficult.

Mossadeq, in spite of his emotional fainting spells, in the Majlis, his long-winded speeches, and his lack of a constructive program, is too widely admired to be the subject of successful attack. The approach should be against his conspicuous followers, to emphasize the idea that they are deceiving and misleading the grand old patriot. Two methods appear possible:

a. Use of clandestine publications to expose the Soviet ties of Hosein Makki, Sayyid Sbol Hazan Haerizadeh, and possibly Ibol Qader Azad.

b. Attempt to split off such of his more stable and reasonable followers as Dr. Mozafar Boghai and Illahyer Saleh by demonstrating the general disorder and anarchy which this group is fostering.

In addition to attacking the direct instigators of the present situation, "black propaganda" weapons should be used. Instructions could be "discovered" directing Tudeh Party members, following the recent success of the "Tudeh plot," to carry out open revolt. (This might bring a measure of unity to the country and provoke the security forces to take harsh measures against the Tudeh Party.) Leaflets, newspaper articles, forged copies of *Mardam* (the Tudeh paper) should assign full credit to the Communists for the success of the plot against Razmara. "Instructions" could also be discovered listing the persons slated for liquidation after Tudeh assumption of power. These lists would include important religious and political leaders as well as important tribal chiefs.

Another approach would be to attempt to split the Tudeh Party, particularly to exploit the deviationist tendencies of which there have already been indications.

2. *Serious Deterioration of the Present Situation.*

In this contingency immediate approach should be made to both conservation and progressive political parties, groups, and individuals who might be in a position either to regain control of the government or to establish security in limited sections of Iran. These elements include the following:

a. *Political Factions.*

There are many political groups, few of which can be called parties. All of these should be worked on in an effort to establish a practical coalition. They include, among others, the Majlis factions called *Iran* and *Javan*, which appear to be moderately progressive in character. There are also many prominent, intelligent, and influential younger government officials now affiliated with the *Iran* group. They have the ability to work together and are less inclined to the excessive nationalism of these leaders who tend to go along with the Mossadeq group. A new progressive party, under the leadership of Movvagar, was established about 1 March and appears desirous of US aid.

b. *Ranking Army Leaders.*

Many of the heads of departments of the Ministry of War and commanders of divisions are definitely pro-US and would welcome any catalyst which would unite their efforts to prevent disintegration of internal security. The names of these officers are known to us.

c. *Important Religious Leaders.*

These include the individuals mentioned in Section 1 above and also the all-important Shi'a leaders resident at the shrines at Kerbela, Nejaf, and Semarra in Iraq.

d. *Tribal Leaders.*

These include the following:

(1) [*1½ lines not declassified*]
(2) [*2 lines not declassified*]
(3) [*1 line not declassified*]
(4) [*1 line not declassified*]

3. *Imposition of a Satellite Government.*

In this contingency we cannot assume that any political group will be willing to oppose the government openly, nor can any early or effective results be obtained from the encouragement of clandestine political opposition.

The most effective tactic might be to encourage collaboration between Iranian Army divisional commanders and local tribal leaders in

setting up military areas of resistance to the authority of the government. Approach would be made to the divisional commanders and to the same tribal leaders already mentioned. In addition, approaches would be made to leaders of the Boer Ahmadi, Lur, Southern Kurds, Khamseh, Kuh Giluyeh, Makran, and tribes of the coastal strip of the Persian Gulf.

Such of these groups as proved amenable could be covertly supplied with money, arms, matériel, food, and possibly personnel.

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6. Draft Statement of Policy Proposed by the National Security Council[1]

NSC 107 Washington, March 14, 1951.

IRAN

1. It continues to be in the security interest of the United States that Iran not fall under communist domination, either as a result of invasion or internal subversion.

a. Iran is located in a key strategic position, the occupation of which would enable an enemy to threaten the nearby oil producing areas, Turkey, the countries on the Eastern Mediterranean, Pakistan, and India. Iranian oil resources are of great importance to the economies of the United Kingdom and Western European countries. Loss of these resources would affect adversely those economies in peacetime.

b. Communist domination of Iran would damage United States prestige and seriously weaken, if not destroy, the will to resist in nearby countries, except Turkey.

c. Communist domination of Iran could only be viewed as one in a series of military, political and economic developments the consequences of which would threaten the security interests of the United States.

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[1] Source: National Archives, RG 273, Records of the National Security Council, Policy Papers, Box 194, NSC–107 (Section 2). Top Secret. NSC 107 was circulated to the members of the NSC on March 14 under cover of a letter from James S. Lay, Jr., Executive Secretary of the NSC. In his cover letter, Lay indicated that the enclosed draft statement of policy, based on an initial draft by the Department of State, was to be discussed by the National Security Council at its meeting on March 21. NSC 107 and its attached Staff Study are printed with redactions in *Foreign Relations,* 1952–1954, vol. X, Iran, 1951–1954, pp. 11–23 (Documents 6 and 7).

For these reasons, the United States should continue its basic policy to take all feasible steps to assure that Iran does not fall victim to communist control.

2. Because of United States commitments in other areas, the current understanding with the United Kingdom that it is responsible for the initiative in military support of Iran should be continued. The vulnerability of Iran, particularly the northern part, and the paucity of the military resources available make it desirable that the United States and the United Kingdom jointly give early consideration to measures designed to strengthen the general area in order to give Iran support in depth.

3. Present conditions in Iran as well as Soviet threats to that country require that the United States further strengthen its programs in Iran in support of its basic policy. Accordingly, the United States should:

a. Continue to extend political support and military aid and accelerate economic aid as much as possible in order to (1) increase internal security in Iran, (2) strengthen the Iranian Government and people in their resistance to communist pressures, (3) bring them into closer association with the free world, and (4) demonstrate the intention of the United States to assist the Iranians to remain independent.

b. Press the United Kingdom to effect an early and equitable settlement of the Anglo-Iranian Oil Company dispute.

4. In the event an Iranian Government, despite the foregoing United States measures, should take steps leading toward communist control in Iran and capitulation to the USSR, the United States should be prepared to undertake special political operations to reverse the trend and to effect Iranian alignment with the free world.

5. The United States should now make plans and preparations in conjunction with the United Kingdom to counter possible communist subversion in Iran and to increase support of the pro-Western Iranian Government in the event of either a communist seizure of power in one or more of the provinces or a communist seizure of the central government. Such plans and preparations should envisage political and economic support, including:

a. Correlated political action by the United States and the United Kingdom.

b. Conduct of special political operations by the United States and the United Kingdom.

c. Efforts to induce nearby countries such as Turkey and Pakistan to assist the legal Iranian Government.

d. As desirable, consultation with selected countries to attain support for the United States position.

e. Exposure of USSR responsibility and consideration of reference of the situation to the United Nations.

6. In the event of overt attack by organized USSR military forces against Iran, the United States in common prudence would have to proceed on the assumption that global war is probably imminent. Accordingly, the United States should then immediately:[2]

a. Seek, by political measures, to localize the action to stop the aggression, to restore the status quo, and to ensure the unity of the free world if war nevertheless follows. These measures should include direct diplomatic action and resort to the United Nations with the objectives of:

(1) Making clear to the world United States preference for a peaceful settlement and the conditions upon which the United States would, in concert with other members of the United Nations, accept such a settlement.

(2) Obtaining agreement of the United Nations authorizing member nations to take appropriate action in the name of the United Nations to assist Iran.

b. Consider the possibility of a direct approach to the highest Soviet leaders.

c. Place itself in the best possible position to meet the increased threat of global war.

d. Consult with selected allies to perfect coordination of plans.

e. While minimizing United States military commitments in areas of little strategic significance, take action with reference to the aggression in this critical area to the extent and in the manner best contributing to the implementation of United States national war plans.[3]

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[2] At the March 21 meeting, the NSC adopted NSC 107, although it noted the "following views of the Joint Secretaries regarding NSC 107, as read by the Secretary of Defense: 'The Joint Secretaries recommend that NSC 107 be rejected in its entirety. The heart of NSC 107 is paragraphs 5 and 6; what to do in case of internal subversion in Iran and what to do in case of a Soviet attack, respectively. Neither paragraph faces up to the question. They are safe innocuous statements of generalities which do not indicate anything except watchful waiting. A policy document for Iran must bluntly face the facts. If we cannot do anything we should say so. If we can take concrete steps in either contingency we should specifically so state. Until a complete study as to specific manner and means by which we can protect the interests of the West in Iran has been completed we should not attempt to establish a national policy with respect to that country, particularly in view of current developments.'" (National Archives, RG 273, Records of the National Security Council, Official Minutes 1947–1961, Box 12, 87th Meeting)

[3] In a memorandum from Vice Admiral A.C. Davis, Director of the Joint Staff, to the Secretary of Defense, March 19, the JCS echoed many of the reservations expressed by the Joint Secretaries. Nevertheless, Davis wrote that the JCS, "from the military point of view, perceive no objection to the use of the statement of policy on Iran in NSC 107 as an interim working guide." (Ibid., Policy Papers, Box 194, NSC–107 (Section 2)) President Truman approved NSC 107 on March 24 and directed the Department of State to submit monthly progress reports. (Memorandum from Lay to the NSC, March 26; ibid., Official Minutes 1947–1961, Box 12, 87th Meeting)

Attachment

Study Prepared by the Staff of the National Security Council

THE POSITION OF THE UNITED STATES
WITH RESPECT TO IRAN

The Problem

1. To assess the position of the United States with respect to Iran, with particular reference to possible future developments in Iran affecting United States security interests.

Analysis

Basic United States Position

2. Because of its resources, strategic location, vulnerability to armed attack and exposure to political subversion, Iran must be regarded as a continuing objective in the Soviet program of expansion. If Iran should come under Soviet domination, the independence of all other countries of the Middle East would be threatened. Specifically the USSR could (1) control or limit the availability of a Middle Eastern oil reservoir upon which the economy of Western Europe depends; (2) acquire advance bases for subversive activities or actual attack against a vast contiguous area including Turkey, Iraq, the Arabian Peninsula (hence the Suez Canal), Afghanistan, and Pakistan; (3) obtain a base hundreds of miles nearer to potential US–UK lines of defense in the Middle East than any held at present; (4) control continental air routes crossing Iran, threaten those traversing adjacent areas, and menace shipping in the Persian Gulf; and (5) undermine the will of most Middle Eastern countries to resist Soviet aggression. In addition to these developments affecting the Middle East, the loss of another free country to communist domination at this time would damage the global position of the United States and other members of the Western community by weakening the determination of threatened nations everywhere to resist communism.

3. Loss of Iranian oil production and of the refinery at Abadan would seriously affect Western economic and military interests, particularly as regards the level of industrial activity in Western Europe. The effect of this loss on the volume of petroleum products available for Western Europe could be overcome in a reasonable length of time by developing reserves and building refineries elsewhere, but the financial effects, in the loss of the British investment and in the increased dollar requirements of Western Europe, could be overcome only slowly, if at all. The loss of Abadan would also deprive the West of the principal source of aviation gasoline and fuel oil in the Eastern Hemisphere, with consequent effect upon air and naval activity in the region.

4. The primary objective of our policy toward Iran is to prevent the domination of that country by the USSR and to strengthen Iran's association with the free world. Corollary aims are (1) to encourage relations between Iran and other countries calculated to elicit United Nations support for its continued independence; (2) to assist the Iranian Government in maintaining conditions of internal security, thereby increasing respect for Iranian sovereignty, strengthening the stability of the government, avoiding a pretext for overt Soviet intervention, and making indirect Soviet aggression through internal subversion more difficult; and (3) to foster social reform and an expanding economy with the purpose of alleviating discontent and strengthening allegiance to the central government.

Evaluation of Current Policy

5. Our objective of preventing domination of Iran by the USSR has so far been achieved by means of political action. Iran, after first following a policy of procrastination, evasion and compromise when confronted by an aggressive Soviet attitude, has for the past three years, with strong United States and United Kingdom encouragement and support, been able to maintain its independence in the face of persistent Soviet pressure. The United States has informed Iranian authorities that it is prepared, so long as the Iranian Government demonstrates a willingness to stand up for its independence against external pressure, to support Iran not only by words but also by appropriate acts. We have told the Iranians that we are not in a position to make any commitment as to our action if the Soviet Union should take aggressive measures against Iran, but have pointed out our obligations under the United Nations Charter. In response to Iranian inquiries, we have authorized the Embassy in Tehran to say that in the event of war with the Soviet Union involving both Iran and the United States, Iran may count on all assistance compatible with United States resources and commitments in a global conflict. The Secretary of State informed the Shah on November 18, 1949 that our interest was not limited to the area of our formal treaty obligations. The Shah was assured that our interest in Iran would be great indeed if trouble should come.

6. Past United States efforts to assist Iran internally have included two military missions now advising the Iranian Army and the Gendarmérie, support of Iran's efforts to secure financial aid through appropriate agencies (such as the World Bank) for well-justified economic development projects, encouragement and advice in connection with the Iranian Government's consideration of political and economic reforms designed to strengthen popular loyalty to the central government, and the provision of surplus light military equipment on credit for internal security and legitimate defense purposes. Iran has also been included in the Mutual Defense Assistance Program and is

now receiving military aid on a grant basis. The purpose of this aid is to assist in the maintenance of internal security, to increase the confidence of the Iranian Government and people in their ability to defend themselves, to give concrete evidence of American interest in the security of Iran, and to enable the Iranian forces, in the event of war, to carry out certain limited defensive operations in furtherance of over-all strategic plans of the free world.

7. With the approval of the President and in conjunction with the Export-Import Bank, the Department of State is initiating a new program designed to overcome some of the existing weaknesses of the Iranian governmental and economic structure and provide impetus for the economic and social development of the country. This program includes the following elements:

a. An Export-Import Bank loan of $25,000,000 for road building and agricultural improvement. Failure of Iran to accept this credit would increase our reliance on IBRD credits and United States Government grants as levers to induce the Iranian Government to put its economic house in order.

b. The strengthening of the staffs of the existing American diplomatic and consular posts in Iran and the opening of a new consulate at Isfahan.

c. A substantially enlarged program of information and cultural relations in Iran.

d. A military aid program within the capabilities of the Iranian armed forces to absorb.

e. A technical assistance program using Point Four funds concentrating on public health, rural extension, education, etc., at the village level.

f. Seeking the cooperation of the United Kingdom to enable Iran to utilize its sterling receipts from petroleum for essential development of the country, including conversion of such sterling into dollars, as may be required, for essential imports and servicing of dollar obligations for development purposes.

8. A major source of economic stagnation and political discontent in Iran has been the failure of the Iranian Government and the Anglo-Iranian Oil Company to reach an agreement on a supplementary concession agreement. The belief is widespread in Iran that the company is unfairly exploiting the country by refusing to offer reasonable and equitable royalties and its entire operation is resented as a closed corporation exploiting Iranian wealth but beyond the reach of Iranian custom or law.

9. This has resulted in strong antagonism against the British and, among the less educated, against all foreigners, and has led many Ira-

nians to believe that the Western powers are not seriously interested in the welfare and independence of the country but are concerned only with exploiting its primary resources for their own purposes. The present Iranian leaders do not associate the United States with the policies of the Anglo-Iranian Oil Company. They, however, want the United States to side with them in the dispute and force the Company to meet their terms. Nationalization, which is currently under discussion in the Iranian Parliament, is not impossible and if it did occur would subsequently make it easier for the USSR to influence the distribution of the oil. The United States should use its utmost influence to persuade the British to offer, and the Iranian Government to accept, an equitable concession agreement. Failure to reach such agreement carries with it such undesirable consequences that no opportunity should be lost to impart to both governments our sense of urgency in this matter.

10. Iran has expressed serious dissatisfaction with the limited nature of the military assistance we are prepared to furnish and even greater dissatisfaction at our past failure to provide substantial direct economic assistance. The Iranian Government has repeatedly stressed the desirability of a closer defense relationship with the United States, preferably through the mechanism of a regional defense arrangement for the Near East similar to the North Atlantic Treaty. Our refusal to commit ourselves in this respect has been a further source of Iranian uneasiness and discontent. These factors have occasionally in the past given rise to a belief in Iran that the United States is not seriously interested in the welfare and independence of the country and would abandon it to Russian aggression if matters came to a showdown. There is a danger that such an attitude will recur unless the United States continues to take a course designed to convince the Iranians of its genuine interest in Iranian independence. There is a belief in influential Iranian quarters that the Iranian Government in its westward orientation policy has gone too far and has placed Iran in an extremely vulnerable position vis-à-vis the Soviet Union without obtaining anything in return to help Iran protect itself. This attitude combined with recent ostensibly friendly gestures by the USSR have started a trend towards Iran's reversion to its historical policy of playing one power off against the other and maintaining a precarious neutrality. The new program of American assistance and guidance outlined above is designed to counteract this trend in Iranian thinking. Likewise, the firm policy adopted by the United States in Korea has helped to convince the Iranians of United States determination to oppose aggression even though the United States has no formal security arrangements with the country attacked. Reverses in Korea, on the other hand, tend to make many Iranians doubtful of United States ability to render effective assistance, a feeling not lessened by Iran's proximity to the Soviet Union.

Possible Future Developments

11. Although the USSR will continue to apply strong political and psychological pressures against Iran in an effort to force the government of that country into submission, it is considered unlikely that the Soviet Union would be willing to resort to direct armed intervention by organized USSR military forces at this time. Nevertheless the possibility of such armed intervention cannot be entirely ruled out. In the absence of such armed intervention Iran is probably capable of maintaining successful resistance to Soviet pressure and could be expected to maintain its alignment with the free world provided it has confidence in United States and United Kingdom support and can produce competent political leadership able to overcome the existing feeling of frustration and hopelessness among the mass of the people and to implement the planned economic and social reforms, delay in the execution of which is now seriously threatening the internal stability of the country. Since these conditions necessary for the maintenance of Iran's westward orientation and resistance to Soviet pressure may not continue to exist, it is possible that the United States may be faced in the future with one or more of the following contingencies:

First Contingency: The Iranian Government adopts a policy of "neutrality" in the "cold war" and seeks a modus vivendi with the Soviet Union.

12. Continuing deterioration of the situation in Iran has created a feeling of hopelessness and a public psychology inherently dangerous from the point of view of Iran's determination to resist Soviet pressures. Present Soviet tactics in Iran are designed to convince the Iranians that they have nothing to fear from the USSR and it seems certain that in their search for security many Iranians are impressed by the present "friendly" policy of the Soviets. Unless the United States can convince them of the real issue at stake, they will insist on a government in power not unsympathetic to Soviet approaches. Such a government, fearing overt Soviet action and feeling that it has been left alone to its fate, might seek some sort of understanding with the Soviet Union, possibly along the lines of the agreement of 1946. Such an understanding would permit Soviet economic exploitation, amnesty to political prisoners, legalization of the Tudeh Party and its eventual participation in the government, and would open the door to a gradual taking over of the country by local communist and Soviet agents.

13. Current United States measures in Iran are designed to prevent this first contingency. If nevertheless the contingency did occur, the United States could, in conjunction with the United Kingdom and with little risk in proportion to the possible gain, take positive steps, including covert measures, to support pro-Western elements and effect Iran's alignment with the free world. The alternative course of action,

that of accepting without counter-action Iran's reversion to an attitude of neutrality, would probably result in eventual loss of Iran with the consequences noted in paragraph 2 above.

Second Contingency: The overthrow of the present Iranian Government and the establishment of a pro-Soviet puppet government by subversive or other means not involving the use of Soviet military force.

14. The weakness of the Iranian Government and the growing activity of dissident elements, including the Tudeh Party (despite the fact that this party is outlawed and has to function underground) make this event a possibility. Several leading Iranians have expressed the view that communist overthrow of the government is not only possible but even probable unless steps are taken to improve the economic and social condition of the people and increase the efficiency of the government. The appointment of General Razmara, formerly Chief of Staff of the Iranian Army, as Prime Minister gave promise of improved leadership and direction; but up to the time of his assassination on March 7, 1951, his accomplishments had been singularly few.

15. The assassination of Prime Minister Razmara underlines the basic political instability of Iran and emphasizes once again the need for strong and vigorous leadership. It had been hoped at the time of his appointment in June 1950 that Razmara possessed the qualities and influence needed to give Iran forceful government. However, he proved unable to make headway against the selfish interests of the politicians who control the Iranian Parliament and at the time of his death, he had been obliged to resort to one compromise after another in order to stay in power.

16. His murder will greatly increase the existing political instability in Iran at least for a temporary period. The opportunities available to the communists will thus be enhanced and it therefore becomes more than ever necessary that there be firm direction of the government at almost any cost. The only source of the required type of leadership at the moment appears to be the Shah. He can only succeed with strong support from the United States and the United Kingdom. During the next few months the political situation will be extremely fluid and give rise to many difficulties.

17. If the second contingency occurred the United States would have three alternative courses of action:

a. To accept the loss of Iran to the Soviet orbit. This would require a reversal of basic United States policy regarding the Mediterranean and Middle East and would mean acceptance of the consequences summarized in paragraph 2 above.

b. To support, in conjunction with the United Kingdom, the legitimate government by all means short of commitment of United States military

forces. This course of action would involve little risk and if successful would produce considerable gain at little cost. It would leave United States forces uncommitted in Iran and hence available for other and possibly more urgent missions. It is understood that the United Kingdom stands ready to send a small force into Iraq or southern Iran in such an emergency and this might be sufficient to accomplish our purposes without the use of United States forces. Use of United Kingdom forces probably would not have the same degree of provocation as the use of United States forces; but would give the USSR a pretext to invoke the 1921 Irano-Soviet Treaty of Friendship. On the other hand, should this course prove ineffective in restoring the legitimate government, the United States would have to accept loss of all or part of Iran or pass to the course of action noted in the following subparagraph.

c. To support the legitimate government of Iran by measures which include, inter alia, the deployment of United States armed forces (1) as a show of force or (2) in sufficient strength to restore the legitimate government. A show of force could be limited to air and naval action, and might be successful in restoring the legitimate government and preserving Iran's alignment with the West. However, United States armed forces in sufficient strength to restore the legitimate government might lead to progressively heavier commitments that the United States could not afford. In any event, United States armed forces in strength to restore the government will not be available in the foreseeable future. Commitment of United States forces even in a show of force might provoke military action by the USSR which could well lead to hostilities between the United States and the USSR.

Third Contingency: The establishment of pro-Soviet provincial governments in Iran by subversive or other means not involving the use of Soviet military force.

18. The provincial administration of Iran is still subject to a high degree of centralized control from Tehran, and the local communist leadership in northern Iran was largely broken up when Soviet forces retired in 1946. Therefore, even though renewed communist activity has been reported in some parts of the area, it is doubtful that communist leadership could be re-installed in the provincial administrations, in the absence of renewed entry of Soviet forces, unless the central government virtually ceased to function or was overthrown and replaced by a pro-Soviet puppet regime. Nevertheless, establishment of pro-Soviet provincial governments is by no means impossible if confusion and maladministration in the Iranian Government continue for an indefinite period and if political leadership is not greatly improved.

19. If this contingency did occur we would be faced with intensified Soviet subversive activities in the remaining free areas of Iran and

in Near Eastern areas contiguous thereto and with an increased tendency on the part of Near Eastern countries to seek strengthened security arrangements with the Western powers. Should security arrangements considered satisfactory by them not be forthcoming, the Near Eastern countries might in time seek a compromise with the USSR.

20. In this contingency the courses of action available to the United States are virtually the same as those discussed under the second contingency above, the principal difference being that support of the Iranian Government at its request would be for the purpose of enabling it to regain control of revolting provinces rather than of the central machinery of government. However, the risk of military involvement with the USSR would be increased for the United States if United States or United Kingdom forces, either as token forces or in strength, were deployed near the northern provinces, although it is entirely possible such deployment might serve as a deterrent.

Fourth Contingency: An overt invasion of Iran by the armed forces of the Soviet Union.

21. Information presently available does not indicate that overt Soviet attack with organized USSR military forces against Iran is probable at this time, especially since opportunities still remain for the USSR to gain its objectives in Iran short of overt attack. However, the possibility of such attack cannot be excluded, since the USSR has the military capability of launching an attack without warning and quickly overrunning Iran. While such an attack would in fact give rise to the risk of global war, it is possible, even though not probable, that the USSR, miscalculating the degree of risk involved, would launch an attack against Iran designed to attain Soviet objectives in that area without bringing on global war. It is also possible, but improbable, that the USSR would deliberately assume a risk of global war by attacking Iran.

22. It seems likely, in view of the repeated references to the 1921 Irano-Soviet Treaty of Friendship in the Soviet protests to Iran in 1948 and 1950 over the presence in Iran of American military missions and oil drillers, that the Soviets will, if they invade Iran, invoke Article 6 of this treaty as a justification for their action. According to the Legal Adviser of the Department of State, the following conditions must co-exist before the Soviet Union would be justified in sending troops into Iran:

"*a.* If any third countries attempt by military interference to carry out a policy of usurpation in the territory of Persia or to make the territory of Persia a base for military operations against Russia.

"*b.* If at the same time there is a threat of danger to the frontiers of the Russian Socialist Federative Soviet Republic or those of the Powers allied therewith.

"*c.* If the Persian Government, after being warned by the Russian Soviet Government, finds itself unable to avert such danger.

"*d.* If preparations have been made for a considerable armed attack upon Russia or the Soviet Republics allied to her by the partisans of the regime which has been overthrown (the Czarist regime), or by its supporters among those foreign powers which are in a position to assist the enemies of the Workers and Peasants Republics, and at the same time to possess themselves by force or by underhand methods of part of the Persian territory thereby establishing a base of operations for any attacks—made either directly or through the counter-revolutionary forces—which they might contemplate against Russia or the Soviet Republics allied to her."

It is also the view of the Department's legal advisers that if the USSR made out a case for co-existence of the above four conditions, and at the same time the Government of Iran denied their co-existence and/or resisted the introduction of Soviet troops into Iran, the USSR would not be entitled under the United Nations Charter to introduce armed forces unilaterally into Iran on the basis of the treaty. It would be a violation of Charter obligations for the Soviet Union to take such action against the will and over the resistance of the Government of Iran. In such circumstances, the Soviet Government would be bound by the Charter to seek a peaceful adjustment of differences arising out of the 1921 treaty and, if necessary, to refer the matter to the United Nations for consideration.

23. In view of the above, the invocation of the treaty need leave no doubts in the free world as to the rights and wrongs of the matter and the misuse of its provisions by the Soviets to justify aggression could be made clear to world opinion. The Soviets can use the treaty as a pretext to becloud the issue and the United States should accordingly be on the alert to counter such moves.

24. In the event of overt Soviet attack on Iran, available United States courses of action would include:

a. Opposing the aggression by political means short of the commitment of United States armed forces in Iran. This course would be the less costly and would leave our forces available for other urgent tasks, including the contingency of global war. This course, however, would be unlikely to succeed.

b. Opposing the aggression by all means short of global war, including deployment of United States and United Kingdom forces for localized opposition to the Soviet attack. This course would lead to hostilities between United States and USSR forces involving the risk of global war, while the commitment of United States forces in Iran would reduce United States capabilities for global war if it developed. However, this course, in so far as it prevented complete Soviet occupation of Iran, would provide an

opportunity for the operation of political measures designed to stop the aggression short of global war.

c. Taking action on the assumption that global war had automatically begun. However, it would be contrary to United States interests and traditions to regard a localized attack as the automatic "push-button" initiation of global war.

Conclusions

25. The present situation in Iran requires the continuation of basic United States policy with respect to the Mediterranean and the Middle East, including Iran, and the strengthening of measures in support of that policy, particularly measures designed to prevent Iran from assuming an attitude of neutrality in the "cold war".

26. In the event Iran assumes an attitude of neutrality in the "cold war", political steps by the United States and United Kingdom to restore Iranian alignment with the free world would be required.

27. In the event the present Iranian Government is replaced by a pro-Soviet puppet government through subversive measures not involving the use of Soviet military forces, United States and United Kingdom support of the legitimate government would be required.

28. In the event pro-Soviet provincial governments are established in certain areas of Iran by subversive means not involving the use of Soviet military force, United States and United Kingdom support of the legitimate government, short of deployment of United States forces is required.

29. Direct Soviet attack on Iran would not automatically initiate global war, but would in fact so greatly increase the risk of global war that the United States while taking measures to stop and localize the aggression would also have to proceed on the assumption that global war was probably imminent.

7. Memorandum From the Chief of the Near East and Africa Division, Directorate of Plans (Roosevelt) to the Deputy Director for Plans, Central Intelligence Agency (Dulles)[1]

Washington, March 15, 1951.

SUBJECT

Comments on NIE Paper (The Current Crisis in Iran) dated 15 March 1951[2]

1. In accordance with the request you made to me this afternoon over the phone I am submitting to you our comments on the present NIE paper on the current crisis in Iran (15 March 1951). There is no need for me to point out that we are not in the estimating business and can comment only in the light of our operating experiences and requirements. As an operator I am bound to look at this paper with the question, "Will this paper help or hinder our program?" An estimator does not take quite that point of view! The following is offered therefore solely for your information.

2. On paragraph 1 of the reference paper: We feel that the economic situation is at least as serious as the political and contributes at least as much to Iran's instability. Moreover, we feel that this instability has been *seriously* increased by the assassination of Razmara. The demand for nationalization of oil resources is only one of the vigorous demands expressed in this outburst of extreme nationalism.

3. On paragraph 2: "Imminent" is the key word in the first sentence and if the reader capitalizes it and sees it in neon lights we would agree with this sentence. We feel, however, that the tone of the paper as a whole does not encourage him to read "imminent" in that sense. Frankly, we fear that this estimate may encourage a wait-and-see policy rather than the kind of vigorous action which we feel is required.

4. On paragraph 2 (a): Admittedly there have been no cables received to indicate that the armed forces are not able to maintain order but this, in our opinion, is a negative argument. Razmara, in our opinion, was the one man[3] capable of controlling these forces and now that he is dead it is highly likely on the basis of all past experience that the armed forces will break up into rival cliques, making it extremely difficult for whatever government exists to control them.

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[1] Source: Central Intelligence Agency, DDO Files, Job 79–01228A, Box 11, Folder 14, Iran 1951–1953. Secret.

[2] Reference is to SE–3, Document 9, distributed on March 16.

[3] A handwritten note, apparently by Roosevelt, is inserted at this point and reads: "with the exception of the Shah, who potentially could do so but cannot apply himself to the job."

5. On paragraph 2 (b): The opening statement in this paragraph is technically correct but is misleading. The extreme nationalists obviously have a considerable following as the recent vote on the oil issue has indicated. The second sentence quite correctly states that the nationalists have a large and widespread popular following but adds that it is "unorganized", which can also be said about every political party or group in Iran with the exception of the Tudeh. At this moment there are leaders such as Kashani and Mossadeq; they have a rallying cry, and a popular following. This could lead to a strong organization by Iranian standards.

6. On paragraph 2 (c): It is admitted by everyone concerned that we have little or no knowledge on the strength and capabilities of the Tudeh Party. We do know they are the best organized and only secure group in Iran. The statement in this paragraph has always been accepted as being true as long as a strong government was in power. With the death of Razmara we can no longer depend upon this cliche. Even if it is admitted that the Tudeh cannot obtain control of the government, the statement that they can "seriously . . . disrupt the government's control" is open to serious question.

7. On paragraph 2 (d): In our opinion the statement that "responsible government officials . . . are aware of the difficulties involved in nationalism" is misleading. That some such as the Shah and Ala are against this drastic action is undoubtedly true. That some government officials are "aware" of the difficulties is also true but it does not necessarily follow that they will take any action. With the overwhelming vote in the Majlis there is little that the average Iranian politician can do. That there are many thinking Iranians who are against this precipitous action we also believe is true, but we doubt that at the moment they are in any position to act. We further believe that, in view of the xenophobic nature of the present Majlis, the British can offer any compromise that would be accepted.

8. On paragraph 3: While no one can quibble with the statement that "the possibility cannot be excluded" we feel the tone of this paragraph is seriously misleading and that the situation may well be aggravated, not by the unyielding attitude of the British but by the inherent nature of the present crisis and that some unpredictable development such as further assassinations may lead to almost total collapse of the present government. Under these circumstances we can see no reason why the USSR would consider armed intervention when the situation is playing so directly into their hands.

Kermit Roosevelt[4]

[4] Printed from a copy that bears Roosevelt's typed signature.

8. Memorandum From the Deputy Assistant Secretary of State for Near Eastern, South Asian, and African Affairs (Berry) to the Deputy Under Secretary of State (Matthews)[1]

Washington, March 15, 1951.

SUBJECT

CIA Proposals for the Iranian Crisis

Problem

To consider possible courses of covert action by CIA representatives in relation to the Iranian crisis.

Discussion

At the request of CIA, and accompanied by other representatives of NEA, I visited Messrs. Allen Dulles, Frank Wisner and Kermit Roosevelt on March 14 to discuss the current Iranian crisis. CIA, concerned over the turn of events in that country, had prepared the attached paper on the situation, setting forth possible courses of action which might be carried out covertly.[2] It was emphasized that the paper is no more than a draft hurriedly prepared and that the program would be refined on the basis of subsequent discussions with the Department.

I undertook to discuss in general terms the CIA proposals with the appropriate Departmental officers before pursuing the matter further with CIA. The real importance of the paper is, I think, that CIA is prepared to move ahead rapidly with an action program requiring supplies, money, and personnel if, in the opinion of the Department, it will be useful in the attainment of our objectives in Iran.

I feel that we certainly must not under-estimate the dangers involved in the Iranian situation, although Razmara's assassination appears in fact to have been accomplished by a representative of a small fanatical nationalist sect. The lack of drastic subsequent developments

[1] Source: National Archives, RG 59, Central Files 1950–1954, 788.00/3–1551. Top Secret. Drafted by Rountree. Attached is a handwritten note apparently written by Berry. In this note Berry poses a number of questions, such as, "Is there the material from which to build 'a strong coalition government in Iran?' (as suggested by CIA)"; "Is this the moment to bring out 'a rigorous overt U.S. program to strengthen Iran' or is it the moment to let the dust settle while we act correctly?"; and "It is generally assumed that Ala and his government are a temporary expedient. If so what do we expect to follow, what groups and what leaders? Are we now working, educationally and otherwise, on such?"

[2] Document 5.

lends credence to the assumption that the assassination was not brought about by Communist elements, although Communism in Iran clearly has benefited greatly by the confusion and turmoil which has been created. At the moment there is reason to hope that by exercising a reasonably firm hand the Shah and Prime Minister Ala, strongly pro-Western, will be able to maintain order until tempers have cooled. There is always the danger that every opportunity will be seized by subversive elements and thus we should constantly be on guard; however, we must be most careful in the conduct of our affairs in Iran to avoid any policies or programs which might lower American prestige or encourage the development of an anti-American attitude which unquestionably would result from the disclosure of any "improper" intervention during this critical period of emotional nationalism.

With this in mind, I believe that certain of the proposals set forth by CIA might involve great dangers, while others, if carefully implemented, could be of considerable use. It is difficult at this distance to evaluate fully in each instance the propriety of our proceeding with given lines of action. Considerable authority and responsibility for determining what courses of action should be pursued must, in my opinion, be vested in the Ambassador in Tehran, operating under broad lines set forth jointly by the Department and CIA.

With regard to CIA's specific proposals for action under the present situation, I have the following comments:

(1) The suggestion concerning the development of an intensified propaganda campaign by both overt and covert means in support of the Shah and Prime Minister Ala is of course generally desirable. However, any wide-scale United States propaganda supporting the Shah and the Prime Minister at the present moment would unquestionably embarrass them and leave them open to criticism from the nationalist factions as American creatures. The various propaganda points suggested by CIA are good.

(2) While a "strong coalition movement" along the proper lines would be desirable, it is difficult to see how such a development could be brought about by United States agencies at this time.

(3) Assistance in the form of money, personnel and technical aid to the police and security forces in Iran is, of course, highly desirable. At the moment I fear that it would be impossible for political reasons for the Iranians to accept any American personnel in these fields other than the present Gendarmérie Mission, but they probably would welcome American assistance in the forms of arms, equipment, and the training in the United States of Iranian security officials.

(4) I concur in the comment that this whole program would have a better chance of success if it could be carried out in support of a vigorous overt United States program to strengthen Iran, including loans,

increased military aid, medical and public health programs and Point IV assistance. Every effort is being made to increase as appropriate and expedite our Iranian aid programs.

(5) I have serious reservations concerning the advisability of any approach to Mullah Kashani, the leader of the ultra-nationalist religious groups in Iran, who has a wide popular following. I doubt that Kashani could, in any event, be bought for any appreciable length of time, and he might very well use any approach of this sort as a further weapon in his current attempts to stir up public hatred of all foreigners, particularly Americans and British. It would be in character for him to use such an approach as evidence of the intrigues of foreign powers against the sovereignty of Iran; in this he could win more adherents and further inflame those whom he already has. The alternate course proposed by CIA, to discredit Kashani by means of printed material, etc., has, I believe, merit but this program would have to be carried out with the greatest caution.

(6) I concur with the opinion expressed by CIA that any approach to Dr. Mohamad Mossadeq, the leader of the National Front group, would be difficult, and believe it would be fruitless. The suggested use of clandestine publications to expose the Soviet ties of some of his followers appears a distinct possibility, but the possible effectiveness of splitting off from his group his "more stable and reasonable followers" appears questionable.

(7) The use of "black propaganda" weapons against the Tudeh Party is attractive and might have useful results. However, the present atmosphere in Iran is so tense and public opinion so emotionally aroused that any revelation of a "plot" might further disturb the situation. CIA might, however, make plans for activity of this sort with the understanding that it would not be implemented until the situation is such that the results can be more accurately estimated.

(8) The suggestion that an attempt be made to split the Tudeh Party, particularly to exploit deviationist tendencies, appears to have merit if practicable steps can be formulated. Perhaps precise courses of action can be worked out by the representatives in the field as opportunities present themselves.

In addition to the above courses of action suggested for immediate implementation, the CIA paper sets forth programs assuming (a) a serious deterioration in the situation, or (b) the imposition of a satellite government. Under either of these contingencies it is recognized that our action must be far more drastic than under present circumstances, and the suggestions set forth by CIA should be given careful consideration. In this connection, the present NSC paper on Iran, which was approved by the Senior Staff on March 13 and is going to the Council for

approval on March 21, provides broad latitude for United States measures along these lines.[3]

Recommendations

(1) That NEA pursue discussions with CIA along the foregoing lines and urge that agency to proceed with appropriate aspects of its action program, pointing out that the success of the program depends in very large measure upon the caliber of the CIA personnel assigned to the task.

(2) That instructions agreed to by the Department and CIA be communicated to Tehran, authorizing the implementation of such elements of the program as are fully approved by the Ambassador.[4]

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[3] An apparent reference to NSC 107, Document 6.

[4] In the left margin next to these two recommendations, Matthews wrote: "I agree." In Kermit Roosevelt's account of the same meeting, dated March 17, he wrote that "Mr. Berry informed CNE that Deputy Under-Secretary Matthews had read and approved in substance the reference memorandum. He said that this approval was qualified in terms that had been understood fully by CIA and State Department representatives from the very beginning—namely, that the paper was taken as an indication of general lines to be followed in an accelerated OPC program, that the specific illustrations included in the paper would require careful evaluation in the field, and that the whole program would be subject to coordination with and approval of the ambassador." Roosevelt also discussed with Berry the need to place additional personnel and funding at the disposal of the OPC in Tehran to "assist the Ambassador for the purposes of this program." Roosevelt concluded by noting that "It was agreed that a further meeting of State and CIA representatives on this program should be held as soon as possible, preferably on 19 March . . . CNE strongly recommends that ADPC and, if possible, DD/P should attend this meeting and should urge again the point that the CIA program can be effective to any significant extent only as part of a vigorous national program. It is feared that so far we have made this point to little avail." (Central Intelligence Agency, DDO Files, Job 79–01228A, Box 11, Folder 14, Iran 1951–1953)

9. Special Estimate[1]

SE–3 Washington, March 16, 1951.

THE CURRENT CRISIS IN IRAN

Conclusions

1. The political situation in Iran has long been unstable. This instability has been increased by the assassination of Razmara, which has led to a new outburst of extreme nationalism, expressed in a vigorous demand for nationalization of oil resources of the Anglo-Iranian Oil Company.

2. We do not believe, however, that the situation is such that there is imminent danger of the government's losing control, barring armed intervention by the USSR. This estimate is based on the following considerations:

a. Available information indicates that the Iranian armed forces, including the gendarmérie and police, are adequate to maintain order. There is no evidence to suggest that they are not under effective control of the government.

b. The extreme nationalists have only a very small representation in the Majlis. Their popular following, though large and widespread, is nevertheless unorganized.

c. The illegal pro-Soviet Tudeh Party is not believed to be capable of taking advantage of the current tension to gain control of the government or even seriously to disrupt the government's control.

d. Although the main issue in the present crisis is nationalization of Iran's oil resources and although this issue has evoked overwhelming popular support, responsible government officials, led by the Shah, are aware of the difficulties involved in nationalization. Given the cooperation of the British, they may be expected to make a real effort to find a face-saving settlement with the Anglo-Iranian Oil Company.

3. Nevertheless, the possibility cannot be excluded that the situation may be aggravated and the crisis prolonged by an unyielding attitude on the part of the British, or by some unpredictable development

[1] Source: Central Intelligence Agency, NIC Files, Job 79S01011A, Box 3, Folder 3, SE–3, The Current Crisis in Iran. Secret. According to a note on the cover sheet, the estimate was submitted by the Director of Central Intelligence and concurred in by the Intelligence Advisory Committee on March 15. The Central Intelligence Agency and the intelligence organizations of the Departments of State, Army, Navy, Air Force, and the Joint Chiefs of Staff participated in its preparation.

such as assassination of the Shah. In such circumstances the opportunity might be created for an attempt by the Tudeh Party to seize power, or even for armed intervention by the USSR.

Discussion

The Background of the Crisis

4. The assassination of Premier Razmara by a religious fanatic on 7 March and the ensuing period of uncertainty are direct results of the agitation for nationalization of the Anglo-Iranian Oil Company, which has been building up ever since the rejection by the Majlis in December 1950 of a revised concession agreement offered by the company. This agitation has been led by a very small group of ultra-nationalists in the Majlis known as the National Front. One of its leaders, the violently anti-British religious figure, Mulla Kashani, was reportedly implicated in the assassination, also by religious fanatics, of another high official in 1949.

5. Tension over the oil issue increased sharply in the period just preceding the assassination. The National Front stepped up its demands for nationalization, using that issue as a club to attack Razmara, whose attempts to provide strong government had run counter to its own attempts to gain a controlling influence. The National Front reportedly approached the British with an offer to drop the nationalization issue entirely if the British would help get rid of Razmara in favor of a more acceptable Premier. The British, irritated with Razmara's failure to line up support for their position, delivered strong official warnings against any attempts at nationalization, meanwhile, however, indicating to Razmara that they were willing to grant a more generous concession agreement along the lines of that recently concluded by Saudi Arabia and the Arabian-American Oil Company. Razmara was persuaded to go before the Majlis Oil Commission with a statement prepared for him by the British emphasizing the practical difficulties of nationalization. In his presentation on 3 March, Razmara (to the irritation of the British) was careful to label the statement as one prepared by technical experts rather than his own. The statement, however, still brought down the wrath of the ultra-nationalists upon him and may well have furnished the immediate incentive (or pretext) for his murder.

The Development of the Crisis

6. The assassination produced no immediate repercussions. Tehran was quiet, with the public evidently unconcerned. The pro-Soviet Tudeh Party was evidently taken by surprise. The Shah, after briefly considering the invocation of martial law, decided against such a move and contented himself with the designation of an innocuous elder statesman as acting Premier.

7. This situation, however, soon changed. On the evening of 8 March the Majlis Oil Commission, under pressure from the exultant ultra-nationalists, unanimously passes a resolution endorsing nationalization but asking a two-month extension for study of the practical problems involved. On the following morning the pro-Soviet element went into action with an anti-US and anti-UK demonstration outside the US Embassy, while in the afternoon Mulla Kashani held a mass meeting which, though orderly, was marked by inflammatory speeches denouncing the British and Razmara. The organization responsible for the murder, the Friends of Islam, threatened violence against other opponents of nationalization and indicated that reprisals would be forthcoming if the assassin were not released. Although the provinces apparently continued to be quiet, and the government's control of the security forces was apparently unshaken, uneasiness in Tehran, particularly in political circles, mounted sharply. No one appeared capable of forming a strong government satisfactory to the Shah, and most of those who would normally have participated in such a government were deterred by fear of personal reprisal and by the sheer difficulty of coping with the question of nationalization. Proclamation of martial law would require approval of a demoralized Majlis, while dissolution of the Majlis involved a risk of increasing the tension. Under the circumstances, the Shah apparently decided to avoid a head-on clash with the ultra-nationalists, making do with a weak interim government until tension abated.

8. The situation has clarified somewhat during the last few days. Upon rejection by the Majlis on 11 March of the Shah's first choice for interim Premier, the Shah persuaded his widely respected Minister of Court, former Ambassador to the US Ala, to assume the premiership. Ala, who has been approved by both the Senate and the Majlis, is described as apparently "cheerful and optimistic" about what he regards as the task of effecting a reconciliation among the various factions, including Kashani's. Meanwhile, the impending adjournment of Parliament for the Noruz holidays offers a breathing spell, and it has been reported that the police have been quietly rounding up members of the reportedly small Friends of Islam group and of the Tudeh Party. At the same time, however, the unanimous Majlis vote in favor of the resolution on oil nationalization indicates that the National Front is determined to exploit its present psychological advantage. The Oil Commission has been granted a two-month extension to study the practical aspects of the problem. In addition, the warning note on nationalization which the UK has sent Iran may actually provoke rather than discourage further ultra-nationalist outbursts.

9. A major indication of the trend will be provided by Ala's presentation of his proposed Cabinet to the Majlis on 18 March.

10. Memorandum From the Chief of the Near East and Africa Division, Directorate of Plans (Roosevelt) to the Deputy Director for Plans, Central Intelligence Agency (Dulles)[1]

Washington, March 26, 1951.

SUBJECT

NIE–6—Iran's Position in the East-West Conflict[2]

1. In accordance with your telephone request to Mr. Wisner, I am submitting the following comments on NIE–6 prepared by ourselves in collaboration with OSO.

2. We feel that the basic fault of this paper is that it is not addressed to the present situation in Iran. (Historically, NIE–6 was designed as a supporting paper for NSC 107.[3]) In our opinion it fails to come to grips with the essential question, which is whether the loss of Iran to USSR domination in the "cold war" would *vitally* affect the security of the US. It merely states "there is a danger". We feel that Iran's loss under "cold war" conditions would be disastrous and that unless something is done to stem the tide it is a strong possibility.

3. It is difficult to quarrel with individual sentences or statements in NIE–6. However, we feel that there are many sins of omission rather than commission and that the *tone* gives the impression that the situation is neither critical or remediable. We do not feel that conclusions 1 b and 1 c and 2 b and 2 c can be separated so distinctly but that the situation described in (b) of both paragraphs greatly increases the likelihood of situation (c) developing.

4. We further feel that while the wording of paragraph 3 is technically correct it implies that US interests would best be served by not aiding Iran. Admittedly no firm alignment of Iran with the United States can be assured by any program, but if the loss of Iran is "vital to the security interests of the US in the cold war" every effort should be made to obtain the best alignment possible.

5. The statements in paragraph 8 relating to the strength of subversive elements in Iran, and the ability of the Iranian security forces to control those elements, seem over optimistic. Admittedly there is no clear evidence that the government does not have control of the army

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[1] Source: Central Intelligence Agency, DDO Files, Job 79–01228A, Box 11, Folder 14, Iran 1951–1953. Top Secret.

[2] Roosevelt was presumably commenting on the March 21 draft of NIE–6. (Ibid.) For the text of NIE–6 as distributed, see Document 13.

[3] Document 6.

and the gendarmérie. Also, there is no conclusive evidence that the Tudeh Party has been able to penetrate the army and the security organizations to any considerable degree. However, the death of Razmara has eliminated the one man who did have effective control of the security forces. The Tudeh Party remains the one secure organization in Iran, and we are without reliable estimates as to its strength and capability. OSO, however, does have scattered information which is now being assembled and which indicates that the Tudeh is stronger and the security forces weaker than generally assumed. It should be noted in this connection that while some months ago the Iranian Government arrested many Tudeh leaders they were never properly interrogated, and shortly after they were arrested, the majority "escaped". The fact that there was no effective interrogation as well as the manner of their escape would indicate possible Tudeh or Soviet penetration at high levels.

Kermit Roosevelt

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11. Memorandum From the Deputy Director for Plans, Central Intelligence Agency (Dulles) to Director of Central Intelligence Smith[1]

Washington, March 28, 1951.

SUBJECT

CIA's Role in Iran

1. I have reviewed the attached memorandum[2] respecting CIA's role in Iran and pass it on with concurrence. I wish to stress, however, that the steps which CIA alone can take in this situation will probably not substantially change the present downward trend and to be really effective should be combined with an over-all program in the economic, financial, and military fields. This would imply coordinated planning.

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[1] Source: Central Intelligence Agency, DDO Files, Job 79–01228A, Box 11, Folder 14, Iran 1951–1953. Top Secret. The undated attachment was apparently drafted in the Directorate of Plans.

[2] A list at the end of Dulles' cover memorandum refers to two enclosures, TS 55559, attached and printed, and TS 55558, which was not found.

2. With the present trend I feel that Iran may be lost to the West in the coming 12 months and believe that it is urgent to plan and carry out the steps which might change the trend and protect this vital position in the Middle East.

Allen W. Dulles

Attachment

CIA'S ROLE IN IRAN

Summary

1. Currently CIA operations are severely restricted in Iran owing primarily to the hampering effect of increased distrust of the West, including the US. The Iranians, alleging that US aid has been wholly inadequate, remain unconvinced of the genuineness of US interest in Iran.

2. Under existing circumstances, and in the absence of a series of major overt US efforts in the political, economic, and military fields, CIA can do little more than intensify its psychological-political warfare with the object of trying to prevent a bad situation from growing worse. To this end, CIA is:

a. Providing increased subsidization for selected Iranian newspapers.

b. Extending guidance and money to Iranian elements opposed to ultra-nationalism and terrorism.

c. Investigating the feasibility of establishing new, pro-Western political parties.

d. Taking steps to discredit and if possible disrupt forces hostile to US security interests.

e. Exploring the possibility of establishing [*less than 1 line not declassified*] a radio station for clandestine broadcasts which would reach at least certain parts of Iran.

f. Gearing its collection machinery to provide intelligence needed for these activities.

3. Obviously in the present situation these efforts alone cannot be relied upon to prevent the possible collapse of the regime. Accordingly CIA is endeavoring to organize indigenous resistance groups against the possibility that a hostile government may be installed in Tehran.

4. If the US should establish a policy of all-out aid to Iran, which would produce a more friendly and cooperative atmosphere, CIA operations could be expanded to include:

a. A general overhauling of the Iranian intelligence and security services.

b. Greater influence upon the Iranian press.

c. The possible establishment of a clandestine radio station in Iran.

d. Greatly intensified political warfare.

e. Accelerated organization, with better prospects of success, of resistance groups and escape and evasion nets for operations in the event of Soviet occupation.

This expanded scale of CIA operations would not be possible of accomplishment covertly without the pretext and cover which only a greatly increased overt program would provide.

CIA'S ROLE IN IRAN

1. In view of the seriousness of the Iranian situation, CIA is striving to do what it can to help reduce the possibility of the country's falling into Soviet hands and to foster the establishment of an enduring pro-Western alignment. Existing conditions are such, however, as to make all CIA operations exceptionally difficult and uncertain of outcome. Of the various circumscribing factors, the most serious is a mounting distrust of the West, including the US, which makes it almost impossible to send additional covert agents into the country, restricts the movements and effectiveness of those already there, severely limits the number of Iranians willing to cooperate with the US in clandestine operations, and makes the people in general unreceptive, if not downright hostile, to US overtures. US policy has not succeeded in demonstrating to the Iranians that the US is genuinely interested in their country or in convincing them that their salvation lies in firm alignment with the West, and not in rapprochement with the USSR nor in an untenable course of neutrality.

2. It is believed that the conditions noted above will obtain so long as US assistance to Iran is maintained at the present rate or at a rate which is not substantially more vigorous than at present. It is questionable whether the program provided for in NSC 107[3] even if fully and speedily executed would suffice to reverse the unfavorable trend. Under these circumstances, CIA can do little more than intensify its psychological-political warfare campaign in an effort to prevent or retard further deterioration of the Iranian situation. Specifically, CIA is currently augmenting the following existing programs in Iran:

a. Providing for increased subsidization of newspapers, for the preclusive buying of newsprint or printing facilities, and (if circumstances warrant) for the establishment of new newspapers. These meas-

[3] Document 6.

ures are designed to combat the tendency of influential sections of the Iranian press to encourage and support the chauvinism and religious fanaticism which have a paralyzing effect on the Iranian Government.

b. Extending guidance and financial support to individuals, groups, and parties hostile to the ultra-nationalists, fanatical terrorists, and pro-Soviet groups.

c. Investigating the feasibility of establishing new political parties, which might include a progressive religious party, a moderate "socialist" party to draw liberals away from the Tudeh Party, and a party with vigorous, pro-Western representation in the Parliament.

d. Taking positive steps to discredit and if possible disrupt forces inimical to US security interests by subversion and by directing black propaganda against the leading chauvinists, fanatics, and Communists.

e. Exploring the possibility of establishing [*less than 1 line not declassified*] a radio station for clandestine broadcasts in Azerbaijani. These broadcasts (countering those of the Soviet "Free Azerbaijan" station) could be beamed to certain parts of Iran but not so effectively as if the station were located in Iran, which is hardly possible under present conditions.

f. Gearing its collection machinery to provide increased intelligence needed in connection with these various activities. "Soft" targets relatively easy to penetrate for information purposes include [*1½ lines not declassified*] (especially the following of Mulla Kashani), [*1½ lines not declassified*]. "Hard" targets requiring long-range operations to penetrate include the Tudeh Party, [*1½ lines not declassified*].

g. [*1 paragraph (3½ lines) not declassified*]

3. For the reasons outlined in Paragraph 2 above, these efforts obviously cannot be relied upon to prevent the possible collapse of the present regime. CIA has accordingly begun to identify and establish contact with the tribal, military, and civil leaders who would effectively support a resistance program in the event that a hostile government is installed in Iran. Once agreements are reached with these leaders, CIA will determine the material aid which they would require and will commence to acquire and stockpile material at appropriate points.

4. If the US should decide to follow a policy of all-out aid to Iran, both overt and covert, the prospect of preserving Iran during the cold war period could be immeasurably improved. Greater cover would be available, and the atmosphere might be cleared for augmenting and expanding CIA operations, which could be more effective in support of a program directed positively toward promoting stability and active cooperation with the West instead of toward the negative objective of trying to prevent a bad situation from growing worse. Emphasis would be placed on rehabilitating Iran and building up immunity to Soviet

and Soviet-inspired subversion, and plans could be more effectively laid for operations to be carried out if Soviet troops should invade and occupy Iran.

5. Under a US program of all-out aid, CIA operations could include the following:

a. A general overhauling of the Iranian intelligence and security services. The program would include material aid; training of key officers in modern techniques; and insistence (at least to some degree) that CIA guidance in such matters be followed. The objective would be to create an efficient organization with which CIA could work and which would be extremely useful in helping to prevent hostile penetration of key government offices and in running operations against the Tudeh Party, Soviet installations, and the USSR itself.

b. Greater influence upon the Iranian press. Subsidization would be increased as needed; hostile publications could be forced out of business; and the direction of certain influential papers would, in effect, be completely taken over.

c. If possible, the establishment of a clandestine broadcasting station in Iran. The station, purporting to be inside the USSR, would transmit black propaganda designed to discredit the USSR and Soviet Communism and aimed particularly at the Azerbaijani and other waverers. This station could be a powerful instrument in strengthening Iran against hostile penetration from without and within.

d. Greatly intensified covert political activity in support of desirable and against undesirable individuals and groups. If need be, the government itself or key officials therein could be subsidized to promote US security interests. The subsidization of politicians and political parties has long been a common practice in Iran, and effective steps would be taken to encourage defection in the Tudeh Party and to create vigorous new groups which would actively support US interests.

e. Increased efforts, with better prospects of success, to organize resistance groups to function in the event of Soviet invasion and occupation. This program would include more substantial efforts to prepare tribal groups and segments of the army to carry out guerrilla activities against Soviet units and installations. It might even prove feasible to bolster the Shah's avowed intention of withdrawing to the mountains and setting up a government there.

f. [*1 paragraph (6 lines) not declassified*]

12. Memorandum From the Deputy Assistant Secretary of State for Near Eastern, South Asian, and African Affairs (Berry) to Secretary of State Acheson[1]

Washington, April 3, 1951.

SUBJECT

The Iranian Situation

With reference to my memorandum of March 14[2] outlining the Iranian situation, there follows a summary of more recent developments:

The high state of tension that developed as a result of Razmara's assassination has continued. A few days after this murder, the former Minister of Education in Razmara's Government was shot and later died, and rumors spread regarding further assassinations. Martial law in Tehran was declared by the Shah on March 20 for a period of two months and Parliament adjourned for the Iranian New Year holidays. More recently, plots were reportedly uncovered involving planned attempts on the lives of the Shah, Prime Minister Ala and other officials who were suspected of having moderate views regarding nationalization.

A succession of strikes broke out last week in Abadan and nearby oilfields, the original cause being a reduction by AIOC of living allowances for its workers. These strikes, which initially involved only a few employees, quickly expanded as a result of agitation by members of the illegal Communist Tudeh Party, posing as members of the National Front group which spearheaded the popular move for nationalization. (The National Front has not yet publicly disassociated itself from the fanatical religious brotherhood, Fedayan Islam, members of which assassinated Razmara and his Minister of Education.) The strike now involves between twelve and fifteen thousand employees, whose demands upon the company have reportedly increased to substantial proportions. The Shah has declared martial law in the military district which includes Abadan and the southern oilfields. We have learned of no immediate prospects of settlement.

Prime Minister Ala, in view of the seriousness of the situation, convened an emergency session of Parliament on April 2 but, in the absence of a quorum, the Parliament was compelled to adjourn. Mean-

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[1] Source: National Archives, RG 59, Central Files 1950–1954, 788.00/4–351. Top Secret. Drafted by Gray and Rountree.

[2] For the text of this memorandum, explaining the implications of Razmara's assassination for the escalating Anglo-Iranian oil dispute, see *Foreign Relations*, 1952–1954, vol. X, Iran, 1951–1954, pp. 9–11 (Document 5).

while, Ala's position is somewhat tenuous, as he has not yet received the customary vote of confidence and there is some question as to the legality of the declaration of martial law in the absence of a properly installed Government. There has, however, been no suggestion that martial law will not be continued.

Although the situation is potentially dangerous, disorders have not yet developed in the AIOC strike areas and the situation elsewhere is outwardly calm. (In Isfahan there were minor disturbances involved in a small-scale strike of textile workers.) Iranian security forces are considered presently able to maintain order. In view of the currently critical internal financial position of the Government, however, Army personnel (as well as civil servants) have in some cases gone for many months without payment and the possible consequences of a continuation of this situation cannot be overlooked.

In this tense atmosphere, and in light of the Iranian clamor for nationalization, it is felt that any precipitous action on the part of the British would bring about a very dangerous situation. We therefore requested the British to take no important steps without consulting us, and the Foreign Office agreed. In light, however, of the AIOC decision to reduce allowances at this critical juncture and the subsequent report that elements of the British fleet had been sent to Abadan, the matter was again pursued with the Foreign Office in London. We were told that the Foreign Office did not know in advance of the reduction in allowances, which was pursuant to an administrative arrangement made much earlier between the oil company and its workers, and that the press reports concerning naval movements were grossly exaggerated. Elements of the fleet are in fact in the Persian Gulf area "on normal duty" but have not been dispatched to Abadan. Two sloops, regularly assigned to the Persian Gulf, are understood to be at Bahrein. A cruiser is at Aden. In this connection, the British have again assured us that they will inform us before taking any important steps, but they reserve the right in an emergency to take appropriate measures to protect the lives and property of British citizens.[3]

Of great concern to us is the position of the British Government. There have been indications that it is considering a "strong" course in Iran which, in our view, would be extremely dangerous. Mr. McGhee is

[3] Telegram 5006 from London, March 20, reported that the Foreign Office assured Ambassador Gifford of its willingness to consult with the U.S. "prior substantive action." In telegram 5142 from Tehran, March 30, however, Gifford reported that "ultimate action, if Brit lives endangered by threatened seizure oil properties wld probably be to move Brit troops to Basra and take other mil precautions. FonOff recognizes risk in any display of force and wld probably sanction it only as last resort. It is significant however that FonOff does not discount possibility force may be necessary." Both telegrams are in National Archives, RG 59, Central Files 1950–1954, 888.2553/3–2051.

now consulting with British officials in London, and it is hoped that they will divulge their plan to him. Also, it is expected that conversations with a British delegation headed by Ambassador Franks will begin in Washington on April 9. It is hoped that these discussions will provide the basis for agreement between the United States and the United Kingdom as to an appropriate course in Iran, including plans for a possible settlement of the AIOC dispute on a basis which would take into account the Iranian demand for nationalization and would protect the legitimate interests of both parties.[4]

Regarding special United States measures in the present crisis, we are endeavoring to implement as rapidly as possible the various segments of existing aid programs, although it is generally felt that these cannot to a great extent be successful in quickly providing a significant impact upon Iranian public opinion. We are, therefore, considering extraordinary measures and have also asked for Ambassador Grady's urgent views concerning the most effective utilization of special funds which might be obtained for this purpose.[5]

The Department and CIA are formulating for immediate execution a special program involving covert action in several fields, and experienced officers from both agencies are shortly departing for Tehran to help carry out this phase.

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[4] For documentation on discussions with British Ambassador Franks on the issue of Iran, which took place on April 17 and 18, see *Foreign Relations,* 1952–1954, vol. X, Iran, 1951–1954, pp. 30–42 (Documents 12 and 13).

[5] Telegram 1698 to Tehran, March 28; ibid., pp. 28–30 (Document 11). Grady's reply is in telegram 2302 from Tehran, April 6; see ibid., footnote 6, p. 30 (Document 11).

13. National Intelligence Estimate[1]

NIE–6 Washington, April 5, 1951.

IRAN'S POSITION IN THE EAST-WEST CONFLICT

The Problem

To estimate the position of Iran in the East-West conflict.[2]

Conclusions

1. US security interests in Iran have during the past six months been progressively undermined by political and economic developments that have: (a) weakened the present regime; (b) induced the government to adopt policies favorable to the USSR (and hence unfavorable to the West); and (c) increased the influence of ultranationalist elements, which have already compelled the government to adopt policies unfavorable to the West and may force the adoption of additional measures against Western interests.

2. For the future, US security interests in Iran are threatened by:

a. The ever-present Soviet military capability to launch an attack on Iran with little or no warning, and Iran's incapability of defending itself against such an attack.

b. The possibility that the Iranian Government's policy of restricting Western interests in Iran may be further extended, perhaps to the point of eliminating Western interests.

c. The possibility that disorders in the oil field area, whether or not Communist-inspired, may restrict or cut off supplies of Iranian oil to the West.

d. The political and economic instability of Iran (particularly as aggravated by subversion), which might result in the breakdown or paralysis of government control and might lead to the collapse of the present regime and the establishment of a completely anti-Western or even a Soviet-dominated government.

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[1] Source: Central Intelligence Agency, NIC Files, Job 79R01012A, Box 2, Folder 5, NIE–6: Iran. Secret. According to a note on the cover sheet, the intelligence organizations of the Departments of State, the Army, the Navy, the Air Force, and the Joint Staff participated in the preparation of this estimate. All members of the Intelligence Advisory Committee concurred in this estimate on April 2.

[2] The importance of Iranian oil to Western Europe, and by implication to the US, has been assessed in NIE–14, *The Importance of Iranian and Middle East Oil to Western Europe Under Peacetime Conditions.* The military effect of the loss of Iran on the defensibility of the rest of the Middle East and its psychological effect on countries of the Near East will be discussed in NIE–26, *Key Problems in the Near and Middle East Affecting US Security Interests.* [Footnote is in the original.]

3. With respect to these threats, we believe that:

a. Unless the Kremlin considers general war to be imminent, the USSR is unlikely under present conditions to take the risk of international complications involved in overt military action in Iran. The Kremlin must estimate that there would be at least an even chance that the US would oppose any overt military action by the USSR in Iran.

b. The Iranian Government probably will impose further restrictions on Western interests, but is unlikely to eliminate these interests completely.

c. Although there has recently been unrest among some of the oil workers, disorders on a scale that would seriously reduce supplies of oil to the West are improbable so long as the government retains effective control of the security forces.

d. Although there is insufficient evidence to indicate that recent events in Iran have seriously shaken the government's ability to maintain its authority, there is nevertheless a continuing danger of a breakdown of government control and possibly of a political collapse, which in turn would provide an opportunity for Communist seizure of power, with or without overt Soviet assistance. If the present trend continues—leading to actual nationalization of the Anglo-Iranian oil concession, exclusion of the West from effective participation in Iran's economic and financial recovery, further political assassinations, increased weakness in government and in the control of Army and security forces, and greater exploitation of unrest and intensification through Soviet subversive activities—then Iran is likely in time to become a second Czechoslovakia.

4. Increased Western economic and military assistance, if accepted by the Iranian Government, would in the short term strengthen the present regime and might in the long run increase Iran's basic political and economic stability. Such assistance would have to be regarded as a long range, continuing investment. It could not be expected to result in a firm or permanent alignment of Iran with the West, or increase significantly Iran's small defensive capability against the USSR.

Discussion

Iran's Present Position

1. Iran's strongest existing connections are with the West. Iran is presently dependent on the Western Powers for markets, money, equipment, and technical advice, and Western commercial interests (primarily British) play a major role in the Iranian economy. The Anglo-Iranian Oil Company alone accounts for an estimated 6 to 8 percent of Iran's national income, provides approximately a quarter of the Iranian Treasury's total receipts, and contributes materially to Iran's foreign exchange through purchase of rials for local use. Most Iranians are

better disposed toward the West than toward the USSR. The Iranian Government is a recipient of US military assistance and has US military advisers for its army and gendarmérie. It has consistently supported the US in the UN.

2. This relationship with the West, however, is seriously threatened. Iran is extremely vulnerable to Soviet attack. In addition, the country's political, economic, and social instability exposes it to subversive and disruptive pressures. The government's recent tendency to cooperate with the USSR may facilitate Soviet subversive activity. Finally, the current eruption of anti-Western feeling in Iran threatens Western interests with expulsion.

Iran's Vulnerability to Soviet Attack

3. Iran is incapable of effectively resisting a Soviet invasion. Its armed forces are not only small but also weak in matériel, leadership, and tactical organization. The USSR could seize key points in Iran with airborne troops and in any event could quickly occupy the most important areas of the country by overland invasion. Rapid Soviet overland advances could be temporarily delayed if effective use were made of demolitions on bridges, tunnels, and other transportation facilities along the invasion routes. Some guerrilla resistance could be carried on if government leaders were able to escape to selected southern mountain areas, but the effectiveness of such resistance would be limited.

4. There is no present prospect of a marked improvement in Iran's military capabilities. Although the US military missions have helped considerably to increase Iran's ability to maintain internal security, it will be a long time before the deficiencies of the Iranian armed forces in leadership, organization, and training can be overcome and before these forces can make effective use of modern Western equipment.

5. Although the USSR is capable of invading Iran at any time without warning, the Kremlin may consider the achievement of control over Iran not sufficiently urgent to warrant open employment of military force. The Kremlin may further consider that Iran's own defensive capabilities will remain negligible, and that Iran's ability to resist subversion will decline, and that consequently the advantages of an early attack on Iran would be incommensurate with the risk of international complications involved. The Kremlin must estimate that there would be at least an even chance that the US would oppose any overt military action by the USSR in Iran. If, however, the British were to send their armed forces into Iran to protect their nationals in the oil well area, the Soviets might take action based on their interpretation of Article 6 of the Treaty of 1921.

Iran's Vulnerability to Subversion

6. Internally, Iran is subject to a variety of strains and stresses.

a. The Iranian economy is backward, inefficient, and saddled with extensive absentee ownership. To raise the traditionally low living standard of the bulk of the population to a satisfactory level would require a long-term development program considerably more ambitious than any thus far initiated. In addition, the weaknesses of the economic system make it subject to periodic dislocations. For example, crop failure in 1949 produced widespread unemployment and hardship, and bad management has resulted at present in another of Iran's recurrent financial crises.

b. The central government has failed to gain the full support of the tribes, an only partially assimilated and potentially recalcitrant element which constitutes about 25 percent of the population. Tehran's neglect of provincial interests and its use of extortion and force in exercising its authority have engendered continuing resentment in the hinterland, notably in the northern border province of Azerbaijan.

c. Iran is politically unstable. Although Iran is formally a constitutional monarchy with popular representation, effective control of the governmental machinery still rests in the hands of a small ruling group whose conduct of affairs has been marked by factionalism, intrigue, and failure to respond to the country's needs and aspirations. Iran has few strong leaders. The Shah occupies a special position by virtue of his command of the army, his constitutional prerogatives, and the prestige of the Crown. Ultimate power, however, still rests largely with the few hundred landlords, tribal leaders, merchants, army officers, and clergy who dominate the social and economic life of the country and supply the membership of Parliament. Motivated by individual and class interests, the various factions in Parliament have engaged in a continuing contest with the executive in recent years. Attempts to initiate political and social reform have been effectively frustrated, despite the fact that growing popular desire for better living conditions has led every government since 1941 to endorse political decentralization, expanded health and education facilities, higher wages, and improved production methods. The Seven Year Development Program, from which much was hoped, was first broached in 1946 but is still stalled in the preliminary stages. Meanwhile, the lack of cohesion within Parliament has made it a ready vehicle for obstructionism and special pleading.

d. This state of affairs has had an unsettling political and social effect which makes the position of the old ruling group increasingly insecure. This group has thus far retained its traditional pre-eminence, and the vast majority of the population, despite its grumbling, remains politically apathetic. Nevertheless, there is a growing feeling of insecurity and dissatisfaction, notably among students, white collar workers, and industrial laborers. This feeling can find expression only through extremist movements. The USSR has worked assiduously to exploit pop-

ular insecurity and dissatisfaction in Iran, not only through its support of the subversive Tudeh Party but also through special efforts to revive the separatist spirit in Azerbaijan and to rouse the traditionally restive Kurdish tribes, who had a short-lived "people's republic" of their own in 1946. The only other force attempting to exploit this popular discontent is the reactionary ultra-nationalist element which blames Iran's troubles on foreign domination of Iran's economy and foreign influences on Iran's way of life. These ultra-nationalists do not at present constitute a large organized group; there are only a handful of National Front deputies in Parliament. Nevertheless, the popular appeal of their nationalist agitation and the violence of their terrorist fringe has enabled them to exercise, both before and after Premier Razmara's assassination, an influence out of all proportion to their numerical strength.

7. The assassination of Premier Razmara by a religious fanatic on 7 March and the subsequent threat of terrorism have increased Iran's internal tensions and provided new opportunities for factional conflict and subversion. Although Razmara failed to gain any real support from the Majlis for his attempts to provide strong leadership, he was a stabilizing influence, particularly with the army, and his death points up Iran's shortage of strong leaders. His forcible removal from the scene, together with the hesitancy displayed by the Shah in the face of ultra-nationalist efforts to capitalize on the situation, tends to undermine the government's authority and to encourage the Tudeh Party and other groups to advance their special interests. Ultra-nationalists, without assuming major executive responsibility, may be able to impose their will on the government on a variety of issues.

8. The government's ability to maintain its authority depends primarily on its control of the security forces. This control over the security forces may be critically shaken if the present crisis is prolonged and exacerbated by further violence and mob pressure or if the economic situation is allowed to deteriorate to such an extent that minimum relief from hardship is not provided. At present, however, the government retains control over the army and gendarmérie, and so long as it continues to do so the pro-Soviet forces will probably not be able to gain power without actual armed intervention by the USSR. Martial law is now in effect in Terhan and the oil area.

a. The Communist-dominated Tudeh Party, though it has apparently succeeded in building up a unified underground organization and has shown various signs of renewed vitality in recent months, remains a conspiratorial organization whose membership is drawn mainly from the small intellectual and industrial classes. It has accomplished little toward arousing the peasantry, which constitutes the vast majority of the population, and evidently has not succeeded in effectively penetrating the army and gendarmérie or in building up the re-

serves of arms and equipment necessary for a successful coup d'état. The Tudeh Party may eventually be capable of seriously interfering, through strikes and sabotage, with the supply of Iranian oil to the West. At present, however, disorders on a scale which would seriously reduce this supply are improbable so long as the government retains effective control of the security forces.

b. The USSR's agitation in Azerbaijan and the other northern provinces has apparently heightened fear of a Soviet invasion rather than generated a desire for revolt; despite their grievances against the central government and their landlords, the people of these provinces would generally oppose the return of the Russians or their Iranian disciples.

c. Although there have been periodic reports of an imminent Kurdish revolt, there is no firm evidence that the USSR has succeeded in transforming traditional Kurdish hatred of the authorities into an active revolutionary spirit and in securing the cooperation of the Kurdish tribes. Even if the Kurds did revolt, they would probably be ineffective outside their own tribal areas.

d. The present capabilities of other elements in Iran for directly challenging the government's authority are also limited. The ultranationalists, though they have successfully exploited popular sentiment to get their way on the explosive oil issue and have gained political influence in the process, do not now have the organized strength to establish continuing political control over the government or to defy the security forces. The non-Kurdish tribes could present a serious threat only if they were able to submerge their differences and act in unison. Individual tribal uprisings, however, could be put down so long as the security forces remained loyal. In any event, it is doubtful that any of the tribes could operate beyond its own territory unless a breakdown of the central government had taken place.

9. The USSR might conceivably launch an invasion of Iran with guerrilla forces under the lead of the exiled Barzani Kurds and Aberbaijan Democrats. These exiled elements are few in number, however, and would not be militarily effective unless supported by large numbers of Soviet "volunteers."

10. Development of greater internal stability in Iran will at best require a number of years. Expanded US economic and technical assistance might bolster the position of those Iranian leaders who have been advocating internal reform. In terms of material improvement, however, such US assistance would have to be looked upon as a long-range investment. Progress would undoubtedly continue to be hampered by Iranian lack of skill, by graft and political maneuvering, by resistance to change by both the vested interests and the population at large, and by lack of perseverance. There is a real danger that Western advisers, as in

the past, will either become overwhelmed by the complexities of the situation or, by their zealousness, incur the opposition of the Iranians. Nevertheless, Western aid and guidance, if accepted by the Iranians, would contribute to the development of greater internal stability.

Iran's Probable Course of Action

11. Iran's foreign policy is currently unsettled. Between the end of World War II and mid-1950 the Iranian Government moved closer to the West, in part because of its desire for economic assistance, but mainly because of the menacing attitude of the USSR. The USSR attempted unsuccessfully to discourage Iranian association with the West by frontier incidents, threatening notes, and propaganda utterances accusing Iran of allowing the US to organize bases for aggression on its soil and reminding the Iranians of the USSR's "right" to move in against such bases under the 1921 Soviet-Iranian Treaty of Friendship. The Iranian Government made repeated pleas for US economic and military support, and the Shah and the late Premier Razmara (then Chief of Staff) asserted that Iran was committed to the West. Nevertheless, Iran has retained a basic preference for isolation and neutrality and a strong attachment to its traditional and previously successful policy of preserving Iran's precarious independence by playing the great powers off against each other and distributing Iran's favors impartially so as to prevent any one power from gaining a dominant influence. These sentiments have been reinforced by resentment of past Anglo-Russian interference in Iranian affairs. The Russian Communists are generally hated and feared like their Czarist predecessors. The UK, though no longer generally feared, has remained an object of widespread mistrust and—through its interest in the Anglo-Iranian Oil Company and the once Iranian-controlled island of Bahrein—a favorite target of Iranian xenophobia. Within recent months strong pressures for the curtailment of Western privileges and a return to the old policy have emerged, particularly in view of: (a) annoyance with the fact that US economic assistance has fallen short of Iranian expectations; (b) growing doubts about US willingness and ability to protect Iran; (c) resentment of the Anglo-Iranian Oil Company's refusal to make more than limited changes in its concession agreement with Iran; (d) irritation with Western attempts to push internal changes; and (e) the Soviet Union's reversion to a more friendly attitude toward Iran—a move which stimulated an Iranian hope of staying on good terms with the USSR. During the fall of 1950 Iran increased its dealings with the USSR, notably through conclusion of a trade agreement. The trend toward nationalism and neutrality, earlier manifested in the cancellation of VOA and BBC rebroadcast facilities, restriction of travel by foreign nationals in Iran, and obstinate bargaining over the terms of the pending $25 million Export-Import Bank loan, has now culminated in

overwhelming approval by both houses of Parliament of a resolution for nationalization of the oil industry.

12. It is unlikely that the present movement away from the West would lead Iran to align itself with the USSR. The vehemence of current feeling against the British is a manifestation of Iran's basic resentment of foreign influence rather than an expression of pro-Soviet sentiment; the number of Iranians who actively support the USSR is very small. Soviet sympathizers who have infiltrated the ultra-nationalist faction will probably try to steer Iran closer to the USSR if the ultra-nationalists should succeed in solidifying their current position of vantage. It is probable, however, that other pressure groups would unite to prevent the alignment of Iran with the USSR. The great majority of Iranians, and particularly the present regime, are unlikely to be won over by a friendly Soviet policy even if such a policy were long continued. The favorable impression which the USSR created by its recent actions has already begun to wear off, in view of the limited usefulness of the trade pact, the failure of the Soviet-Iranian border commission to produce concrete results, and the USSR's continuing role as a hard bargainer on such matters as Iran's gold claims.

13. It is also unlikely that Iran will completely eliminate Western interests. Although the small group of ultra-nationalist deputies in Parliament has succeeded in exploiting popular feeling against the British and has been able to seize the initiative in the period following Premier Razmara's assassination, most of the governing group would probably wish to retain some Western support as a counter-balance to Soviet pressures. Despite Parliament's overwhelming endorsement of the principle of oil nationalization, it is not certain that the Anglo-Iranian Oil Company will in fact be obliged to cease its operations in Iran in the near future, not only because of the magnitude of the economic, legal, and technical problems involved but also because of the self-interested opposition of many members of the ruling class.

14. There is little doubt, however, that Iran has embarked on a course involving a loosening of its connections with the West and a guarded extension of its dealings with the USSR. Although the British may be able to patch up their relations with Iran on the oil question, ultimate expropriation of the oil company has at least been brought closer, and the curtailment of the few other commercial advantages which the UK still enjoys in Iran will undoubtedly continue. The Shah and some other leaders will probably continue to try to obtain Western economic and military aid, but Parliament's willingness to accept such aid is far from certain. In any event, the Iranian Government can be expected to insist that US help be provided on Iranian terms, to refuse any overt commitment to the West, and perhaps to waver in its support of the US in the UN. Although the Iranian Government will probably not

cancel the US military missions, it may well further curtail the freedom of action of mission officers and other US and UK officials. Meanwhile, Iran will probably be willing to develop additional commercial and cultural ties with the USSR, though it will attempt to control the extension of Soviet influence. Iran would probably not go so far as to grant the USSR an oil concession or to agree to establishment of a joint Irano-Soviet oil company.

15. In the event of war, Iran's policy would probably be as follows:

a. If Iran were attacked, the Iranians would offer some resistance, meanwhile calling for US and UN aid.

b. If an isolated Soviet or Satellite attack took place against some other country, Iran would remain neutral or, at most, support the UN without contributing armed forces. Although Iran is unlikely to restrict the supply of oil to the West, it would not allow the use of Iranian territory for air bases.

c. If a general war in which Iran was not initially attacked took place, Iran would probably attempt to remain neutral. There is a remote possibility that Iran might attempt to avoid provocation of the USSR by curtailing the supply of oil to the West, though the financial loss involved would militate against such a move.

16. The extent to which Iran's association with the West can be strengthened is problematical. A satisfactory British-Iranian settlement on the oil issue is a prerequisite to improvement of Iran's relations with the West. An expanded US economic assistance program would tend to strengthen the position of those who have looked to the West for help. A more explicit US pledge of military support, either unilaterally or through a US-backed regional security organization, might quiet the present fears of the Shah concerning the remoteness of Western support. The assassination of Premier Razmara, however, has not only removed a leading advocate of a pro-Western alignment but has greatly strengthened the position of the ultra-nationalist leaders. The success of further US gestures would be rendered questionable by Iran's underlying dislike and fear of foreign influence and by its awareness of its extreme vulnerability to Soviet attack. Most Iranian opinion would probably remain skeptical about the degree, permanency, and unselfishness of US interest in strengthening the country. Even given a more favorable attitude toward the US, most influential Iranians would probably oppose any attempt to align Iran firmly with the West on the ground that such an arrangement would be unduly provocative to the USSR and at variance with the tradition of maintaining an independent position with respect to the great powers.

14. Memorandum From the Chief of the Political Operations Staff, Near East and Africa Division ([*name not declassified*]) to the Chief of the Near East and Africa Division, Directorate of Plans, Central Intelligence Agency (Roosevelt)[1]

Washington, April 11, 1951.

SUBJECT

NSC 107, *The Position of the United States with Respect to Iran*[2]

1. On 24 March the President approved and directed the implementation of NSC 107 by all agencies concerned under the coordination of the Secretary of State.

2. NSC 107 calls for plans and preparations in conjunction with the United Kingdom to counter possible communist subversion in Iran and to increase support of the pro-western Iranian Government in the event of communist seizure of power, such plans and preparations to include conduct of "special political operations" by the United States and the United Kingdom, and in the event the Iranian Government should take steps leading toward communist control in Iran, the United States should be prepared to undertake "special political operations" to reverse the trend and effect Iranian alignment with the free world. The quoted term is used in NSC documents to indicate OPC-type operations.

3. Other sections of NSC 107 call for measures to be taken by the United States which may well be supported by OPC-type activities.

4. NSC 107 should be taken into account in the current preparation of your strategic plan for Iran.

[*name not declassified*]

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[1] Source: Central Intelligence Agency, DDO–IMS Files, Job 80–01795R, Box 4, Folder 8, Office of Policy Coordination (OPC) History 1Apr1951–15Apr1951. Top Secret.

[2] Document 6.

15. Memorandum From the Chief of the Plans Staff, Near East and Africa Division, Directorate of Plans ([*name not declassified*]) to the Acting Chief of the Policy, Plans and Review Section, Office of Policy Coordination, Directorate of Plans, Central Intelligence Agency ([*name not declassified*])[1]

Washington, April 12, 1951.

SUBJECT

Comments on your memorandum, "The Limitations of Diplomacy," dated 13 March 1951[2]

1. Iran is an interesting case in the context of the attached correspondence. It should be noted at the outset, however, that Iran does not fall into the category of countries we have helped too lavishly. We have in fact given the Iranians very little; they feel this keenly in view of what we have done for Greece and Turkey, and are genuinely skeptical of the sincerity of our interest in Iran. Moreover, Iran is threatened with an actual Soviet invasion (as distinct from an indirect, Soviet-inspired invasion). So it would be somewhat unrealistic to expect Iran to throw itself lock, stock, and barrel into the Western camp—particularly in the absence of military commitments from us.

2. These factors necessarily limit the objectives of a covert program. The best we can hope for is to prevent Iran's falling into Soviet hands during the cold war period. To this end we are taking various steps designed to strengthen the present (or any anti-Soviet) regime; to divide, weaken, and discredit the pro-Soviet Tudeh Party and other hostile elements; to do the same respecting the intensely nationalistic and chauvinistic elements which, wittingly or unwittingly, serve Soviet ends by creating instability; and, in the long run, to bring to Iran a measure of stability. There is no need at this time to establish an Opposition in the commonly accepted meaning of that word. We are, however, actively investigating the possibility of establishing an energetic progressive party designed to attract the best elements from various factions (including leftists) and to push the economic and political reforms necessary to make the people less vulnerable to the blandish-

[1] Source: Central Intelligence Agency, DDO–IMS Files, Job 80–01795R, Box 4, Folder 8, Office of Policy Coordination (OPC) History 1Apr1951–15Apr1951. Top Secret. Drafted and signed by the Chief of the Plans Staff.

[2] Not found.

ments of Communism as painted by Soviet propaganda. Our purpose is not to threaten the present regime (it is in our interest to preserve that) but to encourage it, by introducing progressive elements into the government, to enact reforms and withstand Soviet pressures. These measures cannot prevent the USSR from forcibly taking over Iran at will, but they can, if accompanied by a strong overt US policy, help shore up Iran against subversion, disaffection, defection, and revolution—developments which might in turn lead to rapprochement with or surrender to the USSR.

3. We are even investigating the feasibility of establishing a local or "Titoist" Communist Party as a possible means of splitting and therefore weakening the Soviet Communist movement in Iran. This is obviously a dangerous undertaking which, if not very skillfully handled, could turn out to be a boomerang. Its potentialities as an anti-Soviet weapon, however, demand that we give it careful consideration.

4. It thus seems to me that our current plans for Iran include active political warfare in the spirit if not in the literal sense of your excellent memorandum. I should be happy to discuss this with you further.

[*name not declassified*]

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16. Memorandum From the Assistant Director of the Office of National Estimates (Langer) to Director of Central Intelligence Smith[1]

Washington, April 20, 1951.

SUBJECT

Situation in Iran

The situation in Iran is becoming increasingly critical. As a result of strikes and violence, the Abadan refinery has been closed down, and production and shipping operations have been restricted. Crude oil exports have been reduced by 20 percent, and the export of refined products will cease within a few days. Petroleum experts are at vari-

[1] Source: Central Intelligence Agency, NIC Files, Job 79R00904A, Box 1, Folder 2, Memos for DCI (1951) (Substantive). Secret. There is no drafting information on the memorandum.

ance on the time that must elapse between the settlement of the strike and the resumption of full production of refined products.[2]

Although Iranian Army reinforcements, including tanks and armored cars, have been rushed to the oil field area, the situation remains explosive. At least 20,000 workers are now idle, and anti-British feeling is running high. Tudeh and National Front agents are active in the area and can be expected to continue to foment demonstrations and violence.

If further trouble occurs, there is a possibility that the UK might send troops to southern Iran. UK Foreign Minister Morrison has stated that he would not hesitate "to take appropriate action" to safeguard British lives and property. Two British frigates are standing by at Kuwait, another is at Bahrein, and a cruiser is on its way to the Persian Gulf from Aden. Should any British forces be landed in southern Iran, not only would Anglo-Iranian relations be further embittered but the USSR would be given a pretext under the Soviet-Iranian Treaty of 1921 to occupy parts of northern Iran.

A further serious danger is that the combination of Tudeh leadership and deep-seated unrest which has produced the crisis in southern Iran might undermine the authority of the central government in other parts of the country. Demonstrations and violence have already occurred in Isfahan, strikes are reported in Mazanderan, and a Tudeh-led demonstration is reportedly scheduled in Tabriz on 1 May. The Iranian Chief of Staff is gravely concerned that the Tudeh group might be able to keep the armed forces off balance by such widely separated activity.

Government preoccupation with disturbances at Abadan and elsewhere and obstructive tactics in the Majlis are delaying action on the government's internal financial problems and impeding any reasonable solution of the oil nationalization issue. Although Prime Minister Ala has recently obtained a vote of confidence in the Majlis, there is considerable doubt that he can obtain Majlis support for a really effective attack on Iran's current problems. In view of the critical nature of these problems and the necessity for their early solution and because of the constant danger of further National Front and Tudeh-inspired outbreaks, the Iranian Government will probably have to adopt extreme measures if the crisis is to be overcome. Such measures would include: (a) dissolution of the Majlis; (b) reinstitution of martial law; (c) rule by decree; and (d) suppression of free speech and assembly.

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[2] Ambassador Grady has reported that AIOC officials estimate it will take two or three months to restore full operation of the refinery. Oil specialists in CIA and in the Departments of State, the Interior, and the Navy support this estimate. However, four independent sources connected with the American oil industry state that, assuming no damage to the physical plant, production could be fully resumed in a period of three to seven days. [Footnote is in the original.]

There are several indications that the Shah is seriously considering the adoption of such a drastic course of action, in which event Ala would probably be replaced by Qavam or Seyyid Zia, the only leaders believed capable of carrying out a "strong" program. Seyyid Zia, in spite of his pro-British reputation, is generally estimated to be the most likely candidate for such a role at the present time.

William L. Langer

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17. Memorandum by the Chief of the Near East and Africa Division, Directorate of Plans, Central Intelligence Agency (Roosevelt)[1]

Washington, April 23, 1951.

The Tehran station submits the following estimate of the situation in Iran as of 18 April 1951 for the purpose of operational planning.

The position of the Ala Cabinet is considered uncertain despite the vote of confidence given it 17 April 1951. At present Ala is acting with extreme caution. Although it appears he has made no working arrangement with Mullah Kashani, the opposition of the National Front has been neutralized, at least temporarily, and several Front representatives such as Fazlullah Zahedi, appointed Minister of Interior, have been included in the Cabinet. Ala, however, is receiving only limited active support from the Shah and others and is facing opposition from Seyyid Zia and his British supporters and from Qavam. Nevertheless Ala may be able to retain the premiership and, if so, he plans to take stronger measures against the extremists. Most observers, however, believe Ala will be replaced by Seyyid Zia, a move which the station feels would probably occur only with Ala's full approval as being in the best interests of Iran.[2] If Seyyid Zia becomes Prime Minister, he would apparently inaugurate a strong man type of government. It is believed that the Shah would order dissolution of the Majlis after Seyyid Zia obtained a vote of confidence, call for new elections and support Seyyid Zia in governing by decree and forcefully suppressing

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[1] Source: Central Intelligence Agency, DDO Files, Job 79–01228A, Box 11, Folder 14, Iran 1951–1953. Secret.

[2] In the margin next to this sentence is a handwritten note, apparently written by Wisner, that reads: "'Most observers have been influenced by British propaganda, I think!"

opposition. Although Seyyid Zia claims privately that he will demonstrate by his actions that he is no longer under British control, the station comments that unless he can convince Iranians he does not support British policy, the US would come in for sharp Iranian resentment if it supported him. Iranian antagonism toward the British is deep-seated and widespread and, according to the station, all its information indicates that nationalization of oil is inevitable. Furthermore, since Seyyid Zia's past ties with the British are well known and he is reportedly now being given strong British backing, his appointment as Prime Minister would lead to even more serious discord, touched off by the nationalists and exploited by the extremists.

An accurate evaluation of the situation in Abadan is considered impossible since the news from there is so exaggerated. While there have been no disturbances since 15 April, the strike is no nearer settlement. Abadan security forces are not attempting to prevent picketing or arrest agitators but they are prepared, presumably, to halt any sizeable riots. The workers have been publicly urged by Kashani to refrain from strikes and disturbances. The refinery is reportedly working 25% of normal.

In Isfahan order has reportedly been restored by [*but*] the government has yet to settle the problems of the textile industry.

KR[3]

[3] Printed from a copy that bears Roosevelt's typed initials.

18. Memorandum From the Assistant Director for Policy Coordination, Directorate of Plans (Wisner) to the Deputy Director for Plans, Central Intelligence Agency (Dulles)[1]

Washington, April 23, 1951.

SUBJECT

Special Iranian Program

1. As part of our emergency program for Iran, consideration has been given to a direct subsidy to the Prime Minister to enable him to strengthen the hand of his supporters and confound his enemies. The State Department had given preliminary approval to this suggestion pending clarification of the Iranian political situation and approval of our Ambassador.

2. The OPC "task force" now in Tehran has cabled stating that the Ambassador agrees that the time is now ripe for action and has authorized an independent OPC approach to Ala with an offer of [*dollar amount not declassified*] to be used entirely at his discretion. Speedy action is urged in view of the severe test which the Prime Minister will face this week when he presents his Finance Bill.

3. Steps are being taken to obtain final policy approval from Deputy Under Secretary Matthews and to consider the desirability of coordinating our approach to Ala with that which Ambassador Grady should shortly be authorized to take presenting an official US aid program.

4. We propose that the initial payment should be [*dollar amount not declassified*]. Before approaching Ala OPC Tehran would like assurance that the full sum will be authorized and that the first installment will reach them as soon as possible.

5. It is therefore requested that you authorize the immediate disbursement of [*dollar amount not declassified*] and the additional expenditure, if results warrant, of [*dollar amount not declassified*] during the fiscal year 1952.[2]

6. This operation obviously requires special security measures, and will be handled on "Eyes Only" basis among those who need to know of it. In view of Ala's elevated position and personal sensitivity,

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[1] Source: Central Intelligence Agency, DDO–IMS Files, Job 80–01795R, Box 4, Folder 9, Office of Policy Coordination (OPC) History, 16Apr1951–30Apr1951. Top Secret; Sensitive. Drafted by Roosevelt.

[2] No response from Dulles was found.

we propose to request no receipt from him, nor any detailed accounting for the expenditure of the funds.

Frank G. Wisner[3]

[3] Printed from a copy with this typed signature.

19. Intelligence Memorandum Prepared in the Office of Current Intelligence, Directorate of Intelligence, Central Intelligence Agency[1]

Washington, April 30, 1951.

SUBJECT

The Soviet Attitude toward the Situation in Iran since the Assassination of Razmara

1. The situation in Iran since the assassination of Premier Razmara on 7 March has presented the Soviet Union with favorable opportunities to increase its influence and gain ultimate control over the country. The ostensible show of non-intervention in the situation on the part of the USSR calls for a comprehensive review of recent Soviet diplomatic moves, current propaganda, activity along the Soviet-Iranian border, and the tactics of the outlawed pro-Soviet Tudeh Party. The possibility of future Soviet intervention under the terms of the 1921 treaty should also be considered.

2. Diplomatically, the USSR has continued its policy, inaugurated in the latter half of 1950, of displaying friendship for the Iranian Government and not interfering in the government's problems connected with oil nationalization, internal unrest, and relations with the British. There is no evidence that the Soviet Ambassador in Iran has put any pressure on the Iranian Government. In corroboration of this, Premier Ala told the French Ambassador in late March that there had been no Soviet pressure on him. The Soviet Union seems aware that for the time being any ill-timed Soviet diplomatic pressure or demands for oil rights might cause these advantages to be forfeited.

[1] Source: Central Intelligence Agency, OCI Files, Job 91T01172R, Box 3, Folder 29. Top Secret; ACORN.

3. Soviet propaganda since 7 March, in its daily reporting on Iran, reveals the Kremlin's close interest in developments there, particularly with reference to the oil situation, the recent strikes, and public demonstrations. Consistent with its diplomatic effort to disassociate the USSR from events in Iran, Moscow has refrained from commenting editorially on actions taken by the Iranian Government or speculating on future developments. Soviet press and propaganda have avoided any hint of unfriendliness towards the government or comment on its instability. Since Razmara's assassination this propaganda has concentrated on US–UK rivalry for Iranian oil and US–UK exploitation of Iran. The Communists' "clandestine" "Free Azerbaijan" radio in Baku, on the other hand, has adhered to its previous policy of attacking the Shah, Premier Ala, and the Majlis as pawns of US–UK imperialism and betrayers of the Iranian people.

4. While the Soviet Union is believed capable of invading Iran successfully without prior warning, there has been no indication that the USSR is preparing to take such a step at this time. Iranian military intelligence, although fragmentary, constitutes the best source of information on Soviet border activities. This source reports Soviet troop movements on the Azerbaijan frontier and some additional military activities since late February. These are probably connected with the annual Soviet maneuvers in this area, which began earlier than usual this year. Reports that dissident elements (exiled Azerbaijani Democrats and Barzani Kurds) are on the frontier ready to invade Iran have appeared, as is common during periods of tribal migrations and regular maneuvers. No reports of any Soviet activity on the Khorassan sector of the border east of the Caspian Sea have been received. Soviet military maneuvers on this section of the frontier generally begin later than those on the Azerbaijan border.

5. Communist policy in Iran since Razmara's assassination has been aimed at inciting further agitation on the oil issue while keeping Communist connections with the disturbances on a covert level. Although there is no firm evidence of pro-Soviet Tudeh Party involvement in the current disturbances, press reports and Iranian officials commonly blame the Tudeh Party. The Tudeh is said to be behind the "Organization for the Expropriation of the Anglo Iranian Oil Company" (AIOC), which, with the National Front (the ultra-nationalist faction in Parliament), has spearheaded the movement to nationalize Iran's oil. The Tudeh, according to Iranian intelligence reports, is also behind the organization of the "Hayat-i-Islam," which has been agitating on the oil issue in the North. Tudeh agitators have also been reported in the southern oil fields during the recent AIOC strike. Tudeh agitation, as reported by Iranian military intelligence, showed a noticeable increase in February in all parts of the country, but declined markedly in March.

6. Moscow has followed a noncommittal policy concerning Soviet intervention in Iran under the terms of the 1921 Iranian-Soviet treaty, and neither the press nor the radio has referred to the treaty since Razmara's assassination. Soviet Ambassador Sadchikov, conferring with Satellite officials in Tehran on 16 April, reportedly stated that it was hardly likely that the Soviets would intervene in Iran if British troops landed to maintain law and order in the south. He added that any Soviet action would depend on the duration of the UK action and that furthermore the treaty's terms would require an appeal to the USSR from the Tehran government. His delineation of Soviet intentions may have been an effort to encourage a more forceful British policy towards Iran. While the USSR undoubtedly realizes that British military forces are unlikely to occupy the oil area, any Communist-inspired agitation in the oil fields during the strike was presumably aimed at provoking the UK. Should Communist-Nationalist agitation tactics bring on new disturbances in the oil area, British intervention would intensify unrest and hatred of the UK to the USSR's advantage. On 26 April, a Moscow commentary alleged British concentration of armed forces in the vicinity of southern Iran and for the first time charged the British with the intention of "interfering actively in internal affairs should occasion arise." Repeated emphasis on the possibility of UK intervention could be viewed as an unspoken threat of Soviet intervention under the terms of the 1921 treaty.

20. Memorandum Prepared in the Office of National Estimates, Central Intelligence Agency[1]

Washington, May 1, 1951.

MEMORANDUM OF INFORMATION NO. 67

FOR

National Estimates Board

SUBJECT

Iranian Developments

1. The elevation of Mohammad Mossadeq, the leader of the ultranationalist National Front Party, to the premiership constitutes a radical departure in Iran's political development. Political activity in Iran has generally consisted in the struggle for power among a small group of men of the wealthy class whose major interest was to protect the vested interests of the group as a whole. The interplay of personal interests and rivalries and the personal likes and dislikes of the Shah were the determining factors in the selection of prime ministers.

2. Mossadeq has come to power by other means. Although he is a member of the traditional ruling minority, his influence among his peers is negligible, his personal following in the Majlis is small, and he is disliked and distrusted by the Shah. In spite of these factors, however, he has great political strength because of the general appeal of his constant demand that all foreign influence be eliminated from Iran. He has the support not only of his National Front Party but also of the Fadayan Islam, a small terrorist group of religious fanatics, the Tudeh Party (as long as Mossadeq's chauvinism is directed against the Western Powers), and probably the great majority of Iran's peasants, laborers, and tradesmen, who, though politically inert, can significantly affect political developments in Tehran through strikes, demonstrations, and violence.

3. Because of the intensity of Iranian chauvinism, few Iranian leaders dare to oppose Mossadeq publicly. It is for this reason that Mossadeq has exerted such a decisive influence over Iranian developments during the past year. He has blocked the negotiation of US loan and the conclusion of a revised AIOC agreement. He condoned the assassination of Razmara on the grounds that the latter was being too lenient with the British. Finally he pushed the oil nationalization oil bill

[1] Source: Central Intelligence Agency, DDI Files, Job 79T00937A, Box 1, Folder 1, Staff Memoranda—1951. Secret. There is no drafting information on the memorandum.

through the Majlis, probably against the better judgment of most of the deputies, who, however, succumbed to patriotic fervor or feared the consequences (including assassination) of opposing the measure.

4. During the six weeks when Hussein Ala was Prime Minister, Mossadeq was chairman of the Majlis Oil Commission appointed to draw up recommendations for taking over the AIOC installations. The Shah, Ala, and moderate members of the Majlis probably hoped that some agreement could be patched up with the AIOC before Mossadeq could complete his work. Mossadeq, however, reported to Majlis more than a month ahead of schedule. Increased bitterness toward the UK resulting from the intervening strikes and violence in the oil field area kept emotions high throughout the country and simplified Mossadeq's job in obtaining prompt Majlis approval for his recommendations. The new law sets up a government committee of twelve to take over oil installations and provides for setting aside 25 percent of oil revenues to meet future claims of the "former company." The Majlis action resulted in the immediate resignation of Ala, and, on the recommendation of both the Majlis and the Senate, the Shah asked Mossadeq to form a new government.[2]

5. Although the responsibilities of office may to some extent act as a sobering influence on Mossadeq, he will probably pursue the following objectives:

a. Full implementation of the nationalization law and effective Iranian Government control of the oil installations in southern Iran. It is possible that, if the UK accepted nationalization in principle, Mossadeq might be willing to conclude a management contract with AIOC, under which the latter would operate the oil installations under the direction of an Iranian Government agency. If the UK and AIOC refused to accept these terms, Mossadeq would probably take over the oil installations by force even at the risk of closing down the whole industry. In such an eventuality, he would probably try to obtain foreign technicians through individual contracts to restart production.

b. The elimination of other manifestations of foreign influence in Iran. It is extremely unlikely that Mossadeq would accept international loans from the Export-Import Bank or IBRD. He might even refuse to accept further US military aid and request the US Military Missions to leave the country.

6. In pursuit of these objectives, Mossadeq will probably adopt a lenient attitude toward manifestations of nationalist fervor, even if indulged in by members of the Tudeh Party. He has consistently opposed

[2] Prime Minister Ala resigned on April 27. Two days later, the Shah asked Mosadeq to form a new government.

martial law and restrictions on speech, assembly, and the press. There is a danger that the Tudeh Party may attempt to take advantage of Mossadeq's leniency in this respect to foment violence and disturbances throughout the country. Mossadeq may attempt to win Tudeh support (at least during the current oil crisis) by legalizing their status. In the long run, however, the National Front and Tudeh will almost certainly clash, for their fundamental aims are diametrically opposed.

7. The most significant aspect of Mossadeq's advent to power is that the more moderate elements in Iran's governing class appear to have lost control of the situation. Many deputies in the Majlis supported Mossadeq for Prime Minister in the hope that the oil crisis, for which he is largely responsible, would result in his own downfall. In view of his strong popular backing, however, he will not be easily displaced. If he obtains increased revenues from Iran's oil resources, his position will be stronger than ever. If he fails to solve the oil crisis, he can place the blame entirely on the British and will lose little if any of his popular support. There are probably only two major developments, each of which would lead to critical situations, which could prevent him from achieving his objective:

a. UK occupation of the oil installations; and

b. the establishment under the aegis of the Shah of a semi-dictatorial regime willing to negotiate a new agreement with AIOC on the latter's terms. The first alternative would probably result from the refusal of the AIOC, presumably backed by the UK Government, to negotiate on Mossadeq's terms. The second alternative would result from the opposition of Iran's vested interests, including the Shah, to the growing power of Mossadeq. The likelihood of either alternative occurring would be increased very greatly by widespread violence and demonstrations. The stability of Mossadeq's regime will, therefore, depend to a large extent on his relations with the Tudeh Party.

21. Progress Report Prepared for the National Security Council[1]

Washington, May 2, 1951.

SUBJECT

First Progress Report on NSC 107, "The Position of the United States with Respect to Iran"[2]

NSC 107[3] was approved as Governmental policy on March 14. It is requested that this Progress Report, as of April 24 be circulated to the members of the Council for their information.

I. The General Situation

Since the preparation of NSC 107 the situation in Iran has progressively deteriorated. The assassination of Prime Minister Razmara by a religious fanatic was followed immediately by the vote of the Parliament in favor of nationalization of the Anglo-Iranian Oil Company, the assassination of one of Razmara's cabinet ministers, widespread demonstrations and disorders, and by a serious and crippling strike in the southern oil fields and the Abadan refinery. The Communist (Tudeh) Party is exploiting the situation, particularly the oil strikes, to the utmost. While much of what has appeared in the American press has been exaggerated, the situation in Iran is very serious.

The Iranian Government, headed by Prime Minister Hossein Ala, appointed to succeed Razmara, has acted throughout the crisis with commendable firmness. At the time of his appointment, Prime Minister Ala was looked upon both in Iran and abroad as an honest and patriotic man but weak. In the six weeks he has been in office, however, he has demonstrated considerable strength and is presently giving Iran admirable leadership. He has recently obtained an almost unanimous vote of confidence from Parliament.

The Shah, while giving his Prime Minister full support, has not exercised all of the leadership and guidance which would be desirable at present. This, however, is due at least partially to ill health. He is suffering from chronic appendicitis and is considering leaving the country for an operation for this and possibly other ailments.

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[1] Source: National Archives, RG 273, Records of the National Security Council, Official Minutes 1947–1961, Box 13, 91st Meeting. Top Secret. The report was sent by memorandum from Webb to Lay.

[2] Pursuant to NSC Action No. 454*e*. [Footnote is in the original.]

[3] Document 6.

Action Taken

In line with the policy statement contained in NSC 107, the United States has:

1. Informed the Shah and Prime Minister Ala that they have the full support of the United States Government.

2. Urged the British Government to take similar action.

3. Inaugurated special political measures as provided for in NSC 107.

4. Cautioned the British Government against taking any "strong" measures such as manipulation into office of a dictatorial Prime Minister who would attempt to nullify the popular nationalization resolution, or the threat to use or actual use of force in the southern oil fields or refinery.

5. Taken every opportunity to strengthen the American position in Iran by good will gestures such as sending to Iran the equipment and technicians to combat a threatened locust plague.

Action Contemplated

The Department of State has under urgent consideration, for recommendation to the President, plans for supporting the present Iranian Government, particularly the Shah, on a more substantial, urgent and dramatic scale than has been possible in the past.

II. The Oil Question

Both houses of the Iranian Parliament six weeks ago voted in favor of nationalization of Iran's petroleum industry and requested the Oil Commission of the lower house to prepare a report within two months on the best manner of implementing the resolution. The Commission is now considering the question. The idea of nationalization has become imbedded in the Iranian people and a great deal of emotionalism and excitement has been stirred up over the question.

It is the opinion of all American observers in Iran and of the Department of State that any arrangement which may be worked out between the Anglo-Iranian Oil Company and the Iranian Government must, at least in principle, recognize nationalization. This position was taken by the Department's representatives in a series of meetings with the British held in Washington to discuss the problem. The British delegation did not share this view, although it realized that the feeling for nationalization in Iran was very strong. The British first proposed making the Iranians an offer of an equal share of the Company's profits and immediate steps to include Iranians in the direction of the Company. The Company would, under this proposal, become progressively "Iranized" until, upon the end of the concession in 1993, it would be to-

tally Iranian. The United States representatives took the position that this offer would be totally unacceptable to the Iranians and that the United States could not therefore support it.

The British then put forward an amended proposal including the two provisions outlined above and, in addition, (a) the creation of a "nationalized" company, owned and operated by Iranians, for the internal marketing and distribution of AIOC products within Iran; and (b) the creation of a new firm registered in the United Kingdom with Iranian nationals on the board of directors but without Iranian ownership, which would hold the assets in Iran of the AIOC and would operate the concession in its present general form. The United States representatives studied this proposal and informed the British that they believed it still unacceptable to the Iranians and urged that further efforts be made to find a formula that would square with the principle of nationalization without serious detriment to effective British control. As examples of what might be done in this connection, it was suggested that an Iranian entity could be set up in which the sub-soil rights to Iran's oil would be vested and with which the affiliates of AIOC could deal. Another possibility, it was suggested, might be organization of a joint Iranian-British company having complete control of raw material and production. Under either arrangement the remainder of the British proposal might remain substantially unchanged.

The British to date have not indicated that they are prepared to make any further concessions, and may intend approaching the Iranian Prime Minister quietly and informally with their present proposal. They have, however, assured the United States they will make every effort to be reasonable. The present American position is that while it cannot support the present proposal and thus place itself in the danger of ostensibly opposing the forces of nationalization, it will make every effort to avoid giving the impression that it opposes it and, should the British go further in accepting the principle of nationalization, the United States will render appropriate, although quiet, support.

The period under review saw Iran in ferment and a most delicate situation was created. The situation however, as of the date of this report, was not as serious as most press reports had pictured and prompt and vigorous implementation of the policies set forth in NSC 107 offer the United States the best hope of stabilizing the situation and strengthening Iran's alignment with the free world.

James E. Webb[4]

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[4] Printed from a copy that bears Webb's typed signature with an indication he signed the original.

22. Telegram From the Station in Iran to the Central Intelligence Agency[1]

Tehran, May 3, 1951.

TEHE 121. Re: TEHE 079 (IN 36119). Part One.

1. For our post operational planning estimate of situation 1 May 1951 follows.

2. Majlis selection Mosadeq to succeed Ala on 26 April 1951 came as great surprise even to Seyyid Zia who apparently expected be chosen but believes Mosadeq has committed political suicide and is not displeased. Ala resigned because of conviction Majlis and Senate would pass oil bill in spite of his private opposition and recognition inability to execute. UK protest probably spurred Ala's action and Majlis determination pass oil bill. Mosadeq has replaced Ala's policy employ limited force maintain order by policy appeal patriotism Iran. Public to refrain action and avoid disorder. Lack of incident 1 May 1951 first test validity this approach. Mosadeq program of strengthening political independence, assuring economic independence, and extending social justice, well-being and peace of all classes of the population widely welcomed. Cabinet members not yet selected. Ambiguities of oil bill make manner implementation uncertain. Execution Mosadeq program will probably bring showdown between vested interests which have effectively sabotaged past efforts political and social reform and the ill defined and semi-articulate group composed of white-collar workers, intellectuals, students, shopkeepers and skilled laborers. It is from group that Tudeh has derived its main support but this has been to some extent diverted by the National Front and could be even further diverted by Mosadeq's continued success. Such diversion will be opposed by Tudeh sympathizers who may be expected to exert every effort gain control Mosadeq Government. This will split the National Front and present a serious danger. If Mosadeq can pass liberal legislation on the political front and provide enough money on the economic front to improve living condition of his followers his prospects of defeating Tudeh are good. If he can control it the potential force at Mosadeq's disposal is probably sufficient to overcome much of the opposition of the vested interests. It is also unlikely if Mosadeq succeeds that Shah will or can oppose him in his program or reform. Mosadeq's age and ill health provide further uncertainty in any forecast.

Part Two.

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[1] Source: Central Intelligence Agency, DDO Files, Job 79–01228A, Box 11, Folder 14, Iran 1951–1953. Top Secret.

1. View present unsettled political atmosphere few, if any, courses of action open that will have immediate effect. Direct approach out until personnel and course present government determined. Dependent upon this course direct approach to Prime Minister, cabinet members or key appointees may become desirable. On the other hand it may become necessary to attempt to overthrow present government by backing opposition and discrediting or subverting individuals or groups within National Front. Latter's present mood makes impossible influence now. Position Kashani and Fedayan not yet certain but currently seem anti-Tudeh and supporters Mosadeq. Whittling down Tudeh long-range job as is exploitation of existing groups and formulation of new ones.

2. Current operations and developments follow:

a. News Service:

[*1 paragraph (16 lines) not declassified*]

b. Printing Press Company. [*3½ lines not declassified*]

c. [*2½ lines not declassified*]

d. Investigating possibilities [*less than 1 line not declassified*] for psychological warfare [*less than 1 line not declassified*].

[*1 paragraph (4½ lines) not declassified*]

Part Three.

[*1 paragraph (5½ lines) not declassified*]

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23. Despatch From the Embassy in Iran to the Department of State[1]

No. 899 Tehran, May 4, 1951.

Transmitting a Memorandum Entitled "Estimate of the Political Strength of the Mossadeq Government".

There is transmitted herewith for the consideration of the Department a memorandum entitled "Estimate of the Political Strength of the Mossadeq Government" which has been prepared by Mr. Stutesman and Mr. Cuomo of the Embassy staff.

[1] Source: National Archives, RG 59, Central Files 1950–1954, 788.00/5–451. Secret. Drafted by Richards. Attachment drafted by Stutesman and Cuomo. Sent by pouch.

I am confident that the Department will find the enclosed memorandum of considerable interest. The enigmatic Dr. Mosadeq is to exert considerable influence in Iran in the immediate future. The skill with which he conducts the affairs of the government, and the political course which he follows will probably determine the future not only of the vitally important oil resources of this country, but perhaps of the country itself.

Mosadeq is a dramatic demagogue who appears to be without particular wisdom or background for government. These very factors make his presence at the head of the government especially important. He has qualities which, while not commending him to the world, may establish his place firmly in the minds of the people as a popular leader.

I am inclined to doubt the statement in the memorandum that Mosadeq "has the confidence of the majority of Iranians". The majority of the Iranians are illiterate and uninformed and are concerned only with their daily living. Inside the principal towns the name of Mosadeq is probably little better known than was that of Razmara, Mansour, or Saleh. It is nevertheless true that Dr. Mosadeq does command a large following of the more articulate in the cities and from this he derives his strength.

For the time being we should, I believe, show a willingness positively to cooperate with the Mosadeq Government, as is suggested in the concluding paragraphs of the memorandum. The Ambassador intends to follow this policy unless the Department instructs to the contrary.

For the Ambassador:
Arthur L. Richards
Counselor of Embassy

Attachment

ESTIMATE OF THE POLITICAL STRENGTH OF THE MOSADEQ GOVERNMENT

It seems appropriate at this time to make an estimate of the situation in Iran and of the political strength of the Mosadeq Government. From this estimate it may be possible also to perceive some indications of further developments, although this paper will not go into that aspect of the future.

The resignation of Prime Minister Hosein Ala and the advent of Mohammed Mosadeq to power have been adequately described elsewhere. At the present Dr. Mosadeq and his cabinet are only establishing themselves and, also for the present, the choice of the Prime Minister and his cabinet appears to please many sections of the Iranian

public although for different reasons, some of which are described below.

Any estimate of the political strength of the Mosadeq Government must take cognizance of the wide speculation current in Tehran regarding the length of time which the Prime Minister will be able to retain power. Speculation ranges from a week to many months tenure of office. But all such conjecture must balance the forces at play about the new Government.

The sources of strength which are available to Prime Minister Mosadeq of course depend on his physical ability to survive the arduous task of leading an Iranian Government. Dr. Mosadeq is in his seventies and also was ill last winter to an extent that he could not come to Majlis sessions for a period. His fainting spells, which have never been diagnosed to Embassy satisfaction as either solely political or entirely medical manifestations, are still with him since he fainted twice on May 3rd, once while visiting a prison and reminiscing on his own incarceration and once when some flowers and compliments were pressed upon him by a crowd of admirers. However, if his health holds out it can be stated that the following sources of strength may be utilized to keep him in power.

Primary among these sources of strength is popular support. This is not an easy factor to describe in this country of illiterate people who have few political aspirations and are so deeply concerned in barely sustaining their existence. However, for the first time in many years a Prime Minister is in power who has the confidence of the majority of Iranians and himself believes that his primary function is "to close the gap between the Government and the people which has been the historic cause for discontent in the past", a phrase he used in speaking to the Ambassador on May 2nd.

Secondly, he may use the oil issue for his own benefit since he can conceivably extend to any political issue today his claim that an attack on Mosadeq is an attack on the best interests of the people. Concurrently he can accuse his critics of being pro-British by being anti-Mosadeq. Also in this connection Dr. Mosadeq may well be the only politician in Iran today who might make a deal with the British to settle the oil question on a practical basis which it increasingly appears must include British personnel continuing to man the oil fields and refinery. Only Dr. Mosadeq might be able to accomplish this without bringing a general accusation of treason on his head. His stand against foreign influence in Iran and particularly his well known leadership in the struggle to nationalize the AIOC has given him a good vantage point from which to work in settling this outstanding and delicate matter. Already there are straws in the wind showing the Prime Minister's interest in bringing the matter to some conclusion, for on May 3rd he sent

emissaries to the British Embassy, as Counselor Middleton described it "to feel us out as to the next move". This may be considered a move of the Prime Minister's to establish a framework for negotiations with the British.

Further, Prime Minister Mosadeq is an experienced politician and he has taken a cautious approach to the major issues of the day which could bring him opposition. His program as announced on presentation of his Government to the Majlis contained only two points on which there could conceivably be Majlis debate, and both these points—execution of nationalization of the oil industry and revision of the electoral law—were couched in terms which allowed no immediate opposition. His strategy in choosing a cabinet which has been called already by one newspaper a "national union cabinet" was apparently built to prevent controversy with the Majlis. It is deliberately not a National Front cabinet. Another move in this cautious line of avoiding open dissatisfaction in the Majlis was Dr. Mosadeq's first step to implement his long sought program of seeking electoral reform by calling for representatives of the Fractions of the Majlis to meet with the cabinet ministers concerned, in working out an acceptable electoral reform. He has avoided the open fighting on the Majlis floor which holds such dangers for any Government.

Finally, there is presently real support for Prime Minister Mosadeq in the ranks of the National Front coalition which, if it holds together in this support, can materially assist him in the Majlis and before the people. Although National Front Deputies are not entering the cabinet they have demonstrated their support for their erstwhile Majlis leader. Even leftist Deputies Azad and Haerizadeh on May Day urged the workers to heed and support the Mosadeq Government.

However, there are many factors present in the situation today which may work to bring about the downfall of the Mosadeq Government.

First of all is the character of the man himself. His emotions under stress have been demonstrated. He is more used to opposing than governing, and although he has held some administrative posts in the past his abilities to administer such complicated problems as face the Prime Minister today are doubtful. His age and recent ill health also leave him weak in face of these tremendous burdens, administration and leadership. Finally, and it may be, most dangerously, he has not shown a clear perception of the problems facing Iran and his solutions as presented in the Majlis and to the Ambassador on May 2nd are notably vague and ill-defined in detail. Possibly this has been deliberate political shrewdness but it might be disastrous if he continues such a vague approach to future problems.

Internal political forces which may defeat the Mosadeq program certainly include the reactionaries who can be expected to oppose vigorously any social or economic reform program. The Court and the Parliament represent landed and wealthy interests who will resist any attacks on their prerogatives or profits. Already several representatives of the Court and old line political circles have indicated delight that Mosadeq is Prime Minister because he must now wrestle with the problems which he previously forced on the Government. Close candidate for Premiership, Seyid Zia, on the day that Mosadeq's appointment was announced, gleefully told an Embassy officer that he was very pleased at this development which would remove Mosadeq from the Majlis and surely cause him to fall on his face while Prime Minister. The Shah reportedly indicated to a British Embassy source on May 3rd that Dr. Mosadeq's stay in power was not expected to continue for a long time.

If Dr. Mosadeq fails to correct the ancient evils of oppressive Government and economic woes he will lose much popular support and increase popular disappointment and cynicism. Distrust and dislike of Government is deep-rooted in Iran and even a popular hero like Dr. Mosadeq will have difficulty in overcoming this, even without the added problems of possible loss of oil revenues and lack of U.S. economic aid. He has emphasized his concern in this regard and his strong desire to have an economic program for the alleviation of popular discontent.

The leftist part in the picture is not yet clear. Several National Front Deputies who were close to Mosadeq represent a radical leftist approach to politics. Their brand of political action will probably be pressed on Mosadeq who may be forced to take such action which will split his National Front supporters, presently a coalition of radical and moderate elements, into opposing elements.

In summary, while there are many forces which may well work to bring the downfall of this Mosadeq Government it is not inevitable that it will fall in the immediate future. Further, it is entirely possible that a complete failure of the Mosadeq Government to implement the social program which the nation so evidently expects will be blamed on the reactionaries and the British and possibly on us. His utter failure might drive numbers of presently moderate Iranian liberals, discontented with further abortive attempts to improve conditions within the existing frame work of Government, to seek alliance with the Communists in achieving reforms through drastic means.

It may well be advisable for the United States to indicate support of the Mosadeq Government. By increasing Dr. Mosadeq's confidence in U.S. efforts to assist Iran we may well bring his Government to cooperate in implementing our programs here. His aims, while presently

vague in definition and detail, are basically similar to ours in removing economic and political causes for discontent which allow present opportunities for Communist activity. Furthermore, by developing cooperation with Mosadeq we may be able to guide him toward working out an equitable settlement on the oil question in negotiation with the British. Further, our assistance and advice can surely help him to gain a clearer understanding of present issues in Iran and their complications. Our support, advice and possibly economic assistance could also contribute towards maintaining Dr. Mosadeq free from domination of the radical leftist elements which have had some influence on him in the past.

It is quite conceivable that if we play our cards right we can exert real influences over Dr. Mosadeq, whose Government might well be able to assist our aims in Iran. It certainly does not appear advisable to refuse cooperation or to accept a policy of waiting for him to demonstrate alone whether he can remain in power.

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24. Telegram From the Station in Iran to the Central Intelligence Agency[1]

Tehran, May 6, 1951.

IN 39208. Re: WASH 40240 (OUT 99765).[2]

1. Following is joint OSO–OPC interim reply ref tel submitted without ref Grady or consultation with [*less than 1 line not declassified*] who presently absent Tehran.

2. TEHE 121[3] Part 1 (IN 38800) gave general estimate situation 1 May 51. Reassessment situation in light events past five days indicate somewhat more clearly following points:

a. Mosadeq personally receiving more popular support both from within and outside National Front than has been accorded other recent govts.

b. His choice of cabinet while somewhat disappointing has not yet evoked much opposition.

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[1] Source: Central Intelligence Agency, DDO Files, Job 79–01228A, Box 11, Folder 14, Iran 1951–1953. Secret. No telegram number appears on the source text.

[2] Not found.

[3] Document 22.

c. As popular nationalist leader Mosadeq's strength derives from spirit of nationalism which presently is dominant political force Iran.

d. In this position he appears to be opposing both UK and USSR influence Iran, but seems relatively well disposed to US Government which represents third force with no vested interest. (We are informed by [*name not declassified*] and Grady that Mosadeq believes US Government "benevolent neutrality" re oil negotiation was great aid to National Front.

e. Although other opposition forces can be expected to develop (TEHE 121, part 1, para 2), only organized and vocal opposition that appears to be emerging at this time is Communist (Tudeh).

f. US Government policy objective Iran probably can best be implemented by encouraging legitimate indigenous liberal progressive movements which detract from or supplant Tudeh.

g. Oil nationalization and 9 point Mosadeq proposal[4] is a fact which cannot be reversed without major upheaval or long festering wounds, reasonable moderation of implementation probably is best that can be hoped for.

h. US Government probably is only outside power capable exerting moderating influence on present government.

3. Field plans for concrete long range operation by TEHEG are submitted under TEHE 121, part 2, para 2. Re more direct concrete action following alternative course now appears open to us:

a. Continue watchful-waiting until course present government better determined.

b. Support Mosadeq directly, or through his key appointees, by direct approach.

c. Attempt replace Mosadeq government.

4. Of above alternatives we seriously doubt feasibility and wisdom our attempt replace this government. In first place we do not have machine smoothly to effect change. Secondly, of the opposition leaders presently in sight (Seyyid Zia, Qavam, Zahedi), each have disadvantage outweighing their advantages, and we doubt if any are capable of mustering Mosadeq's strength or receive the broad popular support which is being accorded him. Moreover, it now appears doubtful whether any rightist opposition can be expected to weaken Tudeh to extent Mosadeq and National Front possibly can do. Tentatively, therefore, we are inclined to view that wisest course may be to support Mo-

[4] The "9-Point Law," promulgated by the Shah on May 1, implemented the oil nationalization bill. See *Foreign Relations,* 1952–1954, vol. X, Iran, 1951–1954, p. 44 (Document 15).

sadeq, however, risks of this course, including effects possible UK and other reaction, must yet be fully weighed.

5. Although we are not yet in position estimate this aspect situation clearly, we believe Mosadeq probably would be receptive to direct approach.

6. [*1 paragraph (2 lines) not declassified*]

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25. Minutes of Director of Central Intelligence Smith's Meeting[1]

Washington, May 9, 1951.

[Omitted here is discussion unrelated to Iran.]

Mr. Dulles stated that in his opinion only one thing could save the situation in Iran, namely to have the Shah throw out Mossadeq, close the Majlis and temporarily rule by decree. At a later date a new premier could be installed with our help. The Director asked Mr. Dulles to get in touch with Mr. Matthews and Mr. McGhee at State Department and discuss this matter. If we are to act along these lines, it may be necessary to have an NSC directive.

[1] Source: Central Intelligence Agency, Office of the Director of Intelligence, Job 80B01676R, Box 23, Folder 5, Director's Staff Meetings. Top Secret.

26. Memorandum for the Record[1]

Washington, May 10, 1951.

SUBJECT

Conversation between Messrs. George McGhee, Burton Berry, and William Rountree of the State Department, and Allen Dulles and Kermit Roosevelt of CIA, Thursday, 10 May 1951

1. Mr. Dulles emphasized to Mr. McGhee the urgent importance that CIA attaches to the Iranian situation. He stated that he felt the time might come very shortly when the Shah would have to choose between making a fight for his kingdom and going into exile. If he chooses to fight, his course of action would probably have to be that of dissolving the Majlis, replacing Mossadeq as Prime Minister with a man upon whom he could rely, and governing the country as his father did, by decree. Mr. Dulles suggested that the Shah might require considerable moral and practical support before he would undertake such a course and that we should be prepared to throw all our weight where it would do the most good to preserve Iran from Soviet domination. He went on to say that he had discussed with DCI this proposition and that DCI had indicated his desire to do whatever would be helpful in this regard. Consideration might be given to sending an individual in whom the Shah had great personal confidence to Tehran to stiffen the Shah's will to resist and to assure him of American support. In response to Mr. McGhee's question, Mr. Dulles indicated that there seemed to be general agreement that Ambassador George Allen[2] would be the best possible person for the job, but that it was recognized that there were very grave practical difficulties in the way of his use.

2. In subsequent discussion it was agreed that it would not be feasible to send George Allen to Tehran under the circumstances. Various other individuals were considered in this connection, but most had to be discarded for one reason or another. Mr. Dulles suggested that Nelson Rockefeller might quite plausibly visit Iran as well as other parts of the Near East, and State Department representatives felt this suggestion had great merit. The names of Colonel Sexton and General Gerow were also mentioned, as were Mr. Charles Suydam and Dr. Claude E. Forkner. The latter two were considered to be particularly promising.

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[1] Source: Central Intelligence Agency, DDO Files, Job 79–01228A, Box 11, Folder 14, Iran. Top Secret.

[2] George Allen served as U.S. Ambassador to Iran during the Iran crisis of 1946.

3. It was agreed that Mr. Dulles, in the course of his forthcoming trip to New York, would get in touch with Mr. Suydam to discover from him what individuals in the US had made the most impression upon the Shah during his visit to this country. He would also see Dr. Forkner with a view to evaluating his possible usefulness and, in case he seemed to be the right man for the job, to find out whether he would be willing to go to Iran.

4. Mr. Rountree said that he would consult with Mr. Ray Muir to obtain from him suggestions on individuals who seem to know the Shah particularly well. Mr. Berry stated that he would keep in close touch with Mr. Roosevelt and that they would explore carefully the suggestions which Mr. Dulles had made together with such other approaches as might occur.[3]

[3] At the Director's meeting held on May 24, Dulles reported that "he had been conducting discussions with State on Iran including the possibility of the Shah taking a strong stand. There was discussion of the probable necessity of getting money to Iran so that it would be available for emergency use." (Central Intelligence Agency, Office of the Director of Intelligence, Job 80B01676R, Box 23, Folder 5, Director's Staff Meetings)

27. Memorandum for the Record[1]

Washington, May 16, 1951.

Brief Informal Summary of the Points Raised in the Discussion at the 91st Meeting of the National Security Council of the Position of the United States With Respect to Iran

The Secretary of State opened the discussion by informing the Council of the most recent British proposal requesting United States support if the British felt compelled to send military forces into Iran to

[1] Source: National Archives, RG 273, Records of the National Security Council, Policy Papers, Box 194, NSC–107 (Section 2). Top Secret. There is no drafting information on the summary, which is an enclosure to a memorandum from Executive Secretary Lay to Secretary Acheson, dated May 17, indicating that "the President authorized you to proceed, in connection with the oil nationalization issue in Iran, along the lines proposed by you and discussed by the Council at the meeting (NSC Action No. 473–*b*)." At this meeting of the National Security Council, the NSC also noted the progress report, dated May 2 (Document 21) submitted by the Under Secretary of State. (National Archives, RG 273, Records of the National Security Council, Official Minutes 1947–1961, Box 13, 91st Meeting)

prevent forcible seizure of the A.I.O.C. by the Iranian Government. The Secretary of State requested the guidance of the President and Council in deciding what course should be followed.

He commenced by explaining that he was unalterably opposed to lending any assistance to the British in the event that they decided to send in troops to take up areas against the legally constituted government of Iran. He believed we should vigorously oppose this British proposal, which was sheer madness. He pointed to the possibility of such a move by the British Government opening the way to a Soviet incursion into Iran by invocation of the treaty between Iran and the Soviet Union, quite apart from the disastrous effect that the British move would have on world opinion.

The Secretary of State indicated, however, that the United States might well support intervention if the Communist (Tudeh) Party attempted to subvert the legal government of Iran.

In general, the members of the Council concurred in the views expressed, but the point was made that we could not afford to be neutral with respect to the controversy between Britain and Iran. We should indeed give vigorous support to the British in reaching an equitable settlement short of any proposal to assist them if they resorted to the use of armed forces against the present Iranian Government.

In this connection it was pointed out that the Iranian Prime Minister and Government had unilaterally broken a contract and that such a breach of contract was not only wrong in itself, but was likely to set an example and precedent which would induce Iraq and other countries to suppose that they could undertake similar unilateral action. This was a highly contagious situation which we should do all in our power to check.

The suggestion was also put forward that if all negotiations on the governmental level failed to produce a reasonable settlement of the oil controversy, it might be possible for private American oil men to act as intermediaries between the British and the Iranians. Such a proposal was strictly confined to the proffer of good offices, it being clearly understood that no one advocated any plan which involved an American oil company taking over the operations of the Anglo-Iranian Oil Company. If such moves were under consideration by private American business men, it was agreed that they should be discouraged.

It was further pointed out that while the United States Government should eschew the use of force against the present Iranian Government, either unilaterally or along with the British, in preventing seizure of the oil concession, this should not be regarded as constituting a precedent which would prevent the United States ever undertaking the use of military force in certain contingencies in the future. We might actually be compelled under certain circumstances to do so.

Finally, it was suggested that it would be well to explore the possibility of an agreement between the British and Iranian Governments which would give the oil concession to the Iranian Government as it was demanding, but would continue to permit the British to control the actual distribution of the oil to the consumers in the Western world and prevent the Soviets from securing it.

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28. Special Estimate[1]

SE–6 Washington, May 22, 1951.

CURRENT DEVELOPMENT IN IRAN

Conclusions

1. The clash of interests between Iran and the UK over Iran's oil resources has reached a critical stage with the elevation of Mohammad Mossadeq, the leader of the ultra-nationalist National Front group, to the premiership. Although a real effort will undoubtedly be made to reach a compromise settlement, a solution will be achieved only with great difficulty. In any event, there is little indication that Mossadeq and the Anglo-Iranian Oil Company (AIOC) will modify their respective stands in sufficient time to permit an early settlement of the issue.

2. Although there are important elements opposed to Mossadeq, it is unlikely that he can be removed from power so long as the oil question remains a burning issue, except by violence or by the establishment of a semi-dictatorial regime under the aegis of the Shah. In the present highly inflammatory state of Iranian public opinion, an attempt to set up a non-parliamentary regime would involve grave risks which the Shah has thus far shown no willingness to take.

3. As a result of the present impasse, the following critical developments may occur before a settlement is reached:

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[1] Source: Central Intelligence Agency, NIC Files, Job 79S01011A, Box 3, Folder 6, SE–6 Current Developments in Iran. Top Secret. According to the note on the covering sheet, the estimate was submitted by the Director of Central Intelligence on May 18. The Central Intelligence Agency and the intelligence organizations of the Departments of State, the Army, the Navy, the Air Force, and the Joint Chiefs of Staff participated in the preparation of this estimate. All members of the Intelligence Advisory Committee concurred in this estimate, except as noted by the Director of Intelligence, USAF, with regard to paragraph 4.

a. Mossadeq might take physical possession of the oil installations now operated by the AIOC. He may also require the British employees of AIOC to leave the country.

b. The UK has indicated that it will not employ force in Iran without prior consultation with the US. It is unlikely that the UK would attempt by force to forestall or counter physical occupation of the oil installations by the Iranian Government, but the UK could and might land troops in Iran for the actual or alleged purpose of safeguarding British lives in the event of further violence or sabotage.

c. There is a serious possibility that the landing of British troops in southern Iran, for whatever reason, would be taken by the USSR as a pretext for sending its troops into northern Iran.

d. In the event of further demonstrations and violence, which may well occur at any time, the Tudeh Party might be able to seriously undermine internal security. This danger would be increased if, as is possible, Mossadeq legalizes the status of the Tudeh Party or is unwilling to use Iranian armed forces to maintain order.

e. The flow of Iranian oil to Western markets, which was recently curtailed for about two weeks, might be again interrupted by a recurrence of strikes in the oil field area or by a, b, c, or d above.

4. Any intensification of the current crisis would give the USSR added opportunities for exploiting the local unrest and might eventually enable the USSR to deny a large part or the whole of the Iranian oil supply to the Western Powers.[2]

Discussion

1. Mohammad Mossadeq, Iran's new Prime Minister, is an extreme nationalist. He will attempt to curtail severely foreign influence in Iran and to adopt a neutralist policy toward the East-West struggle. As he is also an impractical visionary and a poor administrator, it is unlikely that he will do very much to solve the country's critical economic and social problems. Nevertheless, because he is an astute politician and has strong popular support on the oil issue at least, he will probably not be easily displaced while that issue is still unsettled. In internal affairs Mossadeq has criticized former Iranian governments for their failure to achieve social benefits for the people and has opposed measures designed to restrict freedom of speech, assembly, and the press. Politi-

[2] It is the view of the Director of Intelligence, USAF, that this paragraph should read as follows: "4. A continuation of the current crisis would greatly enhance the capability of the Soviet Union to deny more and possibly all the Iranian oil to the West through exploitation of the activities of non-Soviet elements. Whether or not the British attempt to resolve the current issue by the use of armed force, possible realization of an important Soviet objective—acquisition of more oil—will have been greatly facilitated." [Footnote is in the original.]

cally, he has urged that the Shah be stripped of power and that the Majlis become the dominant factor in the government. However, he does not believe that the present members of the Majlis truly represent the interests of the Iranian people and advocates electoral reform.

2. Mossadeq is at present in a strong political position, despite the facts that he has few personal followers in the Majlis or in the traditional ruling class as a whole and that he is disliked and distrusted by the Shah. Unlike his predecessors, he is not dependent on the Shah's favor or on factional politics in the Majlis. He has come to power as the leader of a national movement which has aroused intense popular support. This circumstance has caused the Majlis to nominate him to the Shah and compelled the Shah to appoint him to office. Fundamentally his strength derives from, and is in direct proportion to, the intensity of feeling against the British over the oil issue. Although other critical problems will plague his administration, they are not likely to cause his downfall so long as the oil crisis remains a burning issue. Mossadeq's campaign against the AIOC has had the support not only of his National Front group but also of the Fedayan Islam (the small terrorist group of religious fanatics who were responsible for Razmara's assassination), the illegal Tudeh (Communist) Party, and probably the great majority of Iran's laborers, trades-men, and students, who can significantly affect political developments in Iran through strikes, demonstrations, and violence. Both the Fedayan Islam and the Tudeh Party, however, are constantly attempting to coerce Mossadeq into adopting more extreme measures against Western interests. Fedayan Islam has apparently unseated its more moderate leader and has threatened Mossadeq's life. Meanwhile, the Tudeh Party has gone beyond nationalization of the oil industry to demand ousting of the US military mission, refusal of US arms assistance, and closer relations with the USSR.

3. Because of the wide support for Mossadeq's chauvinistic crusade, few Iranian leaders dared oppose him publicly. His influence in the Majlis was largely responsible for Razmara's failure to obtain a revised AIOC agreement and loans from the Export-Import Bank and the IBRD. He condoned the assassination of Razmara on the grounds that the latter was traitorously lenient in his negotiations with the AIOC. Finally, he pushed the oil nationalization bills through the Majlis against the wishes of the Shah and Prime Minister Ala. Many of the Majlis deputies probably voted for the measures against their better judgment, succumbing to the emotionalism of Mossadeq's appeal or fearing the consequences (possibly including assassination) of opposing the measure.

4. When Hussein Ala was Prime Minister, Mossadeq was chairman of the Majlis Oil Commission appointed to draw up recommendations for taking over the AIOC installations. The Shah, Prime

Minister Ala, and moderate members of the Majlis probably hoped that some agreement could be patched up with the AIOC before Mossadeq could complete his work. Mossadeq, however, reported to the Majlis more than a month ahead of schedule. Increased bitterness toward the UK, reinforced by the intervening strikes and violence in the oil field area, kept emotions high throughout the country and simplified Mossadeq's job in obtaining prompt Majlis approval for his recommendations. The new law sets up a government committee to act as trustee for the oil properties until an Iranian Company can be established and provides for setting aside 25 percent of oil revenues to meet future claims of the "former company." Mossadeq's precipitate move to force action on the oil issue resulted in the immediate resignation of Ala.

5. Although the responsibilities of office may to some extent act as a sobering influence on Mossadeq, he will almost certainly attempt to implement the nationalization law and gain effective control of the oil installations in southern Iran. He might be willing to conclude a management contract with AIOC, under which the latter would operate the oil installations under the direction of an Iranian company. However, he would probably prefer to obtain the technical assistance Iran needs by means of separate contracts with individual specialists. If, in fact, Mossadeq is able to reach a settlement with the AIOC which will substantially increase Iran's oil revenues and provide for Iranian supervision of the oil installations, he will have achieved his purpose. Although his prestige would be high, his position would probably be rapidly weakened by any considerable decline of anti-British feeling or by his inability to cope with Iran's fundamental economic and social problems. There is some danger that he might attempt to maintain himself in power by turning his chauvinistic crusade against the US. He might even refuse to accept further US military aid and request the US military missions to leave the country.

6. In view of the fact that both Iran and the UK have a very great interest in the uninterrupted production of Iranian oil, a real effort will undoubtedly be made to reach a compromise settlement. However, in view of the attitude of both governments, a settlement can probably be reached only with great difficulty. The 11-man Oil Committee has already threatened to revoke the residence permits of AIOC's foreign staff unless the AIOC turns over its oil installations to the Iranian Government. The UK has taken the position that Iran has no right unilaterally to abrogate its contract with AIOC and, therefore, no right to expropriate the oil installations under the guise of nationalization. The UK has proposed the establishment of a new British company to run operations in Iran, which would include Iranians on the board of directors; equal sharing of profits; and a progressive increase in the number of Iranians employed by the company. Mossadeq will un-

doubtedly turn down this offer, for it manifestly fails to meet the requirements of the oil nationalization law. The proposal certainly does not represent the final British position. However, a serious danger exists that critical developments will occur before the parties, particularly the British, have sufficiently modified their respective positions to permit initiation of genuine negotiations.

7. The present impasse in the oil situation may lead to any one or more of the following critical situations:

a. Mossadeq is committed to a policy of expropriation. On the basis of his past actions, it is extremely unlikely that he will accept anything less than effective Iranian control of the oil industry. Consequently, if there is no early relaxation of the British position, he will probably attempt to take physical possession of the oil installations even at the risk of closing down the whole industry.

b. The UK has indicated that it will not employ force in Iran without prior consultation with the US. It is unlikely that the UK would send its troops into the oil field area to forestall or counter occupation of the oil installations by the Iranian Government, but the UK could and might land troops in Iran for the actual or alleged purpose of safeguarding British lives and property in the event of further violence or sabotage. The British Government is under public pressure to adopt a strong policy against Iran, and British officials have indicated that they will have to consider very seriously resorting to military force if Iran unilaterally seizes the oil installations. If British troops landed in southern Iran and Iranian forces were already in the area or were subsequently sent into the area, for whatever reason, there might be clashes between British and Iranian troops with inevitable serious consequences, probably including an interruption in the flow of oil. Moreover, the landing of British troops in southern Iran might be taken by the USSR as a pretext for sending troops into northern Iran.

c. Anti-British feeling will remain strong, and the danger of demonstrations and violence will continue. Mossadeq has consistently opposed martial law and restrictions on the freedom of speech, assembly, and the press. One of his first acts in office was to remove a ban on May Day demonstrations in Tehran, and martial law may soon be lifted in the Abadan area. Furthermore, although the Tudeh Party has begun to attack Mossadeq, he may yield to its demand for legal status. There is a danger that the Tudeh Party may attempt to take advantage of Mossadeq's leniency to foment disturbances throughout the country and that Mossadeq will be unwilling to use Iranian armed forces to maintain order. In view of the tension and general unrest in the country, Tudeh activity might seriously undermine internal security.

d. If Mossadeq takes physical possession of the oil installations, he will undoubtedly seek foreign assistance in operating the oil industry.

A number of US oil companies have already shown some interest in the situation, and Mossadeq might well be able to persuade some company to operate in Iran on his terms. Such a development would create widespread British antagonism against the US. There is also a possibility that Mossadeq might attempt to obtain Soviet specialists to run the oil installations.

8. There is little doubt that sooner or later efforts will be made by the British, the Shah, and deputies in the Majlis to undermine Mossadeq's position. However, in view of Mossadeq's popular backing, it is unlikely that the Shah and the Majlis would dare oppose him while tension over the oil issue remains high. Mossadeq is more likely to force the oil issue by extreme action than permit himself to be undermined by the Shah and the Majlis on other internal issues. It is therefore unlikely that Mossadeq can be overthrown during this critical period except by violence or by the establishment of a semi-dictatorial regime under the aegis of the Shah. Such a course of action would involve risks which the Shah has thus far shown no willingness to take.

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29. Memorandum From Henry Villard of the Policy Planning Staff to the Chairman of the Policy Planning Staff (Nitze)[1]

Washington, May 24, 1951.

IRANIAN SITUATION

On the basis of a talk with Allen Dulles last night, and with one of his operatives just returned from Iran, I offer the following further comments in respect to the oil nationalization situation:

1. Nationalization has gone so far in the minds of the Iranians that there is no prospect whatever of a "negotiated" settlement. Feeling is running so high that the best that might be salvaged from the present situation is an operating contract for the British, although even this is only a possibility. We might as well reconcile ourselves to a fait accompli as far as nationalization is concerned but should not allow the principle of compensation to go by default.

2. The Iranians have not yet faced up to the problem of production, operation and marketing of the oil supplies. The main objective has

[1] Source: National Archives, RG 59, Central Files 1950–1954, 888.2553/5–245. Top Secret.

been to nail down the nationalization of the company and they are only now beginning to grapple with the details. In doing so, however, they are not likely to grant the British any rights tending to preserve a semblance of British ownership, even though it means cutting off their nose to spite their face. As Ambassador Grady says in regard to the latter point, they *prefer* to do it that way.

3. CIA stands ready to proceed at any time with the plan it had in mind when Ala was Prime Minister, provided a useful purpose can be perceived. At present, however, the feeling is that such an effort would be wasted. Ala himself is no longer in a position to utilize the scheme effectively, and there is no one else who can be trusted. I concur in this view.[2]

4. An American physician, Dr. Forkner of New York, is scheduled to leave next week to examine the Shah and diagnose his trouble. No question of an operation by this American is involved, so I suppose there can be no objection to the move.

The Iranian Government today delivered a virtual ultimatum to the AIOC to nominate a representative within one week for the purpose of discussing nationalization of the oil company. Although the British are reluctant to accept this invitation to "participate in the ceremony of digging their own grave", as Grady puts it, we are urging them to go ahead. I feel that this represents the last chance the British may have to pull something out of the fire, by bringing up for discussion the realistic problems of production and marketing.

If the British decline the invitation and the situation deteriorates to the point where troops must be sent in, it seems to me that this would mean the end of Iran as a Western-oriented nation. It would completely disorganize the Government and drive the remnants into the arms of the Tudeh, with the result that the Tudeh would soon take over the country, even if it were unable to control the southern part. I doubt that the USSR would find it necessary to send troops into the north at all. The better part of Iran would fall into its hands like a ripe apple.

In any case, I should think the use of British troops in Iran would have serious repercussions not only in the Middle East, but in other parts of the world as well. Even if no lives were lost, the propaganda advantage to the Soviet Union of this "imperialistic action" would be enormous. We should therefore be on our guard against any attitude of the British which would incite the Iranians to take over the oil fields by force, leading to the employment of U.K. troops to "protect British

[2] Reference is presumably to the program first outlined in Document 5.

lives" or property and with the Soviets piously sitting on the sidelines while their stooges take over in Teheran.

Henry S. Villard[3]

[3] Villard initialed above his typed signature.

30. Telegram From the Department of State to the Embassy in Iran[1]

Washington, May 29, 1951, 6 p.m.

2228. Subsequent to receipt useful info contained urtel 2449 Apr 17,[2] reports from another Gov agency have indicated an apparent considerable increase of Brit activity recently among tribal elements, especially Qashqai segments, possibly designed to promote separatist tendencies among groups in southern Iran.

In view importance this subj Emb is requested, using own, CAS and Amconsul Isfahan sources, submit tele report on recent and current Brit activities in southern Iran. Report shld not be confined purely tribal matters but include Brit activities among traditionally pro-Brit leaders of settled population.

Request ur views whether there is any possibility in event IranGov attempts seize AIOC properties by force that there wld be resistance and/or uprising of any sort on part native Iran elements.

Acheson

[1] Source: National Archives, RG 59, Central Files 1950–1954, 888.2553/4–1751. Secret. Drafted on May 26 by P.J. Halle and C.V. Ferguson, cleared by Freeman, and approved by Rountree.

[2] In telegram 2449 from Tehran, April 17, Ambassador Grady discussed the significance of alleged British contacts with tribes in southern Iran reported in CIA PD 888, April 18. Grady reported that the British had traditionally maintained contact with southern Iranian tribes both to protect their oilfields and to provide contingency options in the event of a breakdown in central government authority or a Soviet invasion of Iran. (Both telegram 2449 and CIA PD 888 are appended to an April 24 memorandum from Assistant Secretary McGhee to H. Freeman Matthews, "Tribal Situation in Iran"; ibid., 888.2553/4–2451) Based on the above information, President Truman "thought that there was nothing further to be done about the matter." (Memorandum of conversation between Acheson and Truman, May 7; ibid.)

31. Progress Report Prepared for the National Security Council[1]

Washington, May 31, 1951.

SUBJECT

Second Progress Report on NSC 107, "The Position of the United States with Respect to Iran"

NSC 107 was approved as Governmental policy on March 14, 1951. It is requested that this Progress Report, as of May 24, be circulated to the members of the Council for their information.

A—The General Situation

The situation in Iran has deteriorated further since the submission of the First Progress Report on April 24.[2]

On April 28 the Government of the moderate Prime Minister, Hosein Ala, was replaced by one headed by the extreme nationalist leader, Dr. Mohamad Mosadeq. Immediately upon his appointment, the Iranian Parliament unanimously voted for the immediate implementation of nationalization of the Anglo-Iranian Oil Company, and the Iranian Government has so far categorically rejected all attempts by the British and United States Governments to settle the matter by negotiation. The Iranian Government has made it clear that it regards nationalization of the company as a fait accompli.

While disturbances have to some extent abated during the period under review, the atmosphere in Iran remains explosive. The present Iranian Government not only has done nothing to restore calm but has shown every indication of desiring to keep the Iranian people at a high emotional pitch on the oil question lest wiser counsel prevail with a consequent settlement of the controversy and, in that event, the inevitable fall of the Government.

The British Government has informed the United States that it is prepared to negotiate a settlement with the Iranians which, if other conditions are met, will involve some form of nationalization. The Department of State has been informed orally by British representatives that this willingness to accept the principle of nationalization was conveyed to the Iranian Foreign Minister by the British Ambassador in Tehran on May 19.

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[1] Source: National Archives, RG 273, Records of the National Security Council, Official Minutes 1947–1961, Box 13, 93rd Meeting. Top Secret. The report was sent by memorandum from Webb to Lay.

[2] Document 21.

The British Government has also informed the United States that it does not contemplate the use of force in Iran, without prior consultation with the United States, except in the event that it becomes absolutely necessary in order to protect the lives of British subjects.

B—Action Taken by the United States

1. The British Government has now come to the conclusion that the Iranian desire for nationalization of its oil resources cannot successfully be denied, and is willing to negotiate. It therefore appears to be in the national interest of the United States to support the British by all appropriate means. It has accordingly:

a. Urged repeatedly on the Iranian Government both in Tehran and through its diplomatic representatives in Washington the need for negotiation and has pointed out the great difficulties Iran would face in trying to operate the oil fields and refinery if the British company were removed. It has also stressed its strong opposition to the unilateral cancellation of valid contracts and attempts by the Iranian Government to settle a serious international controversy unilaterally. The Iranian Government has been told that this position does not mean that the United States opposes Iran's desire for control of its own resources.

b. Made its position in this matter public through a release to the press on May 18.[3]

c. Stressed to the British Government the need for proceeding with caution and moderation.

2. With respect to the general situation in Iran, the United States has:

a. Instructed the American Ambassador in Iran to make clear to the Shah American support for him. This support will be demonstrated by concrete assistance in the form of continued economic, military and technical aid, and the Ambassador was authorized to inform the Shah

[3] In a statement released to the press on May 18, the U.S. Government commented on the Anglo-Iranian oil dispute. "The United States wants an amicable settlement to this dispute, which is serious not only to the parties directly concerned but also to the whole free world," the U.S. emphasized its neutral, though engaged position. To that end, the U.S. advised the British to recognize "Iran's expressed desire for greater control over and benefits from the development of its petroleum resources." To the Iranian Government the U.S. "pointed out the serious effects of any unilateral cancellation of clear contractual relationships which the United States strongly opposes." The statement also underscored that the United States had attempted to impress upon the Iranian Government the technical aspects of the oil situation. "In this connection, we have raised the question of whether or not the elimination of the established British oil company from Iran would in fact secure for Iran the greatest possible benefits. We have pointed out that the efficient production and refining of Iranian oil requires not only technical knowledge and capital but transport and marketing facilities such as those provided by the company." For the complete text of this statement, see Department of State *Bulletin,* May 28, 1951, p. 851. See also *Foreign Relations,* 1952–1954, vol. X, Iran, 1951–1954, pp. 56–57 (Document 23).

in strictest confidence on the inclusion of a proposed economic grant to Iran in the forthcoming Foreign Aid Bill for Fiscal Year 1952 under the clear understanding that its availability depends upon Congressional action.

b. Accelerated its Technical Assistance Program under Point Four with an expansion of the locust control program mentioned in the previous progress report, the preparation of a malaria control program and the arrangement for the early dispatch to Iran of teams of rural improvement experts.

c. Maintained a neutral position towards the present government of Prime Minister Mosadeq. It is believed advisable, in view of the present highly emotional state of the Iranian people, for the United States not to oppose him publicly and at the same time take no action which could be construed as support for him, his Government, or his program.

d. Reiterated its policy that the continued independence and territorial integrity of Iran are of deep concern to the United States.

James E. Webb[4]

[4] Printed from a copy that bears Webb's typed signature with an indication that he signed the original.

32. Telegram From the Embassy in Iran to the Department of State[1]

Tehran, June 3, 1951, 10 p.m.

3095. We can add little to Embtel 2449, April 17[2] re Brit activities among tribes southern Iran (Deptel 2228, May 29).[3]

In conversation with Qashqai Khans, we have been told that Brit have had some recent contact with at least one of their sub-tribes, namely the Qashquli. The Qashqais claim that they wld cooperate with Brit only in event of Sov invasion of Iran or establishment of Sov satellite govt in Tehran. Qashqais also informed us that it is possible that

[1] Source: National Archives, RG 59, Central Files 1950–1954, 888.2553/6–351. Secret. Received June 4 at 11:09 a.m.

[2] See footnote 2, Document 30.

[3] Document 30.

Brit may have some understanding with certain other FARS tribes, including the Mamassani, the Arabs, and segments of the Boir Ahmadi.

As was pointed out in Embtel 2449, Brit Intelligence, including AIOC, has always kept in close touch with tribal leaders near oil fields and at times has subsidized them so as to enlist their assistance in maintaining security. At present, in view of recent strikes and tense situation in oil area, friendship of tribal chiefs in area is important.

Altho we have been unable to obtain specific info, possibility that Brit may be negotiating with southern tribes should not (rpt not) be dismissed. It seems only logical that Brit shld take such action in effort to maintain order in south if (A) for one reason or another auth of Central Govt breaks down or (B) if Brit lives in oil area are threatened by mob action and violence and Mosadeq Govt appears unable control situation. Also there is always possibility that Brit may attempt to use southern tribal uprisings as counter pressure on govt (as in 1946), shld Sov attempt seize control Tehran Govt by infiltration or actual invasion.

Notwithstanding fact certain tribal grps in south may be to degree controlled by Brit, it is doubtful whether Brit cld muster sufficient tribal strength without introducing Brit troops to oppose forceful action by Iran Govt. This assumes, of course, Iranian troops in south wld remain loyal to Central Govt. As was reported in Embtel 2847, May 18, PriMin Mosadeq has already changed a number of officials, including military commanders, on grounds that those transferred were too much under Brit influence.[4]

Matter will be followed closely and views of Isfahan will be requested by mail, there being no code facilities between Tehran and Isfahan. CAS concurs.

Grady

[4] In telegram 2847 from Tehran, May 18, Grady also reported that these "substantial changes personnel holding govt posts" were "particularly in south Iran." (National Archives, RG 59, Central Files 1950–1954, 788.00/5–1851)

33. Memorandum From the Assistant Director of the Office of National Estimates (Langer) to Director of Central Intelligence Smith[1]

Washington, June 20, 1951.

SUBJECT

Comments on British Draft Document, JIC (51) 44, "Military Implications of the Entry of British Forces into Persian Territory"

1. The following are comments of the National Estimates Board on the British draft document JIC (51) 44, "Military Implications of the Entry of British Forces into Persian Territory."[2]

2. The British JIC estimates that armed intervention by British military forces would enable the UK to retain effective control of the oil fields in southern Iran and bring about the replacement of the present Iranian Government by a more moderate one that would be "prepared to negotiate" on the oil issue. We believe that the British JIC (a) is too optimistic concerning the Iranian political reaction to armed intervention in Iran, and (b) underestimates the adverse reaction of the United Nations in general and the Near and Middle Eastern countries in particular.

(a) In view of the recent upsurge of fanatical Iranian nationalism, we doubt that a more moderate Iranian Government would come to power. Although the Shah and some of the members of the parliament might be disposed to negotiate, Mossadeq and the National Front would be under heavy pressure from inflamed nationalist public opinion as well as from the pro-Soviet Tudeh Party to resist the British to the bitter end. In these circumstances, the Iranian armed forces might seriously damage the oil installations before the British could establish firm control of the area. Moreover, if the British proceeded with the occupation of the oil fields, the resulting panic and confusion are at least as likely to lead to virtual collapse of the central government as to the formation of a more moderate one. In such a situation the Tudeh Party might be able to seize control of the central government. If the USSR should in the meantime have occupied northern Iran, as the British JIC believes it likely, the Tudeh Party probably could count on enough Soviet assistance not only to maintain political control in Iran but also to make British operation of the oil fields increasingly difficult. While we agree with the British JIC that the USSR probably would not initiate a

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[1] Source: Central Intelligence Agency, NIC Files, Job 79R00904A, Box 1, Folder 2, Memos for DCI (1951) (Substantive). Top Secret.

[2] Not found.

general war over Iran, we believe that one of the main reasons for this Soviet attitude would be Soviet expectation that British armed intervention in Iran would be likely to result in effective Soviet control of Iran without general war.

(b) While the British JIC recognizes that the reaction outside Iran would be adverse, we believe that it underestimates the seriousness of the adverse world reaction to British armed intervention. Iran might very well take the case to the United Nations, where it would of course be prosecuted by the Soviet bloc and supported by a number of basically pro-Western countries on the grounds that the British were violating their obligations under the United Nations Charter by resorting to military force to protect their legal rights in Iran. Certainly there would be a strong anti-British reaction in the Near and Middle East, particularly in Egypt and Iraq, from whose bases the UK intervention would have to be launched.

William L. Langer

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34. Memorandum of Conversation[1]

Washington, June 25, 1951.

SUBJECT

Arrival in New York of Mohamad Hosein and Khosro Qashqai

PARTICIPANTS

Mr. Gerald Dooher
Mr. C. Vaughan Ferguson, Jr.

Mr. Dooher called me from New York to report the results of his luncheon with the Qashqai brothers who arrived in New York today. He said the ostensible reason for the visit was that Mrs. Mohamad Hosein Qashqai is expecting another child in the immediate future and the Qashqai family wished it to be born an American citizen. The real purpose of the visit, however, is to establish some sort of contact with the United States Government whereby the Qashqai tribe may be able to establish "stability" within Iran.

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[1] Source: National Archives, RG 59, Central Files 1950–1954, 788.00/6–2551. Top Secret. Drafted by C. Vaughan Ferguson, Jr., of the Office of Greek, Turkish, and Iranian Affairs.

While in this first meeting the brothers were naturally rather secretive about their mission, Mr. Dooher believes that what they actually want is a large sum of money in the neighborhood of a million dollars which they would use to buy off the southern garrison in Iran. The brothers feel that Prime Minister Mosadeq will either die or resign within a very short time and that this will be followed by a period of complete chaos in which it will be necessary for there to be some stabilizing influence. Although not so stated, it seems apparent that the Qashqais envisage establishing an autonomous regime in southern Iran out of this chaos and that they need money to make sure that there is no resistance to their designs on the part of the Iranian Army.

Mr. Dooher stated that the Qashqai brothers are solidly in favor of nationalization, are strongly supporting Prime Minister Mosadeq at present, and have become very anti-British. He said that for reasons which could not be stated over the telephone the recent telegram from Tehran reporting an approach by the Qashqais to the British Embassy should be discounted.[2]

The brothers will proceed to Washington shortly and desire to meet with Ambassador Wiley, Justice Douglas, Mr. Allen Dulles as well as Mr. McGhee and other appropriate officers in NEA. Mr. Dooher stated that the Qashqai tribe plans to leave one of the four ruling brothers in the United States.

[2] The reference is to telegram 3351 from Tehran, June 20. (Ibid. 888.2553–AIOC/6–2051)

35. Note by the Acting Executive Secretary of the National Security Council (Gleason)[1]

NSC 107/2 Washington, June 27, 1951.

THE POSITION OF THE UNITED STATES
WITH RESPECT TO IRAN

REFERENCES

A. NSC 107; NSC 107/1 and Annex to NSC 107/1[2]
B. NSC Actions Nos. 500, 473 and 454[3]
C. Progress Reports by the Under Secretary of State on NSC 107, dated May 2 and May 31, 1951[4]
D. Two memos for NSC from Executive Secretary, same subject, dated June 21, 1951[5]
E. NIE–6; SE–6[6]

The National Security Council, the Secretary of the Treasury and the Director of Defense Mobilization, at the 95th Council meeting with the President presiding (NSC Action No. 500),[7] considered the draft statement of policy on Iran contained in NSC 107/1 together with the views of the Joint Chiefs of Staff and the recommendations of the Senior NSC Staff with respect thereto contained in the reference memoranda of June 21, 1951; and adopted NSC 107/1 subject to the revisions recommended by the Senior NSC Staff except for their proposed paragraph 8, and to an amendment to paragraph 2–*a* and a new paragraph 8 proposed by the Secretary of State at the meeting. NSC 107/1, as amended and adopted, is enclosed herewith.

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[1] Source: National Archives, RG 273, Records of the National Security Council, Policy Papers, Box 194, NSC–107 (Section 3). Top Secret. The enclosed statement is printed in redacted form in *Foreign Relations,* 1952–1954, vol. X, Iran, pp. 71–76 (Document 32).

[2] NSC 107 is Document 6. NSC 107/1, dated June 6, and the annex to NSC 107/1, dated June 20, are not printed. (National Archives, RG 273, Records of the National Security Council, Policy Papers, Box 194, NSC–107 (Section 3))

[3] NSC Action Nos. 500, 473, and 454 are ibid., NSC Records of Action, Box 95, NSC Actions 407–598.

[4] Documents 21 and 31.

[5] Reference is to two memoranda to the National Security Council from Lay, dated June 21, that forwarded the recommendations of the JCS for revision of NSC 107/1 and then reported on the recommendation of the Senior NSC Staff that the suggested revisions of the JCS for NSC 107/1 be adopted by the NSC. (National Archives, RG 273, Records of the National Security Council, Official Minutes 1947–1961, Box 14, 95th Meeting)

[6] Documents 13 and 28.

[7] NSC Action No. 500, taken as a result of the 95th meeting of the NSC, is summarized here.

Accordingly, the National Security Council, the Secretary of the Treasury and the Director of Defense Mobilization submit the enclosed statement of policy for consideration by the President with the recommendation that he approve it and direct its implementation by all appropriate executive departments and agencies of the U.S. Government under the coordination of the Secretary of State.

S. Everett Gleason

Attachment

Washington, undated.

STATEMENT OF POLICY
proposed by the
NATIONAL SECURITY COUNCIL

Iran

1. It is of critical importance to the United States that Iran remain an independent and sovereign nation firmly aligned with the free world. Because of its key strategic position, its petroleum resources, its vulnerability to intervention or armed attack by the USSR, and its vulnerability to political subversion, Iran must be regarded as a continuing objective of Soviet expansion. The loss of Iran by default or by Soviet intervention would:

a. Threaten the security of the entire Middle Eastern area and also Pakistan and India.

b. Deny the free world access to Iranian oil and threaten the loss of Middle Eastern oil. These developments would seriously affect Western economic and military interests in peace or in war in view of the great dependence of Western Europe on Iranian oil, particularly the refinery at Abadan.

c. Increase the Soviet Union's capability of threatening important United States–United Kingdom lines of communication.

d. Damage United States prestige in nearby countries and, with the exception of Turkey, seriously weaken if not destroy their will to resist.

e. Be one in a series of military, political, and economic developments, the consequences of which would seriously endanger the security interests of the United States.

For these reasons the United States should continue its basic policy of taking all feasible steps to make sure that Iran does not fall victim to communist control.

2. The immediate situation in Iran is such that, if not remedied, the loss of Iran to the free world is a distinct possibility through an internal communist uprising, possibly growing out of the present indigenous fanaticism or through communist capture of the nationalist movement. It is important that there be a government in power in Iran on the side of the free world, capable of maintaining internal order and determined to resist Soviet aggression. The United States should therefore:

a. Continue to extend political support, primarily to the Shah as the only present source of continuity of leadership, and where consistent with Iran's ability to absorb it, accelerate and expand military, economic and technical assistance by the United States Government whenever such assistance will help to (1) restore stability and increase internal security, (2) strengthen the leadership of the Shah and through him the central government, (3) demonstrate to the Iranian people the intention of the United States to assist in preserving Iranian independence, and (4) strengthen the ability and desire of the Iranian people to resist communist subversion and pressure. The United States should, unless it would be detrimental to United States policy in a particular instance, coordinate these programs closely with the United Kingdom and solicit British support and assistance for them.

b. Bring its influence to bear in an effort to effect an early settlement of the oil controversy between Iran and the United Kingdom, making clear both our recognition of the rights of sovereign states to control their natural resources and the importance we attach to international contractual relationships.

c. Continue special political measures designed to assist in aligning the Iranian Government with the free world and promoting internal security in Iran.

d. Encourage whenever opportune the adoption by the Iranian Government of necessary financial, judicial and administrative reforms.

e. Encourage the Government of Turkey and other governments whose influence might be effective to adopt a more active general policy in Iran with a view to acting as a moderating influence and to creating closer ties between Iran and stronger free nations of the area.

3. Although assurances have been received, the United States should continue to urge the United Kingdom to avoid the use of military force in settling the oil controversy. The entry of British troops into Iran without the consent of the Iranian Government would place British forces in opposition to the military forces of Iran, might split the free world, would produce a chaotic situation in Iran, and might cause the Iranian Government to turn to the Soviet Union for help. However, should the lives of British subjects in Iran be placed in immediate jeopardy by mob violence, the United States would not oppose the entry of

British forces into the danger area for the sole purpose of evacuating British nationals on the clear understanding that this would be undertaken only as a last resort and that the British forces so introduced would be withdrawn immediately after the evacuation was completed. In the event of a British decision to use force against the advice of the United States, the situation would be so critical that the position of the United States would have to be determined in the light of the world situation at the time.

4. Because of United States commitments in other areas, the current understanding with the United Kingdom that it is responsible for the initiative in military support of Iran in the event of communist aggression should be continued but should be kept under review in light of the importance of Middle Eastern oil, the situation in Iran, British capabilities, increasing United States influence in the Middle East, and increasing United States strength.

5. The United States should be prepared in conjunction with the United Kingdom to counter possible communist subversion in Iran and, in event of either an attempted or an actual communist seizure of power in one or more of the Provinces or in Tehran, to increase support of the legal Iranian Government. Such plans and preparations should envisage joint support to the legal Iranian Government including:

a. Correlated political action and military discussions by the United States and the United Kingdom. The dispatch of British forces at the request of the legal Iranian Government to southern Iran should be supported in every practicable manner by the United States in the event of a seizure or a clearly imminent seizure of power by Iranian Communists. The United States should be prepared to give the British in this event full political support and to consider whether or not military support would be desirable or feasible.

b. The conduct of special political operations by the United States and the United Kingdom.

c. Coordinated United States–United Kingdom support for pro-Western Iranian elements.

d. Efforts to induce nearby countries, particularly Turkey, to assist the legal Iranian Government.

e. As desirable, consultation with selected countries to attain support for the United States position.

f. The perfection of plans concerning the handling of the matter by the United Nations when that becomes necessary.

6. In the event a communist government achieves such complete control of Iran that there is no legal Iranian Government to request Western assistance, and pending further study of this contingency by the United States and jointly with the United Kingdom, the position of

the United States would have to be determined in the light of the situation at the time.

7. In the event of a Soviet attack by organized USSR military forces against Iran, the United States in common prudence would have to proceed on the assumption that global war is probably imminent. Accordingly, the United States should then immediately:

a. Seek by political measures to localize the action, to stop the aggression, to restore the status quo, and to ensure the unity of the free world if war nevertheless follows. These measures should include direct diplomatic action and resort to the United Nations with the objectives of:

(1) Making clear to the world United States preference for a peaceful solution and the conditions upon which the United States would, in concert with other members of the United Nations, accept such a settlement.

(2) Obtaining the agreement of the United Nations authorizing member nations to take appropriate action in the name of the United Nations to assist Iran.

b. Consider the possibility of a direct approach to the highest Soviet leaders.

c. Place itself in the best possible position to meet the increased threat of global war.

d. Consult with selected allies to perfect coordination of plans.

e. While minimizing United States military commitments in areas of little strategic significance, take action with reference to the aggression in this critical area to the extent and in the manner which would best contribute to the implementation of United States national war plans.

8. In view of the current situation in Iran, the United States should, individually and where appropriate jointly with the United Kingdom, examine what additional steps, political and military, might be taken to secure or deny Kuwait, Saudi Arabia, and Bahrein.

36. Memorandum for the Record[1]

New York, June 29, 1951.

The following points were made by the Qashqai brothers at a luncheon party June 27 and a dinner party June 28. I have added my personal comments:

1. Ten members of the Qashqai ruling family and tribe arrived in New York June 25. The purpose of the trip was stated to be to establish a home for Mrs. Nasser Khan, the wife of the Il-Khan, and her children as well as for the pregnant Mrs. Mohammad Hosein Khan. This home will be in Santa Barbara, California. The Khans have deliberately planned that Mrs. Mohammad Hosein Khan will give birth to an American citizen. In my opinion this indicates that the Qashqais have chosen sides already in any eventual conflict between the Soviets and the West in Iran. Their dependents already are being "evacuated" to friendly territory.

2. It appears that one of the four Khans (on a rotating system) will be in the United States at all times. This, in my belief, looks like the beginning of a liaison arrangement.

3. Khosrow Khan is here as an emissary of Prime Minister Mossadeq. One of his missions is to influence American public opinion in favor of Iran. I have seen the letter from Mossadeq to Khosrow Khan instructing him to carry out this mission.

4. The Khans believe there are two stable forces in Iran; one the Tudeh Party and the other the Qashqais. What they appear to mean is, two well-organized forces who can count on disciplined followings. In their opinion the Western world would do well to cultivate the only one of these two forces available to them, namely, the Qashqais.

5. Khosrow Khan states that the Iranian Army's effectiveness was shattered by the bullet that killed Razmara.

6. They believe that for $3,000,000 the four most important army garrisons in Iran could be purchased by any bidder. And for $10,000,000 the entire army could be bought. I detected in these statements the desire that some wealthy uncle place these sums at the Qashqai's disposal when such purchases became desirable; namely, if there were a Tudeh coup in Tehran or other cities.

7. The Khans seem alarmed at the prospect of disorders in Abadan when the workers remain unpaid. They think that Tudeh might make quick capital of such a situation.

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[1] Source: National Archives, RG 59, Central Files 1950–1954, 788.00/6–7951. Top Secret. Drafted by Gerald F.P. Dooher.

8. The ruling family (the Khans) seem much more confident this year about their control over the tribe. They talk of 200,000 effective fighting men among the Qashqais and other Southern tribes, but also mention the figure of 75,000 "picked men".

9. The Qashqais express great love and admiration for Dr. Mossadeq. On occasion they wink when they say this. They have no use for the other National Fronters.

10. As successor to Mossadeq they talk of either Sardar Fakher Hekmat or Dr. Baghai. I believe their candidate is Hekmat.

11. The Qashqais never liked the Shah. Four years ago they feared him. Last year they despised him. This year they find him ridiculous.

12. Their expenditures in New York make it apparent that this was a good year for the Qashqais.

Gerald F. P. Dooher[2]

[2] Printed from a copy that bears Dooher's typed signature.

37. Memorandum From the Assistant Director of the Office of National Estimates (Langer) to Director of Central Intelligence Smith[1]

Washington, July 6, 1951.

SUBJECT

Iranian Developments

1. There is a serious danger that, unless the UK or the US adopt policies which will maintain the flow of Iranian oil to the West, Iran will be forced to turn to the USSR for assistance or will suffer an economic collapse. In either case, Iran would probably come under Communist domination within a few months.

2. At the present time the UK appears to be prepared to close down the AIOC installations in Iran, withdraw all British personnel from Iran, and boycott Iranian oil rather than submit to Iran's terms. It is un-

[1] Source: Central Intelligence Agency, NIC Files, Job 79R00904A, Box 1, Folder 2, Memos for DCI (1951) (Substantive). Secret. There is no drafting information on the memorandum.

likely that these tactics will induce Iran to accept a compromise settlement.

3. US oil companies apparently are not planning to come to Iran's assistance but, like the UK oil companies, are planning readjustments to provide alternate sources of supply for markets previously satisfied by Iranian oil. The US has set up a Foreign Petroleum Supply Committee, representing 19 major US companies operating abroad, for this purpose. The activities of this and similar bodies in the UK and Western Europe would make it difficult for Iran to find tankers to transport, and customers to buy, its oil even if it obtained individual technicians from various countries to maintain production. The flow of oil from Iran might be maintained to some extent, but it would probably be a small proportion of the flow maintained by AIOC and would probably provide Iran with less of an income than it received from AIOC. If the Iranian oil industry were shut down completely for any length of time, Iran would find it almost impossible to recapture its former markets. Iran's crude oil could be replaced almost immediately by expansion in other fields and its refined products after about six months by building other refineries in Western Europe.

4. If Iran cannot sell its oil to the Western world, it might turn to the USSR for assistance. Because of transportation difficulties, the USSR could probably not for some time use more than a small proportion of Iran's potential production. However, with Russian technicians in the southern oilfields, Iran would be lost to the West; and the consolidation of Iran as a Soviet Satellite would be only a matter of time.

5. The current US policy[2] of supporting the Shah, extending military, economic, and technical assistance, and bringing our influence to bear on Iran and the UK in the oil controversy appears hardly adequate to the situation. If Iran's stability (and therefore its vulnerability to Communist pressure) depends on the continued flow of its oil to the West, US policy-makers are confronted with the following critical questions:

(a) Can we afford to let the British abandon Iran and permit the oil industry to close down knowing that even under ideal circumstances it will take several months to revive it and that in the meantime Iran may be forced to turn to the USSR for assistance or may collapse internally?

(b) If, as now seems probable, the British leave Iran, how long can we permit Mossadeq to "stew in his own juice" before coming to his assistance?

[2] NSC 107/2. [Footnote is in the original. NSC 107/2 is Document 35.]

(c) Is it in our interest to assist Iran to maintain its oil industry, even if such assistance has to be extended on Mossadeq's present terms?

(d) Are Mossadeq's present terms in fact completely unreasonable and uneconomic from the point of view of a foreign concessionaire?

(e) If they are, is it in the interest of the US to subsidize a US oil company to operate Iran's oil industry?

(f) Would it be better to adopt such a course of action than to be compelled at a subsequent date to use force in Iran to put down a Communist uprising?

6. All these questions raise serious problems in connection with US–UK relations. The time appears to be rapidly approaching, however, when they will have to be answered unless the West is prepared to: (1) fight to retain in Iran what it appears unable to retain by negotiation; or (2) abandon Iran to Communism.

William L. Langer[3]

[3] Printed from a copy that bears Langer's typed signature.

38. Memorandum for the Record[1]

Washington, undated.

IRAN

A tribal revolt in the South led by the Qashqais would suggest British collusion, even though the Qashqais are violently anti-British. The U.S.S.R. might plausibly invoke the treaty of 1921 in the event of such an uprising. Very confidentially, the Qashqais state categorically that they will not recognize any government in Iran formed with Tudeh (Communist) participation, and will formally notify the "powers" in

[1] Source: National Archives, RG 59, Central Files 1950–1954, 788.00/7–651. Secret. Drafted by John Wiley of the Bureau of European Affairs, former Ambassador to Iran. The memorandum is attached to a July 6 memorandum from Lucius D. Battle, Special Assistant to the Secretary of State, to the Executive Secretariat, which reads: "Ambassador John Wiley left the attached memorandum with the Secretary today. He said that he had recently had tea with some of the group referred to in the memo. Ambassador Wiley feels that the strength of this tribal group is great and that in this situation we could even have the roots of a world war. Could this be passed on to Mr. McGhee for his information?"

this sense. This implies that an uprising might have a separatist character and not be merely another internal rebellion.

Alone, they claim, they can defeat the Iranian army even if it is supported by the Azerbaijani and the Barzani. If the Soviet Union intervenes, their situation will be hopeless but they will fight to the end.

It may be recalled that in 1946 the Qashqais defeated and disarmed an Iranian regiment and surrounded Shiraz. Peace was made by negotiation.

The Qashqais tribe, about 300,000 strong, is well integrated and is organized for irregular warfare. They claim that they will be joined by at least half the tribes of the South.

The consequences of such an uprising could be inflammatory. The Qashqais are not bluffing, and they are determined and resolute.

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39. Intelligence Memorandum Prepared in the Office of Current Intelligence, Directorate of Intelligence, Central Intelligence Agency[1]

SIC No. 9750 Washington, July 11, 1951.

EFFECTS OF CLOSING DOWN THE IRANIAN OIL INDUSTRY

Four aspects of the Iranian oil crisis merit appraisal as the close-down of production approaches:

(1) The loss to the West of crude oil supplies previously obtained from Iran might be compensated for within some months by expanded production elsewhere; the loss of the refined products cannot be made up so easily.

(2) Without oil income, the Iranian Government faces bankruptcy, internal unrest, and, at worst, Communist control of the state.

(3) The Iranian crisis has stimulated nationalist sentiment in other Near Eastern countries, to the detriment of the political and economic position of the West.

(4) In the event that Soviet Russia, either through pressure tactics or because Iran turned to it in desperation, should gain control of the oil

[1] Source: Central Intelligence Agency, OCI Files, Job 91T01172R, Box 3, Folder 79, Intelligence Memorandums. Secret.

industry, it could transport part of the Iranian production to the USSR and Communist China, but would require years to exploit it fully.

Effect on World Oil Supply

The withdrawal of the Anglo-Iranian Oil Company would almost completely close down the Iranian oil industry, which currently accounts for approximately 7% of the free world's supply of crude oil and 5.3% of its refined products. Continental Western Europe secures 31% of its refined products and 16% of its crude oil from Iran. About 25% of the UK's domestic needs are supplied by the AIOC. South Asia gets close to 70% of its oil and oil products from Iran.

Within a year, expanded production in Iraq, Kuwait, and Saudi Arabia could probably make up for any loss of Iranian crude supplies without a special program of new drilling. Output in Saudi Arabia has been continuously expanding; Kuwait, which first began producing after World War II, already produces nearly as much as Saudi Arabia. The amount of crude oil currently exported from Iraq is limited because the government has insisted, for political reasons, on closing the pipeline from the Kirkuk oil field to the refinery at Haifa, Israel. By 1952, with the opening of the new 30-inch pipeline to the Mediterranean via Syria, present Iraqi export capacity will be almost doubled; by the following year it can reach two-thirds of the 1950 output.

The most serious repercussion, from a world supply angle, of the closing down of Iran's oil industry would be the loss of refined products from Abadan—550,000 barrels (approximately 78,570 metric tons) per day. This will cause a major dislocation in world oil supplies. The expansion of refinery facilities in Western Europe, anticipated by 1953, however, will make that area largely self-sustaining except in fuel and diesel oil.

The loss of Iranian oil will be most seriously felt in the area east of Suez, particularly in India and Pakistan. With the exception of Haifa, currently operating at about 25% of its 85,000 barrels (approximately 12,140 metric tons) per day capacity, the Near East refineries are at present working at full capacity, with their products all committed. Supplying South Asia by tankers from more distant refineries would put a strain on the already short supply of available tonnage.

Internal Repercussions

The political and economic effects of the stoppage of oil production, or even of a last-minute settlement with the Anglo-Iranian Oil Company, will severely shake the structure of Iran. The Abadan refinery will have to close down completely in the near future because of a lack of storage facilities. Crude oil production will also then cease. About 80,000 Iranians will be unemployed and the government will have lost the approximately 40% of its revenue formerly provided by

oil royalties. The resulting squeeze may be temporarily alleviated by a sale of government bonds or an increase in the note issue, but it is difficult to see how the army or the civil service can be kept functioning for long without pay.

Failure of the present government to keep the oil industry operating would so reduce popular confidence that the government probably would not be able to remain in office. Should Prime Minister Mossadeq decide at the last moment that the AIOC is needed to keep oil revenues from drying up, and attempt to compromise, he might well be assassinated or removed. A more conservative prime minister, if installed, would arouse so much antagonism that he could not retain control. Under such circumstances it is probable that the pro-Soviet Tudeh Party would maneuver into power a Communist-dominated government. In the demoralized situation envisioned, no overt USSR support would be needed to turn Iran from the West and place it among the Satellites.

Should the Tudeh Party gain control of the government, the tribes of south and west Iran—the oil producing area—might denounce the Tehran government and set up an independent state. Such a development would probably permit the exploitation of Iranian oil to continue under British management. Certain of the more powerful tribal leaders have already been in contact with the British.

Reactions in the Near East

The immediate reaction in the Near East to the Iranian oil developments has been an increased desire for higher royalty payments and for greater oil production. Militant Iranian nationalism, however, will encourage the development of violent exhibitions of nationalism in adjacent areas. The loss of Western, and specifically British, prestige will encourage Iraq to continue its resistance to British and French pressure to reopen the Kirkuk–Haifa pipeline, especially since the new 30-inch pipeline to the Syrian coast will soon be completed. There is in Iraq a body of opinion which has made sporadic attempts to stir up public sentiment, but its future action will to a large extent be determined by the outcome of the current negotiations between the Iraq Petroleum Company and the government. In Saudi Arabia, Kuwait, and Bahrein, however, there is almost no chance of nationalization sentiment developing to any significant degree.

A shut-down of the Iranian refinery would increase Western pressure on Egypt to lift the ban on Israel-bound tankers transiting the Suez Canal, a restriction which has limited the operations of the Haifa refinery to one-quarter of its capacity. Complaints of the Western powers and Israel will continue unheeded, however, as long as the shortage of refined products does not affect Egypt directly. Inspired by Iranian na-

tionalism, Egypt can also be expected to step up its present efforts to dislodge British troops from the Suez Canal Zone and to end the British administration in the Sudan.

Capabilities of the USSR To Utilize Iranian Oil

With the termination of the control of Iran's oil resources by the AIOC, the Soviet Union could capitalize on this opportunity to deny Iranian oil to the West as well as to augment its own supplies of crude oil and refined products. In spite of the difficult task of taking over such a complicated installation as the Abadan refinery, it is believed that the USSR could provide enough qualified technicians to keep it operating at a level sufficient to supply the USSR with all the products it is at present able to transport.

Transporting the oil from Iran would present formidable problems to the Soviet Union because the Soviet bloc owns only about 1% of the world's tanker tonnage; more than 10% of the world's tanker capacity is necessary to handle Abadan's production. Without some tanker facilities from non-Communist countries, the USSR would operate the Abadan refinery, for some time at least, at the cost of a large loss in production. The Iranian railroads at present can carry about 250,000 metric tons of oil per year. This amount is a small fraction of the USSR's yearly domestic output, but it would represent most of Abadan's annual capacity for the production of alkylate, the key component in the manufacture of high-octane aviation gasoline. An operating staff unfamiliar with the plant would require at least a year to achieve substantial production of alkylate. Supply of an additional 250,000 tons of alkylate would more than double the USSR's estimated annual production of this commodity, which is vital to the conduct of a long-range strategic air offensive. Overland transport could in time be increased with new tank cars and possibly with air transport.

The Iranian terrain would make construction of a pipeline to the USSR a most difficult and expensive proposition, though it is not an impossible engineering feat. Such a pipeline could conceivably be constructed in two to three years and would presumably be used for refined products. While the USSR might be unwilling to lay so costly a pipeline in view of Iran's vulnerability to Western interdiction efforts in the event of war, there is a strong possibility that such a pipeline would be built if the Soviet Union were to commence integrating Iran into the Soviet bloc in time of peace. There is every likelihood that if the USSR gains control of the oil resources, Iran would be exploited in the familiar pattern.

40. Project Outline Prepared in the Central Intelligence Agency[1]

Washington, July 26, 1951.

Project [*less than 1 line not declassified*]

1. *References*

a. NSC 10/2.[2]

b. CIA Report No. CSO–B–19395, dated 10 August 1950 attached.

c. Memorandum from Chief, Contract Division, 0/0 for AD/OPC attached, dated 20 March 1951.

d. Memorandum from Chief, Contract Division, 0/0 for AD/OPC, attached, dated 11 May 1951.[3]

2. *Problem and Objective*

Penetration of tribal areas in general, and Southwestern Iran in particular, has long been a problem for OPC. The Qashqai tribe, reputed to be the strongest tribe in Iran, inhibits a large area in Southwest Iran that is of particular importance in the development of an escape and evasion network and as a base for guerrilla warfare activities. Due to the extreme sensitivity of this area, it has been closed to travel of foreign personnel by the Iranian Government. The restrictions imposed have made the area practically inaccessible to OPC personnel and thus far we have been unable to supply satisfactory cover for penetration of the area.

a. *The Objective*

The object of this project is the penetration of Southwestern Iran for the purpose of initiating a program of escape and evasion and establishing drop zones, landing strips, sabotage targets, safe houses, and supply routes to and from the Persian Gulf; guerrilla warfare potentialities and recruitment possibilities of the inhabitants of the area will be analyzed and exploited.

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[1] Source: Central Intelligence Agency, DDO Files, Job 58–00070R, Box 12, Folder 496, OPC Operational Project Outline, Reel 96. Top Secret. According to an attached clearance sheet, the plan was developed by [*name not declassified*] and approved by Acting ADPC [*name not declassified*], August 2. Wisner added his approval on August 6 with the following condition: "Approved—Subject to clear understanding that this does not now involve a commitment of the amount in excess of [*dollar amount not declassified*]—and may not do so until approved by PRC of the survey to be made."

[2] National Security Council Directive 10/2, dated June 18, 1948, charged the CIA with developing a covert action capability. NSC 10/2 is printed in *Foreign Relations,* 1945–1950, Emergence of the Intelligence Establishment, pp. 713–715 (Document 293).

[3] None of the documents listed as attached was found attached.

3. *Proposal*

Several factors have now been combined which give OPC an opportunity to penetrate the area under discussion. They are: [*7½ lines not declassified*].

[*2 paragraphs (22 lines) not declassified*]

Benefits accruing to OPC from implementation of this project are: Placement of OPC agents in a hitherto inaccessible area; opportunity to observe and evaluate the potential value of the tribesman to OPC in resistance and guerrilla warfare activities; opportunities to establish escape and evasion networks, safe houses, and drop zones; and, the furtherance of good relations between the Qashqai Khans and tribesmen and the United States as a means of assuring Qashqai cooperation in the event of a Soviet invasion or the establishment of a satellite government at Tehran.

4. *Risks*

[*1½ lines not declassified*] it is not believed that a great deal of risk is involved in this project. The advantages listed above seem to outweigh any risk by OPC and the financial arrangements appear to be secure. Since the Qashqai are direct benefactors of this project, the possibility of their revealing the source of funds is extremely remote.

5. *Current Status*

[*1 paragraph (7 lines) not declassified*]

6. *Budget Data*

[*2 paragraphs (25 lines) not declassified*]

[Omitted here is additional budgetary detail related to the project.]

41. Project Outline Prepared in the Central Intelligence Agency[1]

Washington, undated.

1. *References*

a. NSC 10/2[2]

b. NSC 107[3]

c. *The Crisis in Iran* dated 13 March 1951, TS Control[4]

d. Attachment entitled *Declaration of Iranian Nationalists*[5]

2. *Problem*

Iran, internally dissatisfied, facing a severe economic crisis, plagued by pressure from foreign nations, and left without adequate means of developing into a democratic state in the Western sense, shows little possibility of becoming master of her fate and architect of her future. The steady deterioration of the Iranian oil situation has been of great value to the Soviet Union, and the USSR is prepared, through the medium of the Tudeh Party of Iran, to capitalize on the chaotic situation toward which Iran is now heading. On the other hand, the United States has no Iranian party or group with which to combat the Tudeh/Communist menace in Iran and the West in general has been unable to keep up with Soviet policy which, for various reasons, has been dynamic, timely and flexible. In view of the importance which Iran is bound to retain in the international picture, due to both strategic and economic significance, it is essential that the United States do everything possible to keep the Iranian Government from being subverted or overthrown by the Communists in Iran.

a. *Objective*

The objective of this project is to establish an effective force in Iranian politics with which to oppose the Tudeh/Communists. OPC will back individuals and groups in an endeavor to produce an organized and directed attack upon the Communists in Iran. It will attempt to contact, through the indigenous elements it backs, various religious

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[1] Source: Central Intelligence Agency, DDO Files, Job 78–01521R, Box 5, Folder 25, [*text not declassified*]. Top Secret. According to an attached clearance sheet, the plan was developed [*less than 1 line not declassified*] on July 24, and approved [*less than 1 line not declassified*] on August 10. According to another copy of the outline, this project was approved by the Project Review Committee on September 6, although with its funding reduced to [*dollar amount not declassified*]. (Ibid., Job 58–00070R, Box 12, Folder 494, OPC Operational Project Outline, Reel 96)

[2] See footnote 2, Document 40.

[3] Document 6.

[4] See footnote 1, Document 5.

[5] Attached but not printed.

leaders, political leaders, union leaders, and any other important faction in Iranian politics.

Lesser, but more specific, objectives of this project include the organization of demonstrations and counter-demonstrations to offset those put on by Tudeh; organizing counter, authentic trade unions in Iran; manipulation of religious prejudice and fanaticism to oppose Communism; and capitalizing on personal enmity and competition among enemy leadership.

3. *Proposal*

In pursuit of the objectives above, it is proposed that OPC subsidize the existing political warfare activities of [*3 lines not declassified*] and it is believed that this organization represents a force of great potential in Iranian politics. [*4 lines not declassified*]

[*2 paragraphs (17 lines) not declassified*]

Advantages accruing to OPC are believed to be extensive. They include guidance and control of an effective force in Iranian politics; organized and directed programs against the Soviets in general and the Tudeh in particular; establishment of a rallying point for all latent anti-Communist forces in Iran; an effective channel for the propagation of U.S. views and policies to counteract the powerful influence of the Tudeh; and awakening the influential religious elements in Iran to the danger of Communism toward their religion and God. In addition to the advantages listed, it will be recognized that such a program, if successful, could act as a catalytic agent in a popular reaction against Communism.

[*1 paragraph (5 lines) not declassified*]

4. *Risks*

[*2 paragraphs (16 lines) not declassified*]

5. *Current Status*

[*4 paragraphs (20 lines) not declassified*]

6. *Budget Data*

It is proposed that this project be set up for a period of one year with extension being granted on the basis of results obtained by that time. Estimated expenses for the first year are:

[*6 paragraphs (18 lines) not declassified*]

42. Memorandum From the Counselor of Embassy (Richards) to the Ambassador to Iran (Henderson)[1]

Tehran, August 15, 1951.

SUBJECT

British Views on Future of the Government

Mr. Middleton, Counselor of the British Embassy, in conversation with me today expressed the firm opinion that every effort must be made to settle the oil question while Mosadeq is in power, but at the same time expressed considerable pessimism regarding the outcome of the negotiations. He then indicated that the British are giving serious consideration to the situation which may develop in case oil negotiations break down within the next few days.

Regardless of the success or failure of the Stokes Mission he feels (and I am confident that he reflects the official British Embassy opinion) that Mosadeq cannot be expected to continue in power for long. Mosadeq himself has indicated that he would resign upon the completion of successful negotiations with the British. There is evidence that increasing opposition may force him out unless the negotiations are successful.

The problem of a successor therefore arises. A list of likely candidates for Prime Minister was reviewed by Mr. Middleton who stated that he had information to the effect that the Shah was toying with the idea of the appointment of either Minister of Court Ala or Ibrahim Hakimi. Mr. Middleton characterized Mr. Ala as a man of good-will but lacking in the force and decisiveness necessary at this critical juncture. Hakimi he dismissed as impossible because of his advanced age (he admits to 80 years) and his political inactivity in recent years. Other second-string candidates Mr. Middleton discounted; Zahedi has gone into eclipse since his resignation as Minister of Interior after the July 15 riots; Sadr Fakhr Hekmat, President of the Majlis, probably does not have a popular following; Amir-Alai, Minister of the Interior, has not distinguished himself in public service; and others such as Soheli, the Ambassador at London, Ebtehaj, the Ambassador at Paris, and Ali Mansour, the Ambassador at Rome, he dismissed as out of the running.

This review leaves, according to Mr. Middleton, only two likely successors, Qavam and Seyid Zia.

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[1] Source: National Archives, RG 84, Tehran Embassy Files, 1950–1952, classified general records, Box 29. Confidential.

Qavam, he stated, would probably be the most effective "strong man" for a short term, and judging from his activities since his return from Europe, he still has considerable political following; further he believed that the Shah, who has seen Qavam several times recently, would not look upon Qavam with disfavor, in spite of their break last year. However, while mentally alert, Qavam is in ill-health and probably incapable of carrying the burden of a high government office. Furthermore, he characterized Qavam as a member of the corrupt old-guard who could not be expected to carry out economic and political reforms which both the U.S. and the U.K. consider necessary for the development of Iran as a bulwark against Communism.

Mr. Middleton therefore returned to the opinion apparently long held by the British that Seyid Zia, in spite of his obvious disadvantages, is probably the best candidate presently available. He recognized that Seyid Zia's long association with the British would inevitably cause him to be labeled a British stooge; also Seyid Zia has not held public office for a number of years. He felt, however, that these disadvantages were outweighed by (1) Seyid Zia's progressive and reformist policies, (2) his mental and physical vigor, (3) his recent friendly association with the Shah and (4) his comparative freedom from the taint of corruption. He stated also that of the likely candidates Seyid Zia would be most amenable to "guidance" from the British and Americans.

Mr. Middleton urged that in the interest of political stability in the Middle East the U.S. and the U.K. must agree in advance on a parallel if not identical course of action before a change of the Mosadeq Government becomes imminent. In particular, he emphasized that the U.S. and U.K. must impress upon the Shah the necessity for acceptance of the strongest possible Prime Minister and that the Shah must be assured of at least moral support by both governments to the extent that he would feel confident in such a choice. Otherwise Mr. Middleton foresees the possible appointment of another weak Prime Minister and the consequent continuation of confused drifting.

The following are my comments on the foregoing:

I am confident that Mr. Middleton was not just making conversation when he talked to me along the foregoing lines. It seems apparent that he wanted to be sure that we were thinking of developments which might be expected in the near future. On the whole, what he had to say is the same old line served up in a slightly new form. It is even possible, that the British still feel that they might stand a better chance of coming to an agreement on the oil question were Mosadeq to be removed in spite of Middleton's protestations to the contrary.

Mosadeq has said that he is in office for one primary purpose and that is to nationalize the oil; that he will resign when he accomplishes that. I am not convinced that this is necessarily true. Mosadeq has had a

taste of power as Prime Minister and both he and his followers will be reluctant to give it up. Furthermore, details for the administration of the next elections must be completed by the end of Shahrivar (September 23). The Government in power before that date is in a position to appoint officials to run the elections, to determine places of voting, and otherwise to make arrangements regarding elections. This in the past has always meant that it is in a position to "rig" the elections. Mosadeq and his followers will be unlikely to give up such an opportunity unless they are forced to do so.

Another factor which must be considered if Mosadeq goes out is that he would then be a public hero and would undoubtedly be a leader of a strong and embarrassing opposition in the Majlis. Any Prime Minister who might succeed him would find it extremely difficult to put through any legislation against the opposition of Mosadeq.

I am of the opinion that we should go very slow in making any comments regarding the length of time Mosadeq may be in office or who should succeed him. We must avoid close identification with any politician, at least for the present. To do otherwise would leave us open to accusation of close and sinister collaboration with the British and would give support to the allegation of intervention in the internal affairs of the country.

Mr. Middleton's comments regarding the need of a strong Prime Minister and the almost tragic need of the Shah for moral support from the U.S. and U.K. both deserve serious attention. But we must exercise great caution in the manner by which we attempt to assist in this regard.

ALR

43. Despatch From the Embassy in Iran to the Department of State[1]

No. 224 Tehran, August 20, 1951.

RECENT INCREASE IN POLITICAL PRESTIGE OF AYATOLLAH KASHANI

Summary:

Ayatollah Seyid Abol Qasem Kashani, the fanatical, nationalist Iranian mullah, has recently become increasingly prominent in Iranian political affairs. His long career is one of constant opposition to British intervention in the domestic affairs of Iran. The oil nationalization issue, of an anti-British and highly nationalistic nature, has brought about an atmosphere in this country which easily lends itself to exploitation by such a man. He has more recently been assisted in elevating himself to a position of prominence by publicity accorded him in the foreign press and by the prestige given him through the fact that he alone among religious leaders received calls from Mr. W. Averell Harriman and Mr. Richard Stokes.

His delusions of grandeur have been accentuated by events which have put him in the limelight of a local political affair having international implications. Although under present tense conditions, he has attained a position of influence, that position is founded upon transitory circumstances. It is doubtful that he could command sustained support from any large segment of the population. He has neither the support nor the confidence of his religious colleagues and his pretensions under a determined attack would prove far superior to his capabilities.

Introduction:

Recently, Ayatollah Seyid Abol Qasem Kashani has become increasingly prominent in Iranian public affairs. Ambitious, opportunistic, fanatical, Kashani's influence depends primarily on the support of the poorer and more ignorant classes of the Iranian people, and the more fanatical elements of the bazaar. From among this following Kashani can recruit those who would commit acts of violence for real or imagined offenses against the Moslem faith. He has been implicated in several assassinations and murders.

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[1] Source: National Archives, RG 84, Tehran Embassy Files, 1950–1952, classified general records, Box 24. Secret. Drafted by Andrew Cuomo. The despatch was originally prepared as a memorandum, dated August 17, and then sent as a despatch on August 20.

His power springs from these elements and he is careful to maintain his influence over them. With such support, Kashani has been able to frighten into cautious silence many who would otherwise oppose those causes which for whatever reason he has chosen to espouse. At the moment, the popular issue—which he helped make popular and which he is now exploiting to his advantage—is that of oil nationalization. The issue and the popular, hysterical attitude toward it on the part of the great masses of the Iranian people, is perfectly suited to bring out the "talents" possessed by Ayatollah Kashani by virtue of training, experience, and inclination.

Background:

Kashani was raised in a highly religious Moslem family. His father was a religious leader in the Shiah Holy City of Najef in Iraq where the principal activity, particularly during the days of Kashani's youth and even today, revolved around the Shiah pilgrims who came to pay homage at the tomb of Imam Ali, son-in-law of the Prophet. Educated by mullahs, he became one himself at an early age. His father opposed the British in Iraq during World War I and the still-young Kashani found himself in a Holy War declared by his father and other religious leaders against all Christians. His father was killed in a battle following the British landings on the Persian Gulf. Since then he freely threatens "Holy War" at the least provocation and his hatred of the British, accentuated by later events, verges on the psychopathic.

He continued to oppose British interference in Iranian affairs for some years after World War I, but he must have appraised Reza Shah as one stronger than himself for he cautiously kept out of that monarch's way in spite of the anti-clerical policies which were carried out during his reign and the continuation of Iranian oil exploitation by the British.

Following the advent of World War II and the abdication of Reza Shah, Kashani again took up the task of opposing British activities. When the Allies occupied Iran, the British promptly imprisoned him in spite of objections raised by the then U.S. Minister, Dreyfus. His relative partiality to the U.S. dates from that time.

During the next twenty-eight months of forced inactivity, he never lost touch with his followers and upon being released he quickly returned to his plottings. This time his activities were directed against Prime Minister Qavam, who exiled him to the provinces. In early 1949, after the attempted assassination of the Shah, as a precautionary measure Prime Minister Mohammed Sa'ed, aided and advised by Army Chief of Staff Ali Razmara, sent Kashani out of the country again.

The influence he wields was demonstrated when he was elected to the Majlis while still in exile. He was elected as a National Front deputy

in 1950 along with his friend. Dr. Mosadeq. Both attribute all of Iran's shortcomings and misfortunes to British interference in Iran. When Razmara became Prime Minister, Kashani did not find it difficult to support National Front policies, particularly in attacking the man whom both he and Mosadeq believed to be subservient to British influence and who had been instrumental in bringing about his most recent exile.

Recent Events:

In the meantime the British oil concession dispute flared up into a popular movement into which were released all the aggressive energies of the Iranian people generated by decades of frustration. The British, through the Oil Company, were identified as the sole cause for all the difficulties in which collectively and individually the Iranians found themselves. The nation-wide hysteria over oil nationalization created an atmosphere tailor-made for a reactionary religious leader with a flare for political intrigue. He has tried to take full advantage of it. It should be pointed out, however, that contrary to anything he may say at the present time, at least until June of last year he had not opposed the supplementary oil agreement offered by the AIOC and under discussion at that time.[2]

Nevertheless, events moved on and he moved with them. With the unwitting aid of the foreign press in combination with the aroused and unrequited passions of the Iranian people, Kashani was elevated, and cleverly helped elevate himself, to an influential position in Iranian political affairs. Dr. Mosadeq was careful to call on him as soon as he became Prime Minister, and has kept in regular contact with him ever since. Kashani in turn has supported the Prime Minister. He has at all critical moments issued messages to the people affirming the necessity of Dr. Mosadeq's leadership in the vital oil nationalization issue.

Several months ago Ayatollah Kashani decided not to appear in public. He has refused to take his seat in the Majlis claiming that to do so would lower his prestige. He never calls on anyone, but receives everybody in private audience—in his own surroundings. His messages to public gatherings are recorded and played back to the audience. With regard to his Majlis seat, Kashani said that he would go to the Majlis only in case of an emergency. Perhaps he is waiting for a propitious occasion. In the prevailing tense atmosphere, and over the oil nationalization issue, should Kashani decide to make a public appearance he would undoubtedly draw together an impressive mass of people.

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[2] Embassy Despatch No. 382 of June 22, 1950. [Footnote is in the original. Despatch 382 from Tehran is ibid., RG 59, Central Files 1950–1954, 788.00/6–2250.]

At the suggestion of Dr. Mosadeq two weeks ago, W. Averell Harriman called on Kashani.[3] As released to the press by Kashani, the interview was practically a Kashani monologue. A few pertinent remarks from the published version of the interview follows:

"I must tell you plainly, Mr. Harriman, that we have been oppressed and robbed by the former oil company for fifty years".... "Now four hundred Moslems have pinned their hopes on our country. All the Moslem countries expect us to break the chain put on our feet by British imperialist exploitation . . ." "Should Dr. Mosadeq compromise, he will lose the sincere support he is now receiving from the people".... "I am now working for the union of the Moslem nations, and also for the union of the peoples of the East. As I told you, I am trying my best to unite my four hundred million Moslem brethren, who should be united and who should maintain complete neutrality".

Shortly after the Harriman interview, Kashani was spurred to more intense efforts. He spoke now with ever greater authority. He addressed a message to the people of Khazistan expressing his appreciation of their patriotism and assistance:

"I expect every effort will be exerted to maintain order.... and to support the government of His Excellency Dr. Mosadeq, and the appropriation committee which is working for the benefit of the workers of Khazistan. I pray that God Almighty will bestow health, happiness and tranquility upon my dear brethren and that the hands of the merciless foreigners will be severed. In conclusion, I should point out that the return to Tehran of His Excellency Hosein Makki, honorable deputy from Tehran, is temporary and only for medical treatment. He will return shortly."

Kashani then addressed messages to Prime Ministers Nehru of India and Liaqat Ali Khan of Pakistan calling upon them amicable to settle the Kashmir dispute. He received a reply from both Prime Ministers.

To digress for a moment at this point, when Reza Shah decided to break the power of the clergy in Iran one of his first acts was to strike at its finances. He confiscated the ecclesiastical properties and the managers of the properties were made civil functionaries of the Ministry of Education. In recent years, despite the growing influence of the clergy no attempt has as yet been put forth by that clergy to revise the funda-

[3] The Harriman Mission, composed of W. Averell Harriman, William M. Rountree, Walter Levy, and General Landry, traveled to Iran on July 13 in order to encourage a solution to the oil dispute between Iran and the United Kingdom. Harriman left Tehran on August 25. Richard Stokes, Lord Privy Seal, led the British delegation to Iran that remained in Tehran from August 4 to August 23 at which time talks between the British and the Iranians were suspended. For extensive documentation on the Harriman Mission, see *Foreign Relations,* 1952–1954, vol. X, Iran, 1951–1954, pp. 88–173 (Documents 39–91).

mental laws made by Reza Shah which stripped it of its power. It is to the Minister of Education that Kashani now addressed himself. In a letter to him Kashani urged the Minister to make certain changes in order to conform to the regulations of Islam. The letter closes:

"I seriously request your Excellency to issue prompt instructions regarding the foregoing points and expect that you will advise us of any decision you make to this effect."

The next move was for The Right Honorable Richard Stokes to pay him a visit. He, like Mr. Harriman, was subjected to a long harangue. His repeated requests for permission to leave were ignored while Kashani talked on. It was during this interview that Kashani made the following remark:

"Even Dr. Mosadeq, who enjoys the unanimous support of the people, if he deviated from the nine article law, risks losing not only his prestige but also risks suffering the same fate as Razmara".

To Kashani this means anyone deviating from the path of nationalization as now laid down by Kashani "risks suffering the same fate as Razmara".

After the satisfaction of his interview with Mr. Stokes another flow of "messages" may be expected. The first has already appeared. It is Kashani's message to Pakistan on the occasion of its fourth anniversary of independence. The message ends:

"In conclusion I avail myself of the opportunity to strongly recommend to the authorities, the nation and the press of Pakistan to continue its previous policy of friendship with its Indian neighbor and not to take any steps that would undermine the satisfactory solution of existing differences."

As evidence of his expanding activities the Tehran newspaper *Keyhan,* of August 16 reports the following:

"The correspondent of the newspaper *Al Masri* has reported that Haji Amin-ol-Hoseini, the Grand Mufti of Palestine, is a staunch supporter of Ayatollah Kashani. His representative, Mr. Seyid Abdul Jalil Ankar is now in Tehran to meet Ayatollah Kashani, bringing letters from the Mufti addressed to him . . ."

Conclusion:

In Kashani's career there is a thin thread of consistency. Throughout, he has opposed British interference in Iranian affairs. The consistency ends there, except perhaps for his opportunism. CAS reports that he can be bribed. He has at least on one occasion made overtures to the American Embassy here for financial support in return for which, presumably, he would support United States policies.

He has fantastic delusions of grandeur which until recently had little basis in fact. Events, however, have moved in his favor. His political stature has been inflated by the publicity accorded him in the foreign press and the prestige given him by the fact that Mr. Harriman and Mr. Stokes called on him. Their interviews have been exploited to the maximum by Kashani.

Although his stature has grown over the last few months, Kashani has not attained the overwhelming influence which he believes he has and which he would have others believe he has. Despite his present prominence in Iranian political affairs, there is no doubt that his pretensions vastly exceed his capabilities. As has been pointed out that prominence came about by circumstances having but a fortuitous relationship with his character and less with any personal political convictions. There is, therefore, little basis for it. He would fall from his relatively influential position as soon as its thin props were removed.

His reputation as a religious leader is not supported by his colleagues whose influence in educated circles far exceed that of Kashani. While his bombast and threats are effective in the current tense atmosphere, he probably would fail to withstand a determined attack against him by any government with the support of reputable religious leaders who would expose the shallowness of the man and the exaggerated character of his pretensions.

For the Ambassador:
Arthur L. Richards
Counselor of Embassy

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44. Memorandum Prepared in the Office of Intelligence and Research[1]

Washington, September 13, 1951.

CURRENT STRENGTH OF THE TUDEH PARTY IN IRAN

Problem

Estimate of the current capability of the Tudeh Party to seize control in Iran.

[1] Source: Central Intelligence Agency, NIC Files, Job 79R01012A, Box 14, Folder 1, NIE–46 Iran. Secret.

Discussion

Since the suppression of the Tudeh following the attempted assassination of the Shah in February 1949, the party has operated openly through the Peace Partisans and the Society Organized to Fight Imperialist Oil Companies. Up to April 29, 1951, when Mosadeq became Prime Minister, the usual official method of controlling Tudeh was by invoking martial law, making arrests, and suppressing newspapers. Mosadeq, however, lifted martial law, released certain Tudeh leaders from prison, and appealed to the entire population to maintain order. Public parades and demonstrations since that time have been tightly controlled by the participants, with the exception of the demonstration in Tehran on July 15, 1951.

Since a major objective of Soviet policy in Iran is to end western influence there, the Tudeh actively supported Mosadeq in his nationalization policy, except when it appeared likely that he might arrive at an agreement which would retain significant British control in Iran. Although Mosadeq has welcomed all support for nationalization, there is no evidence that he or any of his principal advisers, except possibly Abdul Qadir Azad and Dr. Ali Shayegan, have Communist sympathies. They are all, however, strong nationalists.

The Tudeh suffered a significant check as the result of a vigorous anti-Communist campaign carried on by religious groups during the month of Ramazan, and a severe setback on July 15 when they engaged in open fighting with the police and military in front of the Majlis. This street fight lost them the respect of many Iranians due to Iranian repugnance for public rudeness to a national guest (Harriman), and significantly chilled the ardor of hangers-on and co-demonstrators.

In addition to the setback in Tehran, the strength of Tudeh in Isfahan was recently broken when the chief of police arrested all the ringleaders, jailing some, exiling some to Bandar Abbas, Yezd, and Kerman, and giving others suspended sentences. In Tabriz, Tudeh suffered another reversal when the ringleaders among university students were arrested and jailed. The major significance of these developments has been to demonstrate openly that there is a strong, effective anti-Tudeh force which can and will resist Tudeh pressures. This has had a distinctly wholesome effect in raising public morale.

Information on the numerical and organization strength of the Tudeh is unavailable, but a reasonably dependable source estimates the current active membership at 4000.

Tudeh leaders have undoubtedly been instructed by Soviet agents to agitate for the expulsion of the Anglo-Iranian Oil Company (AIOC) and to emphasize alleged British imperialism in Iran. Since support for Mosadeq is almost universal and anti-British sentiment is intense, it is very difficult to estimate public support for Tudeh. It is probable that

Mosadeq himself could get Majlis and non-Tudeh acceptance of any compromise settlement which he would present and support. However, should he or a successor government approach an agreement with the British, Tudeh opposition will probably come into the open. It may also be expected to offer open opposition if the government presents any new legislation not related to the oil nationalization issue.

In the event that Mosadeq is forced out of office, part of his large popular following will probably join the anti-AIOC organization and ultimately the Tudeh ranks. Since any successor government would probably have to maintain order by force if it accepts any agreement which will, in effect, restore the AIOC to its former position in Iran, Tudeh may be expected to exploit the anticipated popular indignation to the fullest extent. The allegiance of the security forces, if ordered to support an unpopular settlement, is doubtful.

The balance of political power in Iran is now held by a third force composed principally of skilled workers, students, government employees, teachers, and industrial labor. The spokesmen of this force are the National Front leaders. Nazi, Soviet, and Western propaganda in the past 10 years has convinced this group that a better, freer standard of living is possible in Iran. The contrast between possible methods for achieving this end—that is, between revolution and evolution—is often overlooked or disregarded. Unless effective demonstration of evolutionary procedures appear, it is inevitable that increasing numbers of Iranians will be attracted to revolutionary methods. Cessation of revenues from the oil operations, and the economic dislocations that are occuring in consequence, will present Tudeh with increasing opportunities to promote revolution. At the present time the Shah's influence is practically nil. If the oil controversy continues to be regarded by Iranians as a fight for their national independence, it is probable that revolution will be ultimately accepted rather than acquiescence in any compromise which calls for retention of British predominance in the oil industry.

Conclusion

At the present time, Tudeh is not capable of seizing control. Given a continuation of the present economic deterioration and/or the replacement of the Mosadeq government by one willing to reestablish the British economic position within Iran, it is possible that that capability may exist by the early part of 1952.

45. Study Prepared in the Office of Research and Reports, Directorate of Intelligence, Central Intelligence Agency[1]

Washington, September 22, 1951.

THE IMPORTANCE AND AVAILABILITY OF IRANIAN OIL TO THE USSR UNDER PEACETIME CONDITIONS

[Omitted here is a Foreword.]

Summary

For the purposes of this paper it is assumed that: (1) the USSR will be willing to invest the necessary effort to exploit Iranian oil; (2) the USSR will gain unlimited access to Iranian oil production under circumstances short of global war;[2] and (3) the USSR and Iran will not have access to US–UK controlled tankers or technicians.

This paper is limited to a discussion of the developments during the first year of substantial oil shipments from Iran to the Soviet Orbit. It does not consider the transition period[3] that would be necessary for starting up the refinery and acquiring such transportation facilities as additional tankers and railroad rolling stock as might be needed.

The potential importance of Iranian oil to the Soviet Orbit is indicated by the estimate that during the first year following the transition period the Soviet Orbit could import and utilize approximately 2,900,000 metric tons of petroleum products. The USSR, if necessary, could supply the technicians and materials required to operate the refinery at this level. The volume of imports could be increased in subsequent years as more and more transportation facilities become available and the level of production rises.

Of the 2.9 million tons of petroleum products which the Soviet Orbit could import during the first year, the USSR could provide

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[1] Source: Central Intelligence Agency, ORR Files, Job 79S01097A, Box 1, Folder 14, SIC/Z–14L(1)/51, The Importance and Availability of Iranian Oil to the USSR under Peacetime Conditions. Top Secret; SUEDE; Dissemination to U.S. Personnel Cleared for Special Intelligence Information. Sent to DCI, G–2, ONI, AIR, State, AFSA, NSC, JCS, and OCI.

[2] The bulk of Iranian petroleum products must be moved to the USSR by sea through waters dominated by Western powers. [Footnote is in the original.]

[3] This paper makes no attempt to estimate either the time required to place the Abadan facilities in production again or the length of time necessary to put into operation the rail and sea transportation facilities for carrying Abadan production. The refinery has been shut down since 1 August 1951. AIOC officials estimate it would take their own technicians two to three months to restore full operation of the refinery. Technicians not experienced with the plant might require up to nine months to restore full production. [Footnote is in the original.]

tankers for the movement of approximately 1.6 million tons to the Soviet Far East and Communist China. In this way, the Soviet Union could take care of the minimum petroleum needs of the Communist Far East which cannot be met by local production. The use of the sea route would also relieve the overworked Trans-Siberian Railroad of its present haul of Soviet petroleum products, which amounts to more than 10 percent of its total West to East traffic. The remaining 1.3 million tons of petroleum products could be shipped by rail from Abadan to Bandar Shah and thence by tanker to any of the Caspian Sea ports. The large amount of extra rolling stock and locomotives required for the Abadan-Bandar Shah railroad could be supplied by the Soviet Orbit without seriously depleting its tankcar and locomotive park.

The estimated Soviet Orbit imports would, during the the first year, amount to only 12 percent of the 1950 production of the Abadan refinery. Nevertheless, the Government of Iran could remain solvent at this level of production because the net income derived from Iranian operation would be about the same as that realized from operation by the Anglo-Iranian Oil Company at the 1950 production level.

In summary, it seems apparent that with Soviet cooperation Iran could succeed in operating its petroleum industry even if the Western powers (1) withdrew their technicians, (2) stopped buying Iranian petroleum products, and (3) withheld all shipping under their control.

[Omitted here is the 13-page body of the study with an attached appendix, two tables, and a map.]

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46. Telegram From the Embassy in Iran to the Department of State[1]

Tehran, September 25, 1951.

1157. 1. Shepherd, British Ambassador, asked Ambassador Henderson have informal tea with him yesterday afternoon. View circumstances Henderson accepted although credentials not presented. Conversation informal and friendly. Shepherd presented his views considerable detail, indicating certain differences in interpretation and

[1] Source: National Archives, RG 84, Tehran Embassy Files, 1950–1952, classified general records, Box 39. Secret; Priority. Drafted by Henderson. Repeated to London. The telegram is the Embassy's copy as approved and has no time of transmission.

approach between U.S. and U.K. Embassies. Various points made by Shepherd or impressions obtained by Henderson from Shepherd's comments set forth briefly below:

2. Shepherd insisted Iranian opposition to British retention control Iranian oil superficial; did not believe Iranian public in general really deeply interested; thought if new Govt should come in which would play down oil dispute, public interest, which had been artificially aroused, would gradually disappear.

3. He expressed opinion differences between British and American Embassies in analyses of situation and how best to meet it were partly responsible for difficulties encountered by Foreign Office and State Dept in getting together and working out common program. He suggested it would be useful if two Embassies could thresh out matter here so they could present parallel views and recommendations to respective govts.

4. Shepherd said British had been severely criticized for interference in Iranian internal affairs, but many Iranians while criticizing were simultaneously insisting British continue to interfere on their behalf. Believed interference in past as well as in present necessary in order save Iranians from themselves and their neighbors. He thought time had come when there should be change in government; nothing constructive could be accomplished so long as Mosadeq remained in power; therefore efforts should be concentrated on getting Mosadeq out at earliest possible moment. One question was whether it would be better have him succeeded by some "strong" politician like Qavam or Seyid Zia, or have him replaced by a more colorless PriMin who, after short interval, would give way to "strong" man. He inclined defend Seyid Zia expressing opinion latter's reputation as "British stooge" no great handicap; had progressive ideas and if in power could prove his independence of British. Shepherd also thought Ala as compromise PriMin might be brought in temporarily. He realized Ala did not desire to be PriMin in such circumstances but might be willing serve as patriotic duty. He considered Ala as rather weak, nevertheless he could be useful.

5. Shepherd thought little would come out of suggestion that Iranian Mission might visit London. He did, however, consider it important that Shah had apparently come to opinion that it would be in interest of Iran for Mosadeq to retire. In response to questions, he stated he had no evidence that Shah was as yet prepared to take any concrete action to expedite retirement Mosadeq.

6. Henderson told Shepherd he still in process orientation and was endeavoring obtain views and background. He was not therefore prepared just yet offer suggestions.

7. Request these confidential views British Ambassador expressed in private conversation not (rpt not) be passed on to any foreign Govt officials including British.

Richards

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47. Memorandum From Henry Villard of the Policy Planning Staff, Department of State, to the Chairman of the Policy Planning Staff (Nitze)[1]

Washington, September 26, 1951.

IRANIAN SITUATION

As I see it the Iranian situation now boils down to the following facts and conclusions:

1. The British have rejected our suggestions in regard to Mossadegh and discussion of the latest Iranian proposals.[2] They persist in working for Mossadegh's downfall and profess to have the Shah's support of this aim. In this they are employing tactics they have always employed in Iran and which were a principal cause for the drastic nationalization laws. British intrigue is the surest way of increasing Iranian antagonism and preventing any sort of agreement. The economic measures employed against Iran have the same effect; they have resulted in retaliatory action against the remaining AIOC personnel and, by dooming any deals in foreign exchange, the probable closing of British banks in Iran. In other words, the British are steadfastly pursuing a policy which can only aggravate the situation and contains risks of the most serious kind.

2. Even if the British should succeed in overthrowing Mossadegh, it would prove a boomerang. In the eyes of the public Mossadegh would be a martyr to the cause and any successor known to be acceptable to the British could not last long. The Shah cannot be expected to move against Mossadegh. In the first place he lacks guts to do so. In the second place he is aware of the extreme unpopularity of such action. The removal of Mossadegh by the Shah could only result in an attempt

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[1] Source: National Archives, RG 59, Central Files 1950–1954, 888.2553/9–2651. Secret.

[2] See *Foreign Relations,* 1952–1954, vol. X, Iran, 1951–1954, pp. 162–169 (Documents 86–89).

to govern the country by armed force. Even this would probably be impossible in view of the unreliability of the Iranian armed forces in the face of angry public opinion. The British pretend to believe that public opinion is not a vital factor in controlling the situation, that only the so-called Teheran intelligentsia really counts, that feeling on the oil question ebbs and flows, and that opposition to the U.K. is only skin deep. This is completely contrary to our information and constitutes, I think, the most fundamental British mistake in their entire inept handling of the problem.

3. My own opinion is that it is no longer possible to reach an agreement which would permit the British to retain any semblance of the authority previously exercised in the Iranian oil industry. I have never believed in the likelihood of such an agreement, but matters have now gone so far that it seems essential to recognize the political objective of the Iranians as distinct from economic considerations. That objective is not to reach a negotiated settlement on the question of profits or management, but to drive out British influence in accordance with a literal interpretation of the Iranians' communication to the ICJ: "in order to free themselves from the claws of a usurping company which for long years has served as a disturbing influence in economic, social and political fields in Iran."[3] Emotion—not logic—is the controlling factor, and the sooner the British realize they are not wanted in Iran, the sooner can we approach a possible solution.

4. It seems to me that the time has arrived for a show-down with the U.K. if anything is to be salvaged from the situation. I think we should tell the British that because of our deep concern in this crisis we must abandon our efforts to play the role of honest broker and take a strong stand. We should say that we propose that U.S. and other foreign technicians should be admitted to Iran to run the industry; that this would involve the complete removal of British personnel from the scene; and that an attempt should concurrently be made to work out a contract with Iran for the sale of oil to the U.K. This would be a virtual capitulation on the part of the British. But they are finished anyway, as the AIOC personnel will soon have left. On our part we should say that we would undertake to make the Iranians carry out the terms of a suitable sales contract.

It would be a bitter pill for the U.K., and I doubt that they can be made to swallow it, but the stakes are so high that unless we try something of this sort a whole chapter of dangers will presently open up.

Henry S. Villard[4]

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[3] For statements made before the International Court of Justice in regard to the Anglo-Iranian oil dispute, see International Court of Justice, *Anglo-Iranian Oil Co. Case (United Kingdom vs. Iran) Pleadings, Oral Arguments, Documents*, Leyden. See also Document 76.

[4] Villard initialed above his typed signature.

48. Memorandum for the Record[1]

Washington, October 9, 1951.

OPERATIONS IN IRAN

1. CIA is unable to affect the immediate political crisis in Iran, which can only be resolved by diplomatic means. Our primary mission has been to counter Tudeh Communist activities and awaken Iranian authorities to Communism's dangers. Activities in these directions met with conspicuous operational success in August. In September, when the Tudeh was itself largely inactive, our agents concentrated upon planning expanded operations and upon the acquisition of intelligence on Tudeh plans and capabilities. Provided the immediate crisis is resolved, we can continue to harass and ultimately nullify Communist activities in Iran. Within the framework of our primary mission, our activities are:

a. [*5 lines not declassified*] These officials are cooperating with our agents who, in turn, through penetration of the Tudeh, inform the police of Tudeh plans. We have succeeded in discrediting the Communist among the labor elements at the important Tehran tobacco factory, and have broken Tudeh's hold on Isfahan labor. As was demonstrated by our operations during Ramadan, the Iranian clergy is a major anti-Communist instrument. Accordingly, religious leaders have been mobilized to direct feeling against the Tudeh during the holy month of Muharram (October). Moreover, a "black" propaganda book (purporting to be a Soviet attack against Islam) has been written, published, and is being disseminated. Steps were also taken to meet expected Tudeh demonstrations in October by counter-demonstrations.

b. Our expanded psychological warfare program calls for expenditure of [*less than 1 line not declassified*] to purchase printing presses and set up a printing establishment [*3 lines not declassified*].

c. Progress was made in organizing stay-behind activities. Preliminary discussions took place with the British in the field in Escape and Evasion planning, demolition, and general stay-behind activities. Field surveys by air and road on E&E have been undertaken. We have been in contact with leaders of the influential Qashqai tribe of southwestern

[1] Source: Central Intelligence Agency, DDI Files, Job 33R00601A, Box 17, Folder 4, National Security Council 107 Series. Top Secret. Drafted by Roosevelt and concurred in by [*name not declassified*] on behalf of Wisner. The memorandum is attached to a memorandum from Roosevelt to Wisner, October 9, that reads: "There is attached herewith for the Director's use in connection with the NSC meeting tomorrow on Iran a memorandum setting forth the recent developments in OPC operations in Iran."

Iran, who gave us formal assurances that in the event of war they would cooperate in collecting and transmitting intelligence, in E&E operations, sabotage, and the formation of resistance groups. We are now attempting to install US personnel in this tribal area.

d. [*1 paragraph (3 lines) not declassified*]

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49. Paper Prepared in the Bureau of Near Eastern, South Asian, and African Affairs, Department of State[1]

Washington, October 10, 1951.

THE CURRENT IRANIAN SITUATION

The last briefing of the Security Council on Iran dealt with the situation as of August 22, while Mr. Harriman was in Tehran.[2] The British-Iranian negotiations which had been brought about through Mr. Harriman's efforts were thereafter suspended. Later, they were broken off altogether by the British Government as a result of strong public statements made by Dr. Mosadeq. The following is a brief account of developments since that time.

On September 12, Prime Minister Mosadeq addressed a letter to Mr. Harriman setting forth certain proposals for a possible settlement and stating that failure by the British within 15 days to agree to resumption of negotiations would compel the Iranian Government to expel British technicians remaining in the south.[3] Mr. Harriman declined to pass this communication on to the British as requested by Dr. Mosadeq, pointing out in friendly terms that the proposals would not in his judgment provide a basis for new discussions.

Several days later Dr. Mosadeq, through Minister of Court Ala, informally submitted modified proposals to the British Ambassador

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[1] Source: National Archives, RG 59, Central Files 1950–1954, 888.2553/10–1051. Top Secret. Drafted by Kitchen and Rountree. The paper is attached to a memorandum from McGhee to Acheson for use as a background summary for the 104th meeting of the NSC on the same day. See Document 50.

[2] The official minutes of the NSC meeting of August 22 record that the National Security Council discussed NSC 107/2 and a briefing given by DCI Smith. (Ibid., RG 273, Records of the National Security Council, Official Minutes 1947–1961, Box 16, 100th Meeting)

[3] For a discussion of Prime Minister Mosadeq's letter to Harriman and its aftermath, see *Foreign Relations,* 1952–1954, vol. X, Iran, 1951–1954, pp. 162–163 (Document 86). Regarding the Harriman Mission, see footnote 3, Document 43.

which, while still far from satisfactory, the Department felt provided hope that a basis could be found to renew the talks. The Shah himself believed it highly desirable that the British not reject this overture. Indications were given that the Iranians might send plenipotentiaries to London if the British agreed to resume negotiations.

Department officers discussed this new approach with the British Ambassador in Washington on September 21 and handed him an informal paper urging that the British give favorable consideration to the Iranian move. They emphasized the desirability of the British remaining in a negotiating posture, and expressed the fear that an entirely negative reaction might make a settlement impossible for a long time to come.

While the British Cabinet was considering the Department's representations, word was received from the British Ambassador in Tehran to the effect that the Shah was convinced of the need for getting rid of Dr. Mosadeq and was only concerned as to how this could best be done.[4] On this basis the decision was taken to reject flatly the proposal and to offer Dr. Mosadeq no encouragement that the British were prepared to resume negotiations. It was felt by the British that these tactics would weaken Dr. Mosadeq and strengthen his opposition in the Majlis. The British Ambassador was instructed to encourage the Shah in every way to replace Dr. Mosadeq with a government amenable to a reasonable settlement.

The Department's disappointment at this action was shared by the Shah and Minister of Court Ala. The Court has made it clear that it would be a mistake for either the Shah or any foreign power to try to effect Dr. Mosadeq's removal at this time, and our analysis of the situation confirms that the Shah's own position would be seriously endangered if he should endeavor to bring this about until the widespread support in Iran for Dr. Mosadeq has considerably diminished. The Shah has, however, been made aware of the fact that we would encourage him to move if he should feel his position sufficiently strong to do so.

Dr. Mosadeq reacted sharply to the British reply and on September 24 the Iranian Government announced that the British oil technicians would be compelled to leave by October 4. Ambassador Henderson was instructed immediately to see the Prime Minister and the Shah and to express our grave concern over the expulsion order, urging that it be not implemented. He undertook in every appropriate way to have the order canceled and to persuade Prime Minister Mosadeq to show some reason in this critical situation, but his advice was not heeded. The

[4] Document 46.

Prime Minister categorically refused to withhold the order and denounced the British in the strongest terms.[5]

The cancellation order brought forth from the British new and strong approaches to the Shah urging him to take immediate action, but the latter declined to do so. Having been already informed on numerous previous occasions that the United States would not support the use of force in such circumstances, the British Cabinet, then confronted with the necessity for an immediate decision, decided to take the matter to the Security Council. The British Government informed the Department on September 28 of this plan.[6] Before our reaction had been obtained, a public announcement was made by the British and a draft resolution circulated to the members of the Security Council. Although the Department doubted the wisdom of this course, and made clear the reasons for its doubts, it was necessary to assure the British that we would support them in the Security Council. We urged them, however, to replace their strongly-worded draft resolution with one which would have minimum adverse effects and which might possibly contribute to a solution to the problem. The British made it clear that their decision to take the matter to the Security Council was based largely, if not wholly, on internal political considerations as an alternative to the use of force, and that they would require a strong resolution to be introduced even if it could not receive the required number of votes or was vetoed by the Soviet Union. They agreed, however, to undertake to draft a resolution which could receive our diplomatic support.[7] The British decided before the expiration of the Iranian ultimatum to withdraw the technicians from Abadan.

The Security Council was convened on October 2 to consider the British complaint, and by a vote of 9 to 2 agreed that the item should be put on the agenda. The question of competence was not then decided, and several delegations reserved their position in this respect. Subsequently, the British and American delegations endeavored to work out

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[5] See *Foreign Relations,* 1952–1954, vol. X, Iran, 1951–1954, pp. 164–167 (Document 88). A memorandum of conversation, dated September 28, is in National Archives, RG 59, Central Files 1950–1954, 888.2553/9–2851.

[6] See *Foreign Relations,* 1952–1954, vol. X, Iran, 1951–1954, pp. 183–185 (Document 97).

[7] In telegram 1581 from London, October 1, Gifford voiced his concern at U.S.–U.K. divergency over the nature of a potential U.N. Security Council resolution on Iran. Gifford argued, "we have now reached point where it seems to me there is clear-cut issue before us: do we condemn or at least imply condemnation of Mossadeq for his continued irresponsibility or do we in effect condone it by associating ourselves with a res which attaches no blame and treats both parties equally?" Gifford concluded: "I hope most earnestly that Dept may be able to give urgent consideration to these points with a view toward evolving new res which avoids what I consider needlessly provocative tone of Brit res and, at same time, weak nature of ours." Full text of the telegram is ibid., pp. 188–190 (Document 99).

a mutually acceptable draft resolution. Our efforts to persuade the British to assume a more conciliatory attitude in the draft resulted in a sharp reaction in London, and the British Government through various channels in London, Washington and New York set forth in very strong terms their dissatisfaction with what they considered to be the lack of support for their position. The British expressed concern that this lack of support might result in the question entering into the political debate in the United Kingdom with consequent harmful effects upon United States-British relations.

We have, however, now been able to work out a resolution which goes a long way toward meeting the British desires and which we feel would encounter minimum adverse reaction on the part of the Iranians. Briefly, this resolution would (a) recount on a factual basis the principal factors relating to the situation, including the fact that Iran did not accept the provisional measures of the International Court of Justice; (b) call for a resumption of negotiations on the basis of the principles of the Court's decision, unless some other mutually acceptable basis can be found; and (c) call upon all countries to take no action which would prejudice the rights, claims or positions of the parties.[8]

Dr. Mosadeq, heading a large Iranian delegation, arrived in New York on October 8 to represent Iran before the Security Council. It is understood that his efforts will be directed toward denying the competency of the Security Council in the matter. In so doing he is expected to make a blistering attack against the AIOC in particular and the British in general. It is feared that airing the matter before the Security Council will very seriously prejudice the possibility of successful negotiations. It would be well if Dr. Mosadeq's presence in the United States could be used as an opportunity to bring about a resumption of negotiations before the Security Council action, although the present British political situation is such as to make it unlikely that they will or can agree to a substantial postponement of the Council's meeting. The Department is, however, endeavoring in such ways as it can to bring about a resumption of negotiations, although as a practical matter this is probably not possible until after the British elections on October 25.

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[8] In October, the United States worked with the British on the United Nations Security Council resolution, which called for a resumption of oil negotiations on the basis of the opinion of the International Court of Justice issued on July 5. In its negotiations with the British on the proposed Security Council resolution, the U.S. attempted to dissuade them from including a demand for the return of all British technicians expelled from Iran as a result of Prime Minister Mosadeq's order of September 24. For extensive documentation on this Security Council resolution, see *Foreign Relations,* 1952–1954, vol. X, Iran, 1951–1954, pp. 196–220 (Documents 102–110).

Assistant Secretary of State George C. McGhee has had conversations in New York with Dr. Mosadeq.[9] While these talks have been largely of a preliminary nature, Dr. Mosadeq has given the impression that he would like if possible to avoid Security Council action, especially since he believes that what he must say before the Council would make it extremely difficult for the British to negotiate with his Government; that he in fact wants a settlement with the British and would be prepared to make some amendments in his previous proposals although he was not willing at the time to agree to all elements of a solution which might be termed satisfactory; that he would prefer that any preliminary conversations preceding negotiations be between himself and United States representatives rather than directly with the British; that he would welcome a postponement of the Security Council action to permit time for negotiations; that he would be willing to undertake negotiations with the British after the Security Council action; that he understood the political situation in Great Britain and would be willing to postpone negotiations until after the elections on October 25. He pointed out, however, that the financial situation in Iran is critical and will compel the Iranian Government to take action in the very near future to relieve the problem.

President Truman has invited Dr. Mosadeq, in line with the usual courtesies extended to visiting Prime Ministers, to come to Washington during his stay in the United States. This will provide an opportunity for constructive talks with Dr. Mosadeq at the highest level. A time for the visit has not, however, been established as yet.

[9] See ibid., pp. 211–218 (Documents 108 and 109).

50. Editorial Note

According to the official minutes of the National Security Council meeting held on October 10, 1951, with regard to Iran, the Council "discussed the current situation in Iran in the light of an oral report by the Secretary of State." (National Archives, RG 273, Records of the National Security Council, Official Minutes 1947–1961, Box 16, 104th Meeting) In the meeting, the National Security Council also considered an October 10 memorandum from the Joint Chiefs of Staff signed by Air Force Chief of Staff General Hoyt Vandenberg to Secretary of Defense Lovett. In the memorandum, Vandenberg pointed to the serious consequences that would obtain should the Soviet Union gain control of Iran. He

wrote that the "Joint Chiefs of Staff consider that the United States should take most energetic measures, as a matter of urgency, to support or arrive at the achievement of a solution of the Iranian problem which will:

"a. Provide for the continued orientation of Iran toward the Western World (this should receive overriding priority);

"b. Make possible an effective command organization for the defense of Iran in coordination with the other areas of the Middle East; and

"c. Assure the continued supply of Iranian oil to the Western World, at least during peace."

At the end of the memorandum, Vandenberg added that "from the United States military point of view, Iran's orientation towards the United States in peacetime and maintenance of the British position in the Middle East now transcend in importance the desirability of supporting British oil interests in Iran." The JCS memorandum was circulated as NSC 117 and is printed in *Foreign Relations,* 1952–1954, volume X, Iran, 1951–1954, pages 220–222 (Document 111).

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51. Telegram From the Station in Iran to the Central Intelligence Agency[1]

Tehran, October 12, 1951.

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

[1] Source: Truman Library, Papers of Harry S. Truman, President's Secretary's Files, Box 180. Secret. No telegram number appears on the source text.

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.

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 op-

position 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).

3. The British position in Iran has collapsed.

A. [*1 paragraph (13 lines) not declassified*]

B. The influence of the British Embassy upon the Shah and his courtiers 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.

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.

(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 gendarmérie 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.

52. Telegram From the Embassy in Iran to the Department of State[1]

Tehran, October 30, 1951.

1590. 1. Abol Qasem Panahi called on Richards yesterday stating that he was emissary of Qavam. After reviewing what he described as "rapidly deteriorating situation" Iran, Panahi stated that many people now felt that Mosadeq could not retain position as Primin for long after his return from US. If he failed return with agreement permitting early resumption oil production his political opponents would brand his mission a failure. On other hand any likely agreement would involve arrangements with British and this would leave Mosadeq open to charges having sold out to British.

2. Panahi then stated Shah had been seeing Qavam and, while Qavam's shortcomings well recognized, Shah now prepared accept him as next Primin in absence any more promising candidate.

3. Qavam had indicated to Panahi that he would have no dealings with Russians; and that he would have minimum dealings with Brits. However before taking next steps Qavam wanted to be assured he would be acceptable to US were he to be called to power.

4. Panahi was told Emb could not indicate opposition to or support of any specific person or political party. However it was believed US would cooperate with any political leader coming into power on platform which indicated he would (a) support the constitutional government of the country, (b) take steps to revive oil industry on basis sound economic considerations, (c) oppose Russian expansion and infiltration, and (d) would be willing collaborate with US and other like-minded Western powers to achieve these ends.

5. Point also made to Panahi that Emb would hope any new Govt would enlist support young, respectable and forward-looking leaders for positions of responsibility. Panahi stated Qavam already lining up likely candidates for number key posts and he thought they would meet specifications we had in mind although there was "poverty of leaders" in Iran.

6. Foregoing is of considerable interest as coming from Qavam and as indication thinking of considerable number Iranians. Richards' handling of matter has my approval.

Henderson

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[1] Source: National Archives, RG 84, Tehran Embassy Files, 1950–1952, classified general records, Box 32. Secret. Drafted by Richards. The telegram is the Embassy copy as approved and has no time of transmission.

53. Memorandum for the Record[1]

Washington, November 9, 1951.

SUBJECT

DADPC–CNEA Weekly Meeting, 7 November 1951

PARTICIPANTS

[*name not declassified*]
[*name not declassified*]
[*name not declassified*]

1. [*name not declassified*] asked [*name not declassified*] if he had seen the policy paper on Iran that had been returned for reworking.[2] [*name not declassified*] answered that he had not seen it but that he knew of it. He said that the Senior Staff of NSC wanted it redone and that Mr. Dulles, who is a member of that staff, had suggested that the [*less than 1 line not declassified*] and Roosevelt be given the job. The two main faults with the paper are that it does not really come to grip with the problems in Iran and it fails to consider our relationships with the British.

[*name not declassified*] went on to say that the over-all Iranian situation is getting worse. Mossadeq is still here and talking about negotiating but at the moment no actual negotiations are taking place. [*name not declassified*] asked if the change in British government would have any effect on negotiations and [*name not declassified*] said he doubted it strongly. [*name not declassified*] said that they were going to have another conference this afternoon (7 Nov. 1951) to look at OPC strategy in the situation.

[Omitted here is a conversation unrelated to Iran.]

4. [*name not declassified*] asked if there had been any contact with British SIS on any of these problems. [*name not declassified*] said that SIS had been contacted only on stay-behind activities in the Near East.

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[1] Source: Central Intelligence Agency, DDO–IMS Files, Job 80–01795R, Box 7, Folder 2, Office of Policy Coordination (OPC) History 03Nov51–13Nov51. Top Secret.

[2] Not found. At a meeting with the Deputy Assistant Director of Policy Coordination held on November 21, [*name not declassified*] "noted that an awkward situation had developed out of the new NSC policy paper on Iran. When the original paper was sent back for reworking Mr. Dulles suggested that the [*less than 1 line not declassified*] Roosevelt and [*name not declassified*] collaborate on the job. [*name not declassified*] however, has gone ahead and written the paper without consulting with Mr. Roosevelt. It is an extremely poor paper. [*name not declassified*] simultaneously submitted it to Mr. Roosevelt and the Board. For all intents and purposes Mr. Roosevelt is committed to it although he had nothing to do with its drafting. [*name not declassified*] noted that NEA is saying nothing. There is a strong possibility that the Policy Planning Staff will kill it before it gets to the Senior Staff." (Memorandum for Record, November 29; ibid.)

[*name not declassified*] asked what would happen should the situation further deteriorate, perhaps a coup that would put the Tudeh party in the government. [*name not declassified*] said that for all intents and purposes that would become a stay-behind situation and there would be British-U.S. co-operation. We would probably support a rump government of the Shah. U.S. is fairly well committed to give military support to the British if it becomes necessary. [*name not declassified*] asked about the possibility of writing off the country if we could insure getting the oil. [*name not declassified*] replied that oil was not the issue. If we lose Iran, it is very likely that one by one the other Near East countries would collapse in turn.

[*name not declassified*]

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54. Telegram From the Embassy in Iran to the Department of State[1]

Tehran, November 16, 1951.

1829. This shld not be shown Brit altho parts re Iranian pol situation can be used as basis for discussion.

1. Campaign to replace Mosadeq by Qavam has recd setback during last two days. Yesterday afternoon Middleton, Brit Chargé d' Affaires, told me he had learned thru quite good channels that Shah has again changed his mind and desires no one except Ala, MinCourt, as next Primin. He asked where our Emb stood re Mosadeq, Qavam and Ala.

2. I said we had no instructions and expected none on this subject. Our present position was that Emb shld neither back nor oppose any candidate. It might look like weakness for it to lean over backwards in this matter. Nevertheless we preferred appearance of weakness to policy which might well boomerang. We still were not convinced that in general interference in Iranian internal affairs was likely in long run to pay. Of course if any PM shld be clearly leading country down path towards Communism we wld not hesitate as exception to take moves

[1] Source: National Archives, RG 84, Tehran Embassy Files, 1950–1952, classified general records, Box 32. Secret; Priority. Drafted and initialed by Henderson. Repeated to London and Paris. The telegram is the Embassy copy as approved and there is no time of transmission.

to try to save Iran even tho they might be considered as interference. Such situation did not appear exist at present.

3. Middleton said Shah had recently indicated he wld like former to ask for audience. Middleton had not done so for fear Shah might ask searching questions which he shld not answer in absence his Ambassador now expected here within ten days. He might not be able however longer to evade interview. He was afraid Shah might ask what Brit wld think of Ala as new Primin. What kind of reply wld I make to question this kind as to US position. I said I wld probably reply US had no intention supporting any candidate; nevertheless I sure I was voicing views my Govt in saying I considered Ala as man of highest ideals and principles, loyal and honest, a statesman who wld be a credit to any country. I thot [*thought*] however Ala was so kindhearted and so lacking in guile and pol skill that he might have great difficulty in coping with situation unless he shld have Cabinet composed in part of most patriotic statesmen of country skilled in politics and not afraid adopt strong measures and in part of young energetic men with progressive ideas willing and able institute necessary reforms. Middleton seemed agree with me. He also agreed with my expressed belief Ala had no desire be Primin at this time.

4. Middleton asked me state frankly what I thot of Qavam. I said I knew latter only by reputation which in some respects not high. I thot it wld be unfortunate if public shld get idea US supporting him. I believed it wld also be against our common interests if Iranians shld come to belief he was Brit candidate. Middleton said he doing best to dissipate impression which seemed to be rather widespread Brit supporting Qavam. Qavam complicated character. He had recently sent emissaries who represented his platform in rosy light. For instance, liberal attitude towards settlement oil dispute (altho not return Brit oil companies to Iran); agricultural and financial reforms; entry Iran into ME defense pact; suppression of Commies, etc. Of course these mere promises. Qavam so tricky no one knew exactly what he wld do if once in power. Nevertheless Mosadeq with his anti-Brit bias; plus his apparent determination to keep Iran "neutral" might well lead Iran into clutches of Russia. I said I appreciated this danger and agreed developments shld be closely watched. I did not say Qavam had sent US message he desired keep aloof from both Russians and Brit and cooperate with US.

5. Later in evening I had long talk with Ala. He said Shah anxious know latest US attitude towards Mosadeq and our views re Iranian pol scene. Was it to be inferred from "special treatment" shown to Mosadeq in Washington[2] that US wanted him to remain in power? Were

[2] Mosadeq visited the United States in October. See *Foreign Relations,* 1952–1954, vol. X, Iran, 1951–1954, pp. 241–255 (Documents 117–119).

press reports to effect that US thot Communism only alternative to Mosadeq accurate? I replied Mosadeq went to US as Primin of Iran with full backing of Majlis. US Govt therefore had treated him with all respect due to full-fledged rep of Iran. Courtesies and consideration not shown to Mosadeq as an individual but to head of Iranian Govt. US prepared cooperate with Mosadeq or any other duly installed Primin prepared to work with it. Ala said he understood Mosadeq returning to Iran determined neither to change his policies re oil or to resign. Was US prepared to give Iran financial assistance so it cld carry on without oil revenues? I said I not in position answer such question just now. I thot however it might not be easy for US Govt to give or lend Iran funds for an indefinite period to compensate it for its loss of oil revenues.

6. Ala asked re attitude US towards Qavam. I again replied US not supporting or opposing him. It was trying not interfere in internal affairs of country. I asked if it true Shah was not favorable to Qavam's candidacy. Ala said "no", but Shah not yet decided give Qavam full support. Qavam was outstanding candidate succeed Mosadeq; nevertheless, Shah continued hesitate throw his weight behind him. Unfortunately on November 14 vicious attack had been made on Qavam's integrity by Senator Farrokh on floor Senate. Shah deeply regretted this attack and sent message to Qavam that effect. Since Senator was friend Shah Qavam was deeply suspicious that Court was in some way involved in this attack. In his chagrin Qavam had applied for passport to leave country. Shah was still trying dispel this suspicion and persuade Qavam remain on. I remarked another person was being mentioned for Primin. Ala replied that other person wld in no circumstances accept post. He had held it for month prior to Mosadeq and his experience had convinced him he not cut out for pol life that kind. I said that with strong experienced and forward looking Cabinet perhaps he might be able rally country around him. Ala said he thought he cld be more useful in his present position. Before leaving Ala remarked Shah wld probably like to see me in near future.

Henderson

55. Despatch From the Embassy in Iran to the Department of State[1]

No. 636 Tehran, November 23, 1951.

REF

Embassy's secret telegram No. 1869, November 19, 1951[2]

SUBJECT

Joint Estimate of the Situation In Iran, November 1951 prepared by the American and the British Embassies in Tehran

While the attached joint study of the American and the British Embassies at Tehran upon the current Iranian situation has been cabled to the Department in the above reference, this Embassy has believed it desirable to transmit the fully-phrased text decided upon by the two Embassies to provide a complete-reference document for the Department.

The document provides its own commentary, and it might be added that in the interests of Anglo-American solidarity the British Embassy agreed that for its spelling of Mosadeq (Mussadiq) it would accept general American spelling throughout and American usage of Iran instead of "Persia."

For the Ambassador:
Roy M. Melbourne
First Secretary of Embassy

Attachment

JOINT ESTIMATE OF THE SITUATION IN IRAN, NOVEMBER 1951

prepared by the American and British Embassies at Tehran

Policy

We assume that the immediate, mutual and overriding United States–United Kingdom objective in Iran is to prevent that country from falling into communist hands.

Principal Factors in Iran Today

A. Corrupt and inefficient system of government.

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[1] Source: National Archives, RG 59, Central Files 1950–1954, 788.00/11–2351. Secret; Security Information. Drafted by Melbourne. Received December 12.

[2] Not found.

B. Strong popular current of anti-foreign nationalism, personified and led by Prime Minister Musaddiq, Kashani and National Front supporters.

C. Constitutional monarchy, headed by indecisive and weak though well-intentioned Shah.

D. Small oligarchy of landowners and merchants, motivated primarily by self-interest, and currently supporting the constitutional regime.

E. Running sore of oil dispute with British, with attendant dislocation of Iran's economy and politics.

F. Security forces in general still loyal to the Shah.

G. Moslem religion which affects all phases of Iranian life.

H. Depressed economic and social conditions of the majority of the population, with resultant discontent. (Detailed report submitted separately)[3]

I. Communist exploitation of the situation.

J. Decline of western influence.

A. There are elements in Iran which wish for good government, honest government, and government for the good of the people. But they are not in control. Corruption and nepotism are rife. Many officials great and small take advantage of their positions to extract money from the people. The result is that there exists a vast gulf between officialdom and the people. In the absence of any effective, really democratic reform party the discontent of the people is bound to attract them towards the extreme of communism.

Corruption and nepotism are as prevalent under the Musaddiq Government as under previous governments. Likewise, the general public, accustomed to regarding all governments as oppressive and indifferent to their interests, has little, if any, different feeling for the Musaddiq regime.

B. Iranians in general resent and suspect all foreigners. Their national pride was inflated by Reza Shah and deflated by the Allied occupation during the war. The national post-war upsurge was vented first on the Soviets and then on the British against whose oil company in Iran there had long been a latent feeling of resentment. Nothing that is likely to happen in the near future is likely to make the Iranians less nationalist in outlook. Regardless of the possible removal or defeat of Musaddiq and his National Front, the public could almost certainly be induced to support another leader or movement in the future which

[3] Presumably a general discussion of the economic and trade repercussions of the oil dispute, which was not found attached.

panders to this nationalism and to oppose what might be considered as appeasement of the foreigner at the expense of Iran. However, it is important to recognize the potential ability of politicians in power to control the police and largely to monopolize the means of propaganda, which can have at least short-run effects upon the basic nationalistic feelings of the people.

The above is common ground to both Embassies. They disagree, however, as to the extent Iranian nationalism will limit the freedom of action of any future government.

The demonstrated political ability of Musaddiq as a shrewd leader of the National Front minority and a demagogue who well understands Iranian emotions and character, his personal prejudices against the British, and his almost megalomaniac desire to act as champion of the Iranian people in the struggle for "independence" are important factors to be considered in the present situation. Aside from the popularity of Mussadiq because of his oil program, which thus far seems to be the only definite program of the National Front, much support is brought to him by the demagogic Mullah Kashani, who is notoriously venal and very probably would desert him if any of Mosadeq's rivals offered an inducement outweighing the "spoils" which he derives from his influence with the present government.

C. The Shah might be a factor for stability, continuity of leadership and resistance to communism in Iran. He appears, however, to have too little confidence in his own influence; at least he apparently does not regard it as opportune to endeavor to exert it against the present government.

He has thus far been unable to use nationalist elements to strengthen the Crown or to effect much needed reforms in the face of the landowning-merchant oligarchy.

The Shah realizes that Musaddiq and Kashani, with their followers, are anxious to limit his powers and he is also aware that National Front hostility towards the Army arises from the fear that he might use it against them. However, he currently feels if he should actively try to remove Musaddiq there could be an upheaval in which the prestige and influence of the Crown would probably suffer.

The disappearance of the Shah would mean the loss to the western world of a friendly and potentially powerful stabilizing element and the ensuing struggle for power might lead to chaos which an organized Tudeh Party would exploit.

D. The landowner-merchant oligarchy, with the support of powerful religious leaders, has been one of the main obstacles to progress of the Iranian people and to the development of the country's resources. It has tenaciously fought for maintenance of the status quo. While supporting the Shah as a stabilizing factor in the country, it has obstructed

his inclinations towards reforms. This feudal group is anxious to perpetuate itself and is governed by short-sighted self-interest.

E. The oil dispute with the British, with attendant dislocation of Iran's economy as a result of cessation of the oil industry, is the most acute factor for instability in Iran today. Political and popular emotions have been increasingly exacerbated by this issue during the past year. Failure to obtain the usual oil revenues will affect the government bureaucracy and the military forces seriously as salaries and supplies lag behind. Trade standstill and general economic consequences are discussed in Section H. Finally, until revenues again begin to flow from the oil industry, no government, even if so inclined, can turn to public works or improvement of the miserable social and economic conditions of the majority of the population.

F. There is still considerable loyalty to the Shah among security forces. United States advisory missions to these forces assist in maintaining their effectiveness for internal security.

Nevertheless, the armed forces in Iran are weak reeds for the Shah, the government and the free world to rely upon. Lower ranks are discontented and ill-paid, many junior officers are receptive to communist propaganda, and senior officers often are incompetent and corrupt. In view of the anti-military sentiments and the "neutralist" foreign policy of Musaddiq, it is not unlikely that United States military missions could be hampered in their operations and could even be forced eventually to leave. This last development would be a serious blow to the Anglo-United States position in Iran.

G. In the Moslem world religion is both a stabilizing factor and a serious obstacle to reform. At the same time demagogic religious leaders in Iran appealing to the intolerant aspects of Islam can contribute towards political instability. This has been the case under the Musaddiq government when such men as Mullah Kashani have been gaining increased prominence and influence. They gave to the movement to drive out the British almost the significance of a religious crusade. There are signs, however, that the conservative religious leaders are disturbed by and opposed to the activities of the demagogues.

H. See report submitted separately.

I. The Tudeh Party is effectively organized as a force in politics and in industry with an estimated full membership in Tehran of 8,000, in Khuzistan of 5,000 and a strong membership in Azerbaijan and Gilan. The demonstration of July 15 showed considerable organizing capacity. It also has influence in sections of the army, the police and government departments. Its cover organizations such as the Partisans of Peace are allowed to operate and communist line newspapers are allowed to appear.

It already adopts an extreme line over the oil question and any deviation of the National Front leaders from their present extremist course would add to its propaganda strength. Much of its strength lies in the Iranian popular misconception of the nature of the Tudeh. It is widely viewed as an indigenous political movement advocating reforms close to the heart of the populace. In fact, many Iranians have not forgotten certain reforms sponsored by the Party during the time of its ascendancy.

The average Iranian has an historic suspicion of the USSR, but at the same time he has an ostrich-like attitude in viewing current Soviet intentions. He is being diverted by the current oil dispute and communist efforts to interpret it as Anglo-American imperialism. His imagination in this regard is continually sharpened by a steady barrage of clever Soviet propaganda. The USSR is queen of the airwaves in this area. At any time one can hear Soviet propaganda on the various short and long wave-lengths in several languages.

At present the communists are spurring the nationalists' drive to oust the British from Iran, while trying to link this with their own anti-American line. When the western powers are driven from Iran and their influence destroyed, the communists may be expected to introduce the second stage of their long-range objectives—the destruction of internal rivals for power in Iran.

The United States recent position in the Security Council regarding the oil dispute has been construed here as substantive support of the United Kingdom, thus offsetting the previous impression in Iranian minds that the United States favored the Iranian case, and may be expected to increase Tudeh potential directly and indirectly through the resultant tendency of the National Front and its popular supporters to turn toward the USSR.[4] In time this may create an environment favorable to the Tudeh ambition to seize power.

There is little indication of an immediate intention to seize power by force. However, if an exceptional opportunity presents itself in the uncertain near future through the disintegration of forces for stability in Iran, the Party will certainly make its bid. At present it appears that the Party's immediate aim is to strengthen its political position by securing the election to the 17th Majlis of a small number of deputies. These would seek the legalization of the Party, and in this they could expect support from some right-wing politicians, especially those with estates in the north, who by this means would try to curry favor with the Russians. Then the Party would try to increase its influence in the

[4] See footnote 4, Document 49.

government to the extent that the latter could no longer raise effective opposition to the Party's extra-legal methods of terror and force.

In the event of the fall of Musaddiq and the advent to power of a government opposed to the peaceful development of the Tudeh Party, it seems likely:

1) that the Tudeh Party would adopt more vigorous tactics directed against the government; and
2) that the government in its turn would adopt more vigorous measures to implement the anti-Tudeh laws.

We believe that it is not yet too late for a resolutely anti-Tudeh government to take fairly effective security action to hamper the development of the Party. The fact is, however, that no matter how anti-Tudeh any government may be, it will in the long run play into the hands of the communists if it engages in the corrupt practices and possesses the reactionary outlook of most Iranian governments of recent years.

J. The present direction taken by Iranian nationalism, as exemplified by its attitude towards the British oil interests, has served to decrease western influence, particularly the British. British influence has been effective in the past in keeping the Russians from gaining control of all of Iran, whereas Soviet policy has sought to eliminate western influence in Iran and to deny Iranian oil to the non-communist world except on Soviet terms.

The present decline in western influence in Iran in turn weakens Iranian resistance to communism and Soviet pressure. Iranians long accustomed to playing foreign powers against each other and over-fond of hoping that their country can remain neutral may dangerously open themselves to Soviet penetration to such an extent that, if or when they turn later to the western world to save them from Soviet domination, their position will already have become irretrievable. Hence, with this prospect in view, the relative responsibility of the United States has increased on behalf of the free world in preventing Iran from passing into the Soviet sphere.

Despite the present outburst of anti-British feeling, the British still have a body of opinion in their favor which, although temporarily submerged, might be effectively mobilized in certain circumstances. For instance, if the oil dispute could be settled in a manner inoffensive to reasonable Iranian nationalist elements, or if the Russians or communists should make a misstep, the British might still stage a comeback.

56. Telegram From the Embassy in Iran to the Department of State[1]

Tehran, November 28, 1951, 7 p.m.

1984. Please do not (rpt not) disclose to British.

1. Middleton, British Chargé d'Affaires, talked with me today in extreme confidence re political situation. Said under instructions he was planning to see Shah within next few days in order to point out dangers to Iran from present Communist activities. British first-hand info indicated Communists and fellow-travellers have greatly improved their organization and have penetrated certain Iran civilian agencies and military institutions. British concerned unless these activities are checked, there can develop real danger Communist coup.

2. Turning to political situation Middleton said British Embassy feared if Mosadeq carried out plans for "free elections" result would be elimination from Majlis of moderate elements and packing of Majlis with emotional, ignorant national extremists and groups willing to look to Russia for leadership. Elections would probably come within ten days and unless in interim something could be done to replace Mosadeq, it would be extremely difficult if not (rpt not) impossible to bring about reasonable government in foreseeable future. Future for Iran under present auspices looks so dark he thought he should take advantage his coming conversation with Shah in order point out gravity situation and suggest time had come for Shah take action to have Mosadeq replaced. He intended to send at once telegram to Eden requesting authority to take such step but before doing so would like to ascertain what US attitude wld be. He thought Shah might hesitate to take necessary action unless convinced that both UK and US believed it should be done. Would I be willing support suggestions made by him to Shah for effecting change in government?

3. In response my inquiries Middleton said although British not (rpt not) enthusiastic about Qavam, they still thought latter with his political experience and well-organized following would have better chance of replacing Mosadeq than any other political leader. He did not (rpt not) believe Qavam serious in demanding his passport to leave country. In his opinion Qavam was merely trying to force Shah to make decision whether or not (rpt not) to give him support.

4. I told Middleton by no (rpt no) means sure it would be in our joint interest for US at this juncture join UK in pressing Shah to take

[1] Source: National Archives, RG 59, Central Files 1950–1954, 788.00/11–2851. Top Secret; Security Information; Priority. Repeated to London. Received at 3:02 p.m.

steps to effect change of govt. If we both brought pressure on Shah and change was successfully effected, National Front opposition to new government would probably be both anti-American and anti-British. It might be able in cooperation with Communist sympathizers to block efforts our military and civilian aid missions to accomplish their purposes and might even make it difficult for such missions remain in country. It might also succeed in stirring up even more anti-Western sentiment than now exists. If under pressure from us Shah should make attempt and should fail, Crown as stabilizing element might be eliminated from Iran public life and National Front government would be just as bitter against Americans as British and any moderating influence we might have now would be destroyed. I also was not (rpt not) happy at idea of throwing support to Qavam, whose past record created certain doubts as to what he might do when once in power.

5. Middleton said idea was not (rpt not) to suggest to Shah that he exceed his constitutional powers. It was rather suggest to him that he inform Hekmat, Pres of Majlis privately that he thought time had come for Mosadeq to go and that if Hekmat cld obtain petition addressed to him signed by majority members Majlis asking that Mosadeq be replaced he wld take appropriate steps immed. Middleton said he thought there was good chance that Hekmat cld obtain requisite number of signatures if he cld tell members Majlis whom he approached Shah wld be willing to act. Middleton said perhaps it wld be possible persuade Hekmat rather than Qavam to try organize govt. I said I certainly thought that Hekmat from point of view world opinion wld be better replacement for Mosadeq than Qavam. I did not (rpt not) know, however, whether Hekmat wld be willing to undertake such difficult task or whether he cld, on such short notice, set up kind of organization necessary effectively to govern country in face of opposition which he wld be sure to encounter. Middleton said he also did not (rpt not) know whether Hekmat wld be willing and ready to undertake to head govt, that was matter which cld be settled between Shah and Hekmat. What Middleton wld like to know, however, was whether if Brit wld undertake to persuade Shah to effect change of govt Americans wld go along or at least not (rpt not) oppose.

6. I said my tentative position was somewhat as fols: "If Brit shld make suggestion to Shah along lines suggested and Shah or Ala wld ask my opinion in matter I wld not (rpt not) wet-blanket idea, neither wld I urge Shah to take such action. In talking over matter with Ala I might remind him of our conversation of some weeks ago during which he told me the Shah had decided that if Mosadeq after returning Iran shld refuse to change his advisers and policies and shld insist on new elections under his auspices, Shah wld feel that no (rpt no) matter what consequences might be he must take steps to remove Mosadeq

before latter cld lead country to ruin. I might after reminding Ala this conversation ask him whether in his opinion time had come for him to make decision of this character". I told Middleton that, of course, my tentative position might be altered by instructions which I might receive from my govt or in light subsequent events. I cld not (rpt not) bind myself.

7. I wld be grateful if Dept wld inform me whether it approves my reply to Middleton. Present position here extremely critical. On one hand there is undoubtedly great danger that "free elections" under Mosadeq might result in Majlis dominated by irresponsible elements. On other hand for US, while maintaining outwardly friendly relations with Mosadeq, covertly to bring pressure for his overthrow, wld place it in invidious position regardless whether or not (rpt not) Mosadeq's overthrow was effected. It wld not (rpt not) add to US reputation for us to play double-faced role in Iran. If we think that Mosadeq's policies are so dangerous that we must work against him we shld let him know what we think before taking action. It seems to me, particularly in view statements made to me yesterday by Ala (Embtel 1983, Nov 28),[2] Shah not (rpt not) likely relish idea attempting replace Mosadeq so soon after latter's return as natl hero and while latter is probably more popular with masses than any polit figure in many years.

Henderson

[2] In telegram 1983 from Tehran, November 28, Henderson reported Ala's appraisal that Mosadeq was now displaying considerable political skills. The efforts of the Queen Mother to intrigue with Ahmad Qavam, in Ala's estimation, were likely to backfire. The Shah had directed Ala to speak to Mosadeq, "who repeated anti-Brit line as entire justification his policies of intransigence re oil solution . . . Further, Primin expressed opinion US would give budgetary aid rather than see Iran go communist, since if economic chaos came to Iran there would be no chance for pro-Brit govt and communism would result." (Ibid., RG 84, Tehran Embassy Files, 1950–1952, classified general records, Box 29)

57. Telegram From the Department of State to the Embassy in the United Kingdom[1]

Washington, November 29, 1951, 8:28 p.m.

2732. Dept disturbed at action suggested by Brit Emb Tehran (Tehran's 1984 Nov 28 rpt London 414)[2] and approves reply given by Henderson to Middleton. It seems to us requesting Shah at this particular moment to dismiss Mosadeq is doomed to failure; Mosadeq now at peak popularity and cld in test of strength probably overthrow Shah rather than vice-versa. Such an approach therefore, by virtue of position in which it wld place Shah, might turn him against Brit.

In view of joint appraisal recently recd from US and UK Embs Tehran,[3] Dept surprised Brit still believe solution of their problem in Iran is simply to get rid of Mosadeq (urtel 2537 Nov 28).[4] Even in unlikely event this shld succeed, Dept cannot rpt not see how any successor Govt cld adopt more moderate policy for some time to come. To stay in power or even to stay alive, new PriMin in our opinion cld not rpt not retreat substantially from Mosadeq's nationalization policies.

Brit Emb approached Dept Nov 28 on instrs from FonOff and expressed great interest in IBRD proposals (Deptel 2713 Nov 28)[5] although proposal as put to Brit apparently contains substantive variations from that conveyed to us, particularly as regards participation Brit in Iran oil industry. Brit asking US take no action with respect to US aid programs in Iran which might harden IranGov towards proposals now being refined by Bank. Tehran's 1985 Nov 28 reports Mosadeq also

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[1] Source: National Archives, RG 59, Central Files 1950–1954, 788.00/11–2851. Top Secret; Security Information; Priority. Drafted by Ferguson, cleared in EUR, and approved by McGhee. Repeated Priority to Rome for Secretary Acheson and to Tehran.

[2] Document 56.

[3] See Document 55.

[4] Not found.

[5] Telegram 2713 to London, November 28, was also sent as telegram 1102 to Tehran, printed in *Foreign Relations,* 1952–1954, vol. X, Iran, 1951–1954, pp. 287–288 (Document 134). The telegram describes the proposal of the IBRD for participation in a solution to the oil dispute. IBRD Vice President Robert L. Garner told Department officials that the proposal contained three basic points: (1) The Bank would arrange for an American or Dutch group to operate the oil fields and refineries. (2) The petroleum would be sold "free on board", i.e. at the cost of the commodity and not the cost of insurance or freight, internationally through established British channels. (3) The oil would be sold at a 33.5% discount with the Bank and the Iranian Government splitting the remaining revenues on a 50–50 basis. The Bank would then use its portion of the revenues to pay the operating costs of the Abadan fields and refineries. The Department reacted to the proposal with skepticism because it was felt Mosadeq would not wish to accept any British participation in the plan, a 33.5% discount would still make Iranian oil too expensive, and Mosadeq would not likely accept a 50–50 revenue sharing plan.

very interested in IBRD proposal.[6] While obstacles pointed out in Deptel 2713 still appear great to us, we are encouraged by attitude shown by both parties. Shld Mosadeq learn as is inevitable of any Brit attempt to have Shah dismiss him, he certainly will not rpt not be amenable to any suggestions for solution put forward by Bank or anyone else, and will see to it that any successor govt cld not rpt not accept any overtures of this nature.

Accordingly we believe you shld discuss matter frankly with FonOff pointing out while we sympathize with Brit position, our analysis is that contemplated Brit course of action not only unlikely to produce any basic improvement in US–UK position in Iran but in present atmosphere prevailing there, it contains serious dangers. We firmly believe Mosadeq's fall and replacement by suitable alternative must come about primarily as result internal polit and econ forces. Iran crisis has arisen in large part out of years of bitter resentment on part Irans against exactly sort of tactics Middleton is proposing.

While we agree change of govt or change attitude present govt essential if long-range solution is to be found, we cannot escape conclusion Iran people are solidly behind Mosadeq and any attempt by Brit to have him dismissed wld in all probability result in further removal Brit from Iran picture. It might also precipitate situation in Iran leading to assumption of power by Commies or by extremists of Maki–Kashani type who will not hesitate make deal with Communists.

If, despite above, Brit feel they must proceed with this course of action, we will of course not rpt [not] stand in their way. If asked by Shah for statement US position following Brit representations, we wld take line suggested by Henderson and tell Shah while we felt Mosadeq leading his country to disaster and change seems necessary, it is decision he himself must make and US wld not feel we cld press him one way or the other. You shld urge Brit not to press Shah take any action which he in his own judgment thinks inadvisable.

In view Tehran injunction not discuss with Brit Tehran's 1984, wld apprec Henderson indicating to London Dept and Rome his views re Gifford informing FonOff source our info. If London Emb representations wld involve serious breach confidence, Henderson shld take above line with Middleton and request him convey our views London FonOff.

Webb[7]

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[6] See ibid., pp. 288–291 (Document 135).

[7] Deputy Under Secretary Matthews initialed for Under Secretary Webb, who was Acting Secretary.

58. Memorandum Prepared in the Office of National Estimates, Central Intelligence Agency[1]

Staff Memorandum No. 171 Washington, undated.

SUBJECT

The Tudeh Problem in US Intelligence

1. The questions posed in NIE–46[2] have once again emphasized our lack of definite knowledge about the Tudeh Party. We know that the party exists as a disciplined and dedicated instrument of Soviet penetration of Iran, that it is the only political grouping in Iran which has any organizational coherence, and that it is steadily going ahead with the task of building up its strength to the point where it will be able to take over Iran. We do not, however, know the names of its present leaders, and we lack precise information regarding the size and character of its membership and following, its military capabilities vis-à-vis the government security forces, which it is attempting to penetrate, and its immediate objectives. Our current information about the party is largely confined to that obtained from observation of Tudeh demonstrations, from a scattering of captured documents and propaganda utterances, and from a limited number of low-level informants within the party recruited by SO contacts directly or by those of the Iranian police, the Iranian Army, [*less than 1 line not declassified*].

2. This is a highly unsatisfactory situation and one which would appear to warrant our putting strong pressure on SO, G–2 (whose representatives are primarily concerned with army loyalty) and other agencies to try to do something about it. In exerting such pressure, however, I think it is incumbent on us to do two things. The first is to recognize the nature of the problem we are up against. Tudeh is not a big legal Western-style Communist party which periodically registers its strength at the ballot box and generally operates on a big enough scale to afford plenty of opportunities for penetration. It is a relatively small conspiratorial party, by its own testimony highly concerned about security, which has applied the cell organization strictly to prevent individual members from knowing too much. If SO manages to place an agent at the center of one of the three of four important provincial headquarters of Tudeh or in the national Politbureau—and SO cer-

[1] Source: Central Intelligence Agency, DDI Files, Job 79T00937A, Box 1, Folder 2, Staff Memoranda—1951. Top Secret; Security Information. The memorandum was probably prepared prior to December 12.

[2] An apparent reference to NIE–46 in draft form. NIE–46 was distributed in final form on February 4, 1952, and is printed as Document 63.

tainly should be trying—we should be able to get precise answers to our questions. Until that happy day, we shall have to rely, as we do in the case of the Soviet Politbureau, on imprecise secondary information.

3. The second task incumbent upon us is to take a closer look at the estimative value of the information about Tudeh that is available. We have a fairly complete picture of Tudeh's early history as Iran's first real political party, from the emergence of its leaders from Reza Shah's prisons during the war up through 1946, when a Tudeh offshoot ruled in Azerbaijan, Tudeh leaders held the mayoralty of Tehran and seats in the cabinet, and Tudeh dominated the labor movement. We have documentary evidence as to the organizational and ideological travails the party underwent following the collapse of the Azerbaijan regime, the breaking of the oilfield strike, and Qavam's violent campaign of suppression which followed. Signs of Tudeh revival were beginning to appear when the party was completely banned and a number of leaders arrested following the attempt on the Shah's life in early 1949. Available party documents confirm the impression of another slow revival following a period of confusion and immobility after the 1949 ban on the party—first the careful reconstitution of a secure system of cadre cells, then a cautious recruitment of new members accompanied by a revival of key elements of the party's clandestine press. This phase was completed in late 1950; with the emergence of the oil crisis in early 1951, Tudeh front organizations moved out into the streets to demonstrate for peace and oil nationalization. The Tudeh press output increased.

4. These demonstrations, which continued sporadically into the fall, apparently had the immediate purpose of building up popular support for Tudeh causes and keeping anti-Western feeling high. Although they provided valuable practice in militant tactics, as well as in testing Tudeh ability to get out a crowd, there is no indication that the drillmasters were ordered specifically to fight; such brawls as resulted appear to have been caused by the intervention of Nationalist Front supporters.

5. The impression that Tudeh is currently concentrating on building up popular confidence and support rather than on preparing for an imminent resort to force is borne out by recent reports. One possible signpost is provided by a *Cominform Journal* article of late August which describes Tudeh progress in glowing terms but points out that the movement still has a long way to go and indicates that establishment of a popular front government is the next step. There have been two or three reports, some quite specific, about Tudeh hopes of electing supporters to the new Majlis. Reports of cell meetings indicate preoccupation with such matters as collection of dues, education, sale of party publications, and tighter security in view of the recent police seizure of membership lists and other documents. The SO representative's pre-

liminary analysis of the documents seized in the 27 October police raid on Tudeh's Tehran provincial headquarters indicated that no Tudeh plans "of any significance" had been found. I have seen only one report of Tudeh military preparations, an unconfirmed SO report of some months back alleging that a terrorist group of 100 men was being organized in southern Iran. There have been two or three recent reports that Tudeh recognized that an opportunity to take power might come relatively soon but that it was still unprepared and did not desire a direct clash at this time with the relatively favorable Mossadeq government.

6. This picture of the development of the Tudeh Party is admittedly based on incomplete information, and our information regarding specific Tudeh capabilities is even less precise. Even there, I think we have enough information to reach some reasonably sound conclusions. Tudeh's capability for assuming power eventually rests on three interrelated factors in various combinations: its ability to marshal popular support, either at the polls or in street demonstrations; its purely military strength vis-à-vis the security authorities; and its ability to cajole, bribe, or trick other politicians into giving it assistance. These factors are analyzed below.

a. *Popular support.* Actual strength of the party and its supporters is unknown, and existing estimates by US, British and Iranian officials in Iran range all the way from 4,000 (active membership) to 20–40,000 (possibly including sympathizers). A rough index is provided, however, by the size of Tudeh demonstrations, which have specifically been described in some reports as tests of strength. Tudeh demonstrations in Tehran this year have never had more than about 5,000 specifically pro-Tudeh participants and have been markedly smaller in the few provincial centers in which Tudeh demonstrations have taken place. These figures are markedly below those of 1946, the last occasion on which Tudeh had any real pretensions of being a mass party. Moreover, it is significant that Tudeh demonstrators have been not only outnumbered but actually defeated in street fighting by the National Front element. Tudeh mass support is unlikely to be a critical factor until the party can take over a significant portion of the floating support now aligned with the National Front.

b. *Military strength vis-à-vis the security authorities.* There have been no reports of the existence of Tudeh paramilitary organizations and only scattering reports of preparations for a military phase. This negative information is obviously inconclusive. There is some reason to believe, however, that if the party were preparing for imminent military operations some indications would show up in reports now being received. By way of comparison, there have been numerous reports over the last few years of Soviet agent activities and imminent revolts among the Kurds. None of these revolts has materialized. There have

been various unsubstantiated reports of Tudeh penetration of the armed forces and equally categorical denials from strongly anti-Tudeh informants who also should be in a position to know. The question of armed forces loyalty has been under almost constant review by the US MA in Tehran this year but he has thus far failed to come up with specific data.

c. *Political maneuverability.* Tudeh's ability to secure advantages through political deals and intrigue is unknown. It should be noted, however, that most Iranian political leaders are consummate intriguers (Qavam in particular, out-maneuvered both Tudeh and the Soviets in 1945–46) and that Tudeh's political bargaining power will in large measure depend on the amount of popular support and ability to use violence that it possesses.

7. It is suggested that the intelligence problem raised in this memorandum be discussed with representatives of SO, OPC, G–2, and OIR at an early date.

R.L. Hewitt

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59. Memorandum From the Chief of the Iran Branch, Near East and Africa Division, Directorate of Plans ([*name not declassified*]) to the Chief of the Operations Division, Directorate of Plans, Central Intelligence Agency (Helms)[1]

Washington, December 29, 1951.

SUBJECT

Summary of Project Activities during December 1951

A. *Political and Psychological Warfare.*

[Omitted here is one paragraph of operational data.]

2. Attempts to expose and oppose the Tudeh Party in the National elections of Iran continue to be the main activity under project [*6 lines not declassified*].

3. [*1 paragraph (3 lines) not declassified*]

4. [*1 paragraph (3 lines) not declassified*]

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[1] Source: Central Intelligence Agency, DDO–IMS Files, Job 80–01795R, Box 8, Folder 2, Office of Policy Coordination (OPC) History, 21Dec51–29Dec51. Top Secret; Security Information.

5. Headquarters finally rejected two possibilities of fighting the Tudeh Party in the National elections because of the questionable worth of the operations. The possibility of utilizing and supporting Ayatollah Kashani, the influential and fanatic Moslem cleric, was discarded because of the difficulty in controlling him and limiting our support to an anti-Tudeh campaign. It was felt that Kashani would use the support to enhance his own position. Support of the Iranian Army as an arm of the Shah's influence in the elections was withheld because of the shortage of time and our reluctance to take this action without approval of the court.

[Omitted here are three paragraphs of operational detail.]

[***name not declassified***]

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60. Editorial Note

Prime Minister Mosadeq's reluctance to accede to the conditions for a continuation of military aid and the military missions to Iran under Section 511, paragraphs (a) and (b) of the Mutual Security Act of 1951 posed a problem for the Truman administration. Section 511, paragraphs (a) and (b), prohibited providing military, economic, or technical assistance to any nation unless the President determined that such assistance would strengthen U.S. security and unless the recipient country agreed to certain obligations. (P.L. 82–165; 65 Stat. 381) A memorandum from Acting Assistant Secretary of State for Near Eastern, South Asian, and African Affairs Berry to Secretary Acheson, dated January 8, 1952, explained that "Prime Minister Mosadeq thus far has categorically refused to give the assurances required under Section 511(a) of the Mutual Security Act in order to permit continuation after January 8 of military aid and economic and technical assistance in support of the military effort. Dr. Mosadeq's refusal to give these assurances in any form appears to have been based upon his reluctance to take a position which might be interpreted as aligning Iran irrevocably with the United States in opposition to the Soviet Union, thus militating against Iran's current efforts to maintain a neutral position in the East-West struggle." As the Department was flexible in devising a formula whereby Mosadeq could legitimately fulfill the conditions set forth in the Mutual Security Act, "we proceeded with a plan to obtain from Dr. Mosadeq in suitable form assurances under Section 511(b) of the legislation which would permit continuation of 'simple' economic aid. After difficult negotiations even on this point, Ambassador Hen-

derson was successful in obtaining from Dr. Mosadeq a letter which, although not wholly satisfactory, at least contained assurances that Iran adhere to the principles of the United Nations, those principles including the principles set forth in Section 511(b). An exchange of notes on this basis was accomplished on January 5." For the text, see *Foreign Relations,* 1952–1954, volume X, Iran, 1951–1954, pages 305–311 (Document 141).

In telegram 2771 to Tehran, April 1, Acheson directed Henderson to "tell Shah you have reported his views to Washington and have been advised there is still no way military aid can be extended to Iran in absence assurances required by law. At your discretion you may also wish to tell him that US will be forced in near future to divert elsewhere funds appropriated for Iran unless there is reasonable assurance Iran will become eligible for resumption military aid." (National Archives, RG 84, London Embassy Files, Lot 59 F 59, classified general records, Box 28)

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61. Despatch From the Station in Iran to the Central Intelligence Agency[1]

[*Despatch number not declassified*] Tehran, January 10, 1952.

SUBJECT

General—Operational
Specific—Summary of Remarks and Opinions Expressed by Mulla Ayatolla Kashani—5 January

Following transmitted for the record only as it may contribute to further operations involving the penetration of Kashani's group.

1. Attached hereto (Attachment 1) is a summary of remarks and opinions expressed by Mulla Ayatolla Kashani during a conversation [*less than 1 line not declassified*] on 5 January 1952.

2. The conversation [*less than 1 line not declassified*] and took place in a house chosen by Kashani in the Shimran suburb of Tehran on 5 January. [*1½ lines not declassified*] It was explained [*less than 1 line not declassified*] to Kashani that we had nothing to ask of Kashani, nor anything

[1] Source: Central Intelligence Agency, DDO Files, Job 89–00176R, Box 1, Folder 14, Iran. Secret; Security Information. Sent by air pouch. Approved by the Chief of Station and sent from the Deputy Chief of Station to the Chief of Foreign Division R.

specific to discuss with him; but that the reason for the meeting was to afford an opportunity for a frank, informal, friendly exchange of views.

3. Kashani immediately began attacking American policy of "siding with the British" in Iran, being most outspoken in his views. His criticism against the United States appeared to begin with "America's imposition of Razmara on the Iranian people." He singled out U.S. Attaché Gerald Dooher for special condemnation, and recalled Dooher's interview with him during which the former tried to get him to support Razmara's candidacy for premiership. Kashani stated that pious American claims to not interfere in internal Iranian affairs were belied by Wiley's and Dooher's support of Razmara. He also attacked the United States for its support of the British position in Egypt.

4. [*1½ lines not declassified*] it is felt that a personal relationship with Kashani over a period of time may serve to give this Station a better insight into the character and significance of this most important Iranian and Middle Eastern political figure.

5. In Attachment 2 is a brief analysis of Kashani as a person as could be gathered in one two-hour conversation.

[*name not declassified*]

Attachment 1

Summary of remarks made by Mulla Ayatolla Kashani during conversation [*less than 1 line not declassified*] on 5 January 1952

1. Iran wants nothing from the United States save to be left alone and to have American influence used to prevent other powers—particularly Great Britain—from interferring in Iranian affairs. If Iran could be left strictly alone and not be molested by foreign powers it could become a rich and populace nation, even without benefit of its oil resources.

2. My desires, towards which my activities are directed are twofold: namely (1) prevention of a third World War in which the Middle East is involved and (2) opposition to the spread of Communism in Iran. In order to realize these aims three steps are necessary. We would like to have the co-operation and support of the United States in carrying out these three steps which I shall describe as follows:

A. Aid enabling the small nations with their weak governments to become strong and prosperous and—above all—truly independent.

B. Removal of all traces of the old imperialism. To bring this about the United States must use its international power and influence in support of the exploited colonial peoples and specifically to make it clear to

Britain and France that the United States will not tolerate their imperialistic policies.

3. [C.] Bring about the unity and co-operation of the various Islamic countries so that the Near and Middle East by mutual co-operation may better resist Communism.

3. *Communism*

With regard to Communism in Iran the influence of the Moslem religion and more specifically my own influence has done and will do more to oppose Communism than $23,000,000 or even $23 billion of American aid.

4. The next most effective way of preventing Communism in the Middle East is for the Western powers to abandon their Imperialistic approach. Persistence of England and France in a colonial policy will only drive the Middle Eastern peoples into the arms of the Soviets.

5. *Point Four and Military Aid From U.S.*

I have advised the Prime Minister that Iran should not accept the $23,000,000 Point Four aid offered by the United States if there are any strings whatsoever attached which restrict Iran's Sovereignty, neutrality, or liberty of action. We do not need the aid that badly.

6. Similarly I do not believe that Iran should continue to accept military aid so long as it binds Iran to any commitments inconsistent with Iran's Sovereignty.

(Station Note: Although wording cannot be recalled, Kashani gave the impression that he was not in favor of military aid anyway.)

7. *Solution of the Oil Problem*

The World Bank, like other international organizations is primarily motivated by its interest in preserving the privileges of the large powers and is not truly dedicated to helping the smaller nations. (Station Note: The United Nations support of Iran during the Azerbaijan Democratic separatist movement in 1946 was pointed out to Kashani as an example of United Nations support of weak nations. Kashani said that basically the larger Western nations who control the United Nations were motivated by wholly selfish interests in their 1946 protection of Iran. The United Nations has not acted similarly in the defense of Iran against British pressure.)

If the World Bank sincerely wishes to find an acceptable solution to Iran's oil problem, the following three principles must be adhered to:

A. Absolutely no British nationals may be employed in Iran.

B. The Iranian board of management must have supreme power over the Iranian oil industry. The Iranian board of management must have power to hire and fire foreign technicians.

C. Foreign technicians hired by the Iranian oil company should be replaced by Iranian technicians as soon as Iranian technicians can be trained.

8. The greatest assistance which could be rendered by the United States in solving Iran's oil problem would be for the United States to immediately purchase some Iranian oil—even a small quantity—and arrange delivery of it. This symbol would "open the door" and show to the World that others can freely buy Iranian oil. The British blockade would be broken.

9. *Middle East Pan-Moslem Activities*

I am concerned with Imperialistic activities throughout the Middle East and Africa. I maintain intimate contacts throughout the Moslem world and am kept informed about the imperialistic actions of the French in Morocco and the Jezireh (Syria) and the British actions in Egypt. I have contacts also in India and Pakistan. If the United States persists in backing the British and French policy in these countries it will lose the friendship of the Middle East. (Station Note: Other remarks made by Kashani on this subject clearly revealed that he hoped for a Pan-Moslem Union, was working toward this goal, and had certain personal ambitions in this direction.)

10. *American Contact*

It is my desire that our contact be continued. It should be mutually beneficial for the United States and Iran if our contact be carried on.

(Station Note: [*3½ lines not declassified*].)

Attachment 2

PERSONALITY SKETCHES

Kashani is unique amongst Persians insofar as he avoids couching or disguising his remarks in flowery politeness. He is blunt, sometimes to the point of rudeness, and is candid. His tactics, during the conversation in question at least, were to sharply criticise and attack Americans at the beginning, then shift to a more soothing treatment—presumably calculated to show that he is not a complete enemy of the United States.

He has a definite sense of humor, and a devilish glint in his expressive eyes. But from the role of kindly old man he can abruptly switch to a tyranical attitude of fierceness. His voice quavers when he talks which fact does not however detract from his forcefulness.

He exhibits a definite megalomania, characterized not only by obvious vanity but by his trying to monopolize the conversation, not allowing others in a conversation to finish their sentences, disdain for the words of others etc. He is a most difficult individual to talk with.

Kashani is not a logical or judicious thinker. He gives the appearance of being greatly motivated by emotion but above all by personal ambition. Kashani thinks in grandiose terms of Middle East crusades

against Western Imperialism. While most Persian politicians are solely concerned with their role and position within Iran, it is obvious that Kashani's aspirations are greater. He appears to be personally concerned with what occurs in Morocco, Israel, Syria, Pakistan and India and claims to be well informed as to events throughout the Middle East.

Kashani exudes a certain conspiratorial air, the air of a man who thoroughly enjoys intrigue. He lowers his voice to whisper when particularly important points are made. He showed genuine concern when other callers were announced during the conversation. His son, rather than a servant, served tea. [*1½ lines not declassified*]

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62. Memorandum From the Assistant Director of the Office of National Estimates (Kent) to Director of Central Intelligence Smith[1]

Washington, January 30, 1952.

SUBJECT

NIE–46: Probable Developments in Iran in 1952 in the Absence of an Oil Settlement[2]

1. The major conclusion reached in NIE–46 (Paragraph 9) was: "Barring the establishment of authoritarian rule, either by the National Front or by the conservatives, the Tudeh potential for gaining control over the country will substantially increase."

2. The major estimative omission in NIE–46 is the failure to estimate the likelihood of authoritarian rule actually being established. Many hours of discussion failed to produce unanimity among the IAC agencies on the divergent views originally proposed by State and the Board of National Estimates.

3. The Board's position was that economic and political disintegration under Mossadeq would occur quite rapidly, that the National Front would probably not act with sufficient determination to satisfy popular desires for social and economic reform, and that in the short

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[1] Source: Central Intelligence Agency, NIC Files, Job 79R01012A, Box 14, Folder 1, NIE–46 Iran. Secret; Security Information.

[2] Document 63.

run there was at least an even chance that the conservatives would return to power and rule by authoritarian methods.

4. State, on the other hand, virtually excluded the possibility of the conservatives returning to power and gave the National Front great potential for remaining in power, for staving off financial breakdown, and for ruling by authoritarian means.

5. State, during the discussions, moved considerably toward the Board's view that financial difficulties would provide an early and severe test for the Mossadeq regime. State also conceded that the Mossadeq government would have to act with will and determination to control the situation. A compromise was finally reached which in effect offers two equally likely possibilities—authoritarian rule by the National Front or by the conservatives.

6. The Army has advised that it wished to raise several more points regarding the present draft. The Board did not call another IAC representatives meeting on the grounds that State and Navy were completely satisfied with the present draft. They agreed with the Board that little more could be accomplished at the working level.

Sherman Kent

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63. National Intelligence Estimate[1]

NIE–46 Washington, February 4, 1952.

PROBABLE DEVELOPMENTS IN IRAN IN 1952 IN THE ABSENCE OF AN OIL SETTLEMENT

Conclusions

1. The probability of Mossadeq or another National Front leader continuing as Prime Minister at least for the present appears strong. His parliamentary position and that of the National Front will probably be further strengthened as a result of the current elections. It is unlikely that the Shah will influence events in the immediate future.

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[1] Source: Central Intelligence Agency, NIC Files, Job 79R01012A, Box 14, Folder 1, NIE–46 Iran. Secret. According to a note on the cover sheet, this estimate was submitted by the Director of Central Intelligence, and concurred in by the Intelligence Advisory Committee on January 31. The Central Intelligence Agency and the intelligence organizations of the Departments of State, Army, Navy, Air Force, and the Joint Chiefs of Staff participated in its preparation.

2. The maintenance of National Front strength in the present highly volatile situation will depend primarily on the government's success in solving financial problems resulting from the nationalization of oil and in satisfying the basic economic and social demands which have been intensified by the nationalization issue.

3. It is unlikely that Iran can sell financially significant amounts of oil to non-Soviet orbit countries without the acquiescence of AIOC, or will obtain significant oil revenues from sales to the Soviet orbit countries.

4. However, the Mossadeq government can meet its essential obligations for two or three months by resorting to the various expedients available to it without legislative action by the Majlis. It can probably gain the backing of the new Majlis for measures which would avert a fiscal breakdown at least through the summer of 1952.

5. Nevertheless, the economic position of Iran will become progressively more precarious and the Mossadeq government will be under increasing pressure to satisfy the hopes for social and economic benefits aroused by the nationalization program.

6. Failure to provide these benefits would be likely to lead many National Front supporters to turn to the Tudeh Party.

7. It is almost certain that the National Front leaders will have difficulty in agreeing on measures to satisfy popular demand for social and economic benefits and in obtaining Majlis support for these measures. Therefore, in order to put through such measures, the National Front government would probably be forced to adopt authoritarian methods.

8. If the National Front government is replaced by a conservative government the new government would almost certainly be forced to make concessions to nationalist sentiment and to rule by authoritarian methods.

9. We thus believe that barring establishment of authoritarian rule, either by the National Front or by the conservatives, the Tudeh potential for gaining control over the country will substantially increase. However, we do not believe that a Tudeh coup is imminent.

Discussion

The Present Situation

10. Prime Minister Mossadeq and the National Front movement continue to dominate the political scene in Iran. They have retained the enthusiastic support, particularly in Tehran, of the urban workers, shopkeepers, teachers, students, government employees and religious zealots who, under Mossadeq's leadership, have seized the political initiative from the traditional ruling groups of wealthy merchants and landlords. Although his followers in the National Front do not form a

firmly-knit party, and some are ambitious, self-seeking politicians like Mullah Kashani and Hosein Makki, Mossadeq will most likely be able to prevent a split in the National Front in the near future.

11. The oil crisis has not had any noticeable effect on the national standard of living, and has only begun to affect payment of government salaries. Although the oil industry has provided the Iranian Government with no royalties since April and no other foreign exchange since September, Mossadeq has been able to delay a financial breakdown by drawing on the reserves maintained to cover issuance of bank notes and by diverting funds from the Seven Year Plan Organization. Civil service, army, and security force salaries are no more in arrears than usual. All the Iranian oil workers formerly employed by the AIOC are still being paid by the Iranian Government, even though the vast majority are not fully employed. With regard to most petroleum products, Iran's internal needs have been supplied by the Kermanshah refinery, which has been kept in operation, and by limited production at the Abadan refinery. Meanwhile, the overwhelmingly peasant majority of Iran's population has remained unaffected by the present crisis. Despite some usual instances of local crop failure, this year's food crop has been approximately normal, prices have remained stable, and there have been no shortages of sugar and tea, the only imported staples in Iran's diet.

12. Conservative opposition to Mossadeq is at present disorganized, hesitant, and fearful. This opposition is drawn mainly from the traditional ruling group, many members of which fear they will lose their parliamentary seats in elections conducted by the Mossadeq government. Although a substantial majority in the Majlis is basically opposed to Mossadeq, most of the deputies have supported him on the oil issue and acquiesced in Mossadeq's decision to hold elections while his popularity was high. Mossadeq's critics are reluctant to expose themselves to the mob hysteria and possible violence which they fear Mossadeq's group or the Tudeh Party might bring to bear against them. More important, they have been restrained by the Shah's failure to commit himself to support the removal of Mossadeq. Although the Shah asserts that Mossadeq's oil policy will prove disastrous for Iran, he has been unable to agree with the opposition on a suitable successor to Mossadeq and apparently fears that an attempt to remove Mossadeq at this time would lead to his own assassination or to a revolution against his throne.

13. The Communist-dominated Tudeh Party has bettered its position considerably during Mossadeq's tenure of office. Although Mossadeq is basically hostile to Soviet imperialism, his government has failed to take a clear-cut stand against the Tudeh Party, primarily because Mossadeq is unwilling to take drastic action against an organiza-

tion which he believes can be kept under control and which supports the government on the nationalization issue. In addition, some National Front leaders and government officials appear to be Tudeh sympathizers. As a result, Tudeh has been able to carry on a program of agitation and demonstrations and has gained increased support, notably among students, industrial workers, and civil servants. While the size of the Tudeh Party cannot be accurately determined, we believe its present strength is much lower than the several hundred thousand supporters claimed by Tudeh during its heyday in 1946. Recent US and British-field estimates give a total of about 8,000 actual members in the Tehran area (with perhaps three or four times as many sympathizers) and a total of some 5,000 members in the oil field area, in Azerbaijan, and along the Caspian coast. The Tudeh has succeeded in penetrating several departments of the government (notably Education and Justice), although not to the extent of seriously influencing government policy or operations. Available evidence indicates that Tudeh has had less success in penetrating the army and security forces.

14. Mossadeq's current foreign policy represents a compromise between the basic nationalist desire to eradicate all foreign interference in Iran and Iran's need for foreign assistance. Mossadeq and most of his followers are as much opposed to Soviet as to British interference in Iran, and also are suspicious of closer ties with the US. They fear that such ties would lead to direct political or economic penetration which would oblige Iran to commit itself to the West or antagonize the USSR. Nevertheless, Mossadeq has recognized, as most Iranian leaders have in the past, that Iran cannot maintain a completely isolationist position, and is following out the traditional policy of balancing off the great powers against each other. Although his followers have not hesitated to attack the US as well as the UK, Mossadeq has asked that the US provide emergency financial assistance to Iran until such time as the oil industry is restored to production. He has simultaneously entered into negotiations for a new trade agreement with the USSR and has reportedly sought oil technicians from the Soviet bloc as well as from various Western countries. He has also reportedly entered negotiations with Poland, Czechoslovakia and Hungary for the sale of Iranian oil.

Probable Economic Developments Under Mossadeq

15. In the absence of an oil settlement, Iran will continue its efforts to sell to any customer. It is unlikely, however, that Iran could sell financially significant amounts of oil to non-Soviet orbit countries without the acquiescence of AIOC and the other major Western distributors. Moreover, as further discussed below, it is unlikely that Iran could obtain significant oil revenues from sales to the Soviet orbit countries.

16. Although Mossadeq will probably continue to seek US aid to enable him to meet his budgetary deficit—which would make it easier for him to stand firm on his own terms for an oil settlement and would temporarily strengthen his political position—it is increasingly clear that he opposes the development of closer military and political ties with the West. He has vacillated on giving formal approval to the continuance of the US military missions and the military aid program. He also has strong objections to becoming subject to the US economic advice. Although he was recently prevailed upon to sign a Point IV agreement, he has thus far refused to provide the assurances that would enable Iran to obtain military assistance under the Mutual Security Program. If he fails to receive US aid to relieve his growing budgetary difficulties, he may terminate the contracts of the US military missions and eventually curtail US technical and economic assistance activities in Iran. However, it is also possible that internal pressures may force him to go further in giving commitments to the US than he would personally favor. Meanwhile, he will almost certainly make greater efforts to expand Iran's economic relations with other countries including the Soviet bloc, providing they do not appear to involve foreign interference in Iran's domestic affairs.

17. As an alternative to US aid, Mossadeq almost certainly would press forward with negotiations now under way with Poland, Czechoslovakia and Hungary for the sale of some two million tons of Iranian oil, and will probably also seek oil deals with other members of the Soviet bloc or with the USSR itself. However, it is unlikely that the Soviet bloc could provide enough tankers to move financially significant quantities of oil from Iran, and thus the sale of oil to the Soviet bloc would probably not provide Mossadeq with a lasting solution of his financial problems.

18. The USSR might attempt to gain political advantages in Iran by providing Mossadeq with limited advances against future oil deliveries or by satisfying Iran's dollar and gold claims against the USSR. Such measures would have only a temporary effect on the financial position of the Mossadeq government. We do not believe that the USSR would be willing to give Mossadeq sufficient assistance to solve Iran's financial problems except on terms which he would be unable to accept. The Soviets probably estimate that their best chance of gaining control of all or parts of Iran is by allowing the situation to continue to deteriorate rather than by bolstering any Iranian Government.

19. The loss of foreign exchange as a consequence of the closing of the oil industry will force the Iranian Government in the coming months to reduce imports largely to the level which can be financed from the proceeds of non-oil exports. Because of the high level of exports which has characterized Iranian foreign trade in the Korean war

period and which is expected to continue at a substantially similar level for at least over the next six months, and because of the still uncommitted Central Bank holdings of foreign exchange of approximately 30 million dollars, it is improbable that the government would be forced during the next six months to cut imports to a point where the standard of living will be seriously affected. Nevertheless Iran's economic position without oil revenues is precarious. The prospects for Iranian-financed economic development are largely foreclosed. A crop failure or a decline in exports would lead to quick and serious difficulties. In any event, maintenance of imports at politically satisfactory levels would lead to a steady drain on foreign exchange reserves, which, in time, would leave Iran with no margin for contingencies.

20. The chief impact of the cessation of oil production has up to now been on the fiscal position of the government. The monthly budget deficit has increased to about four times the rate of the first half of 1951. (At the new exchange rate of approximately 60 rials to the dollar the current estimated monthly deficit would be 6.5 million dollars.) During the past four months this deficit has been financed largely by drawings upon the 40 million dollars of sterling transferred last August from the note cover. Within a month the remainder of this sterling will have been sold to the Central Bank for local currency. The government could, without reference to the Majlis, maintain its current rate of deficit spending through April provided it carried through with the bond drive more vigorously, and in addition took steps to enable the National Iranian Oil Company to borrow directly from the Central Bank, drew upon the 8 million dollars recently acquired from the International Monetary Fund, sold government stocks of wheat and sugar, and undertook other possible improvisations.

21. If it is to meet its essential obligations beyond April, the Mossadeq government will have to seek legislative authority enabling the Central Bank to increase the currency issue and make additional loans to the government. Resort to such tactics, however, would arouse serious opposition in the present Majlis and therefore Mossadeq will probably not seek this authorization until after the convening of the new Majlis (now scheduled for late February) in which National Front strength will probably be sufficient to give the Mossadeq government legislative authority to meet its obligations through the summer of 1952. The ability of the government to continue to meet its financial obligations in the absence of adequate oil revenues thus depends upon its will and determination to resort to the expedients available to it, and upon its success in persuading the Majlis to follow its lead.

Prospects For The Survival Of The Mossadeq Regime

22. The survival of the Mossadeq government, however, will not depend solely upon its ability to avert a financial breakdown. The pop-

ularity of the Mossadeq government derives largely from its success in "liberating" Iran from British interference. However, the unrest which has found expression through, and has been intensified by, the oil nationalization issue is not likely to subside now that the AIOC has been ejected. Although Mossadeq will continue to benefit from popular opposition to the British, he will have increasing difficulty drawing public attention away from his failure both to fulfill promises of economic improvement and to derive significant benefits from Iran's oil resources. He is thus likely to be faced with the possibility of losing popular support.

23. Although the new Majlis will probably continue to support Mossadeq on the issue of British interference, the National Front majority is itself likely to split on other issues. The government will almost certainly have difficulty in agreeing on and in obtaining Majlis support for measures which would allay popular demand for social and economic benefits. Failure to carry through with such measures would probably lead many supporters of the National Front, both within and outside the Majlis, to turn to the Tudeh Party, which is the only disciplined party in Iran offering a clear-cut program of social and economic reform. In order to forestall such a development, the National Front government would probably be forced to adopt authoritarian methods.

24. The tendency of minority groups and provincial leaders to ignore the writ of the central government would also increase if the National Front government failed either to keep Majlis support or to adopt authoritarian methods. Mossadeq apparently distrusts the army and the gendarmérie and has given them little support. This may eventually have a serious effect on their morale and consequently on their will and ability to maintain the government's authority over such potentially separatist elements as the Azerbaijanis, the Kurds, the Bakhtiaris, and the Qashqais, as well as in Tehran. The ability of the government to maintain frontier security and collect taxes would decline. A weakening of the government's central authority would greatly enhance the danger of a substantial increase in Tudeh influence, not only in Tehran but particularly among the oil workers in the South and the population of Iran's northern provinces. There would also be greater opportunities for Soviet exploitation.

25. It is probable that either Mossadeq or another National Front leader will continue as Prime Minister, at least for the present. The Shah has the constitutional power to dissolve the Majlis and can usually remove a Prime Minister from office. He also is Commander in Chief of the Army and has the support of the Army. It is extremely unlikely that he would use his power to remove Mossadeq as long as the latter has the support of the Majlis, since such a move might lead to serious civil disturbances. If Mossadeq's popular support weakens, the chances of

his removal by normal political means will increase. In this event, the land-owning group will probably try to reassert its control over the central government and may be successful if a suitable leader can be found.

26. A conservative regime, however, would be confronted with the same social and economic problems. An attempt by a new government to obtain an oil settlement on terms presently acceptable to the West would meet with the most vigorous opposition by the National Front and the Tudeh Party. Consequently, in order to stay in power and cope with the situation, such a successor regime would almost certainly be forced to make concessions to nationalist sentiment and to rule by authoritarian methods.

27. We thus believe that during 1952 there will be increasing demands for social and economic benefits which Mossadeq and the National Front will find it hard to satisfy without adopting authoritarian methods, partly because of the lack of unity in the National Front and partly because of difficulties in meeting financial requirements. Barring establishment of authoritarian rule either by the National Front or by the conservatives, the Tudeh potential for gaining control over the country will substantially increase. However, a Tudeh coup is not considered imminent for the following reasons:

a. There is no evidence of appreciable Tudeh penetration of the armed forces;

b. So far as is known the key ministries (defense, communications, and internal security) have not been effectively penetrated by the Tudeh;

c. There is no indication that the Tudeh has an armed paramilitary organization of any significance; and,

d. There has been strong rivalry between the National Front and the Tudeh on most matters. We believe this rivalry will continue for the period of this estimate.

64. Telegram From the Embassy in Iran to the Department of State[1]

Tehran, February 16, 1952.

3118. This estimate Tudeh potential prepared by Emb and concurred in by CAS and Service Attachés supplements Embtel 2943 Feb 4 [*5*].[2]

We believe Tudeh potential inextricably bound with fate Natl Front Govt and internal stability. Hence, estimate duration Mosadeq regime without financial resources is basic to calculation of rapidity with which presently well-organized Tudeh may infiltrate all organs of power and may successfully challenge Natl Front. Mosadeq Govt may continue for unspecified period because of popular support and hesitant Shah, with Army, might be reluctant attempt replace him. Therein appears to lie danger since Mosadeq Govt might hang on and neutralize other anti-communist opposition forces until pro-Tudeh Govt wld be able assume power.

Oil is only publicized program of Mosadeq Govt, and because of coalition character Natl Front contains seeds of disunity on domestic issues. Mosadeq thus far has kept party unity thru need for mutual support in elections and natl unity, despite deteriorating domestic conditions, by concentrating on anti-Brit issue. He is believed unwilling to take any stringent actions against Tudeh for fear creating untimely internal troubles. Govt thus might remain in power while political, economic and mil forces deteriorated until split within itself left field open to Tudeh as only remaining organized and unified opposition.

On basis election returns, which still subject to minor modification, Tudeh vote Tehran amounts approx 30 thousand. By descending order Maki is first on list with approx 112 thousand while Tudeh candidate Qasemi is 14th with approx 29 thousand votes. Despite some rigging ballot by Govt, Tudeh vote count believed essentially accurate. There

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[1] Source: National Archives, RG 84, Tehran Embassy Files, 1950–1952, classified general records, Box 31. Secret; Security Information; Priority. Drafted by Cuomo and Melbourne on February 15 and cleared by Richards. The telegram is the Embassy copy as approved and has no time of transmission.

[2] In telegram 2943 from Tehran, February 5, the Embassy reported that the National Front had largely succeeded in limiting Tudeh gains in the recent Majlis elections. Nevertheless, the Embassy stressed that "in immediate future Tudeh likely represent effective organized opposition to Mosadeq Gov." The strength of the Tudeh depended not on its organizational abilities alone, but rather on the financial and political stability of the National Front government. Hence, "danger for Iran just now comes not so much from present organization and activities of Tudeh as from possibility that gov may become impotent result of its own bankruptcy." (Ibid., RG 59, Central Files 1950–1954, 788.00/2–552)

was energetic buying voting cards by Tudeh party from apathetic non-party voters before and during balloting. (To offset this in use of ballot count as calculation Tudeh strength is fact families Tudeh voters more politically active than non-communists.[)] Hence it appears numerical estimate Tudeh strength Tehran and environs approx represented by vote.

Disturbing feature Tehran elections, despite Natl Front victory in electing all 12 deputies to which Tehran district entitled, is fact Tudeh-supported candidates placed in slots varying from number 14 downward. Returns clearly showed Tudeh is strongest organized opposition force to Govt since no non-communist opposition candidate received vote equal to that of Tudeh candidate lowest on list. This tends substantiate Mosadeq statement to Amb (Embtel 3031 Para 5 Feb 11) that Tudeh remains only organized political faction in opposition.[3]

Disturbing also is info Natl Front is attempting covertly divert loyalty of security forces from Shah to Govt. Mosadeq becoming ever more suspicious of Shah and may make overt move to undermine his authority (Embtel 3067 Feb 13).[4] Any open struggle between them will give good fishing to Tudeh.

Henderson

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[3] *Foreign Relations*, 1952–1954, vol. X, Iran, 1951–1954, pp. 349–352 (Document 157).

[4] In telegram 3067 from Tehran, February 13, Henderson reported that Mosadeq had told him of his suspicions that the Iranian army was unfriendly to the National Front and "interfering in elections" against National Front candidates. When Henderson told Mosadeq of his impression that the army had refrained from interfering in politics, Mosadeq replied that "they were rather careful in concealing their activities," and that such activities must cease. Henderson closed this telegram with the comment that he was "somewhat apprehensive from statements made to me during course this conversation with Mosadeq that gulf between him and Shah is widening and that he may take some step in not distant future which will result in open breach between them." (National Archives, RG 84, Tehran Embassy Files, 1950–1952, classified general records, Box 29)

65. Despatch From the Embassy in Iran to the Department of State[1]

No. 878 Tehran, February 16, 1952.

SUBJECT

Transmitting a study entitled "The Rise of an Iranian Nationalist"

There is transmitted a report prepared by Mr. John H. Stutesman, Jr., Second Secretary of Embassy, entitled, "The Rise of an Iranian Nationalist". This report is a study of the political techniques of Mohammad Mosadeq and as such, is the third in a series of basic reports which the Political Section of the Embassy is preparing.[2]

Mr. Stutesman has spent nearly two and a half years in Iran. Most of that time he has been assigned to the Political Section of the Embassy and he has therefore had a unique opportunity to appraise the origins and techniques of the Iranian nationalist movement under the leadership of the present Prime Minister, Mohammad Mosadeq. As well, he is qualified to make the report by virtue of his experience as an official interpreter for two American Ambassadors in many lengthy conversations with Dr. Mosadeq. This first hand experience has proved most valuable in preparing this timely and interesting study.

The Embassy commends the report to the Department's attention and considers that Mr. Stutesman is deserving of special recognition for this valuable report.

For the Ambassador:
Arthur L. Richards
Counselor of Embassy

Summary

How did nine Persian politicians win sufficient power to destroy the concession of the Anglo-Iranian Oil Company and to capture government from the men who previously had held power in Iran? An understanding of this question is sought in this study of the political techniques of Mohammad Mosadeq.

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[1] Source: National Archives, RG 59, Central Files 1950–1954, 788.00/2–1652. Secret. Received March 11. Drafted by Melbourne. The study was drafted by Stutesman. Written on the despatch is the following comment: "Excellent despatch." Except as noted in the footnotes below, the telegrams and despatches cited have not been found.

[2] See the following Secret Embassy Despatches: (1) #736 December 20, 1951, entitled "Transmitting a Study of the Shah of Iran". (2) #870 of February 1, 1952, entitled "Transmitting a Study of the Political Influence of Shi'ism and of the Shi'ite Clergy in Iran." [Footnote is in the original.]

First are studied the personal characteristics and ambitions of Dr. Mosadeq. He has identified his own ambitions with national aspirations. By winning popular support for his emotion-charged policies "in the nation's interest" he has succeeded in winning political power.

The nature and profundity of the national emotions to which Mosadeq appeals are then considered. Nationalism, social discontent and political irresponsibility are basic elements in Iranian politics today. Iranian nationalism is not unlike other fervent, though usually ill-defined, nationalist sentiments in Asia. The social discontent and xenophobia of the Persians is also similar to such phenomena in other countries. Peculiar national vanity and political irresponsibility lead Iranians to support a Premier who insists that the rest of the world must accept his uncompromising point of view.

The final chapter of this paper describes Mosadeq's realism in directing the National Front's rise to power. His understanding of the vulnerabilities of his opponents allowed him, by simple opposition, to cripple previous Governments, to turn a disorganized and selfish Majlis into an emotional pro-Mosadeq, pro-nationalization group, to terrify the Shah and, so far successfully, to deal with the entrenched interests in Iran, the communists and other foreign influence.

Mosadeq's new design for politics in Iran, a country so long ruled by a clique of old-line politicians, must be known in detail in order to understand Iranian politics of the past two years and in order to realize that the future trend of Iranian politics is towards nationalistic leadership of a more or less dynamic character.

I. Introduction

When Mohammad Mosadeq walked upon the scene of recent history, a new act in Iranian politics commenced. His political techniques and the national emotions he aroused are power factors for the future. New leaders will undoubtedly arise, but all will have to charge their programs with emotion for a mass appeal, and must claim that they represent Iranian national forces rather than limited cliques or interests.

Mohammad Mosadeq's great success came from his recognition of the power inherent in national and religious prejudices and in popular acclaim. He removed Iranian politics from the closed arena of corrupt self-centered intrigue into a broad field in which it was possible to exploit the passions and credulity of the ignorant and irresponsible masses. Study of the techniques which he used and the emotions he appealed to is necessary for observers of Iran's future.

II. Political Characteristics of Mohammad Mosadeq

Iran is not easily comprehensible to westerners. Iranians have many different values, respond to different appeals, have customs and

characteristics quite peculiar to themselves. Mohammad Mosadeq is an aristocratic Moslem Persian, born to wealth, bound by tradition, steeped in classic Persian culture. He is proud to be a Persian and he understands and loves his people. The vices and the virtues he demonstrates are not unusual characteristics in Iran, although he emphasizes those aspects of his character which are most useful to his politics.

Patriotism First among these characteristics is love of country. It is astounding how eagerly Iranians will tell foreign acquaintances about Iranian immorality and undependability; but, in a perverse way, this attitude reflects the deep pride in country which all Iranians have. Mosadeq shares this patriotism. Examples of a willingness to join in patriotic movements are numerous in Mosadeq's career, most prominent among them being his participation in the constitutional reform of 1906 and his determination, while in the Majlis, to prevent the Russians from controlling northern Persia.

A politician who wants to claim Iranian popular support will have to emulate Mohammad Mosadeq and build at least a reputation as a patriot, even leaving other attributes aside. For instance, Hosein Maki now holds a place in many Persian hearts solely because he demonstrated battling patriotism in his supervision of expropriation of the British oil industry in Khuzistan.[3]

Incorruptibility Another characteristic which has won for Mosadeq a good public reputation is his disregard for the material benefits which usually accrue to Persian government officials. Many Persians consider that corruption is the natural state of the human race and refuse to believe that the tremendously wealthy oil company could not buy Mosadeq to its point of view or at least persuade him to pervert the nationalization law to some long-term, devious British advantage.

By his refusal to be bought, Dr. Mosadeq broke the ancient pattern of bribery which had been used to move most previous politics in Iran. The old gang of intriguing greedy politicians could not overthrow with their traditional tactics a Premier who was not interested in cash profits. Mosadeq's colleagues, however, do not fail to profit from their positions under the cloak of the Prime Minister's peculiar probity.

Infirmities As an aged man, Mohammad Mosadeq naturally finds the burdens of the premiership extremely wearing. There is no faking in his need to rest as much as possible. However, as the following story[4] shows, he sometimes used his weariness to serve political purposes.

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[3] It may be appropriate here to note Dr. Johnson's definition of patriotism: "The last refuge of a scoundrel." [Footnote is in the original. At the end of the footnote, there is a handwritten comment that reads: "Who is the scoundrel, AIOC or Mosadeq?"]

[4] Related by a reliable source who was present during the incident. [Footnote is in the original.]

Once, in the early days of his premiership, when Dr. Mosadeq worked in his official office, an important visitor asked to see him with some request. The Prime Minister, who up to that point had been energetically handling correspondence at his desk, said he would receive the man in a minute. He then hastily undid his tie and collar, adjusted some pillows on a sofa and lay down. When the visitor appeared, the Prime Minister, in a gasping voice, asked him to make his request. The visitor, horrified to see the Prime Minister so weak, left without making his request, flattered that Dr. Mosadeq had received him.

His illness also serves to emphasize to the Iranian public that Dr. Mosadeq is carrying on his duties despite great personal pain. This act encourages, and to some extent symbolizes to Iranian minds, national resistance to the British. On April 30, 1951, in his first speech as Prime Minister, Dr. Mosadeq declared, "I never thought that my health would ever permit me to accept so important a position, but the oil question obligates me to take up this heavy burden".[5]

It is possible that more than age and acting contribute to these physical infirmities. One of Dr. Mosadeq's daughters is in a mental institution. A Persian physician once told Ambassador Grady that he thought Mosadeq suffered from a form of hereditary insanity. Too much emphasis, of course, cannot be placed upon this diagnosis; but there is little doubt that Iran's Prime Minister is a sick man and his frequent petty passions reflect to great extent his physical infirmities.

Dramatic Personality To his career, Mohammad Mosadeq brings the most necessary attribute of a demagogue—a dramatic personality. The fainting and the tears which seem so funny to Americans deeply move his Persian listeners. He has a superb sense of timing and of symbolism.

A good demonstration of this quality occurred when he left Tehran in 1951 to present Iran's case in the oil dispute before the United Nations. At the airport, after the dignitaries and a small crowd had arrived, a car drew up some distance from the waiting plane and the limp figure of the Prime Minister was helped by attendants past the crowd. The shrill chanting of the mullahs, the wailing of the crowd, the pathos of the fainting man, who claimed that he would champion his people before the world, were all background to the well-timed moment when the very symbol of Iranian hopes and fears was supported, half-fainting, in the doorway of the aircraft to take a last look upon his people. It was very foolish and unstatesmanlike but very moving.

Oratory Mosadeq is a master of the rhetoric which appeals to Persian listeners. His voice, in every speech, ranges from a slow reasonable

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[5] Radio address to the nation, April 30 (Embassy despatch 881, May 1, 1951). [Footnote is in the original. Despatch 881 is in the National Archives, RG 84, Tehran Embassy Files, 1950–1952, classified general records, Box 29.]

tone to shrill accusations. He mixes wit and poetry into debates upon most serious questions. He plays for emotional reactions from his audience rather than reasoned approbation.

Even the unemotional politician Dr. Raji once was impressed by a speech of Dr. Mosadeq in 1950. When asked what Mosadeq had said, he only could reply, "It was a wonderful speech; it moved us all."

Perhaps the best recent instance when his oratory won antagonistic listeners to his side was in the Majlis on December 11 after an eloquent opposition had heaped vituperation and some very searching criticism upon his Government. The gentle tone with which he pointed out that he, an old and honorable man, had listened with restraint to everything the opposition had to say gave the impression that it was not he but his critics who were irresponsible. He wove into the tapestry of his speech a thread of reason as though he were a father explaining to a little boy the need to fight for independence in an evil world. Gradually, he brought the color of anti-British feelings into the design, moving from reason to emotion almost imperceptibly so that his listeners felt at the end that he had won a victory over national enemies.[6]

Calm study of his speech shows that he did not answer any of the trenchant criticisms and certainly gave no reason to believe that he would leave the road down which he leads his country. But even Hosein Ala, Minister of Court, the evening that he heard this speech on Radio Tehran, eagerly told Ambassador Henderson that Iran was fortunate to have Dr. Mosadeq to champion its interests against "its AIOC incubus".[7]

Ambitions Mosadeq has shown constant ambition to be the leader of his people. He shapes his actions often to obtain applause. He has shown willingness, any time his political position is threatened, to resort to the cheapest kind of political trickery to discredit his opponents.

The futile hopes of his opponents that Mosadeq would resign after driving out the British oil technicians, leaving to his successor the heavy burden of recovering the nation's financial and political stability, failed to take account of Mosadeq's desire to hold power. When he won the premiership he said he would withdraw when nationalization of the oil industry was completed. As this program neared its end, he declared "reluctantly" that he would stay in power while elections to the 17th Majlis were held. It can be assumed that when these elections near completion Mosadeq will find another reason to remain the man in charge.

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[6] Embassy telegrams 2159, 2162, December 12, 1951. [Footnote is in the original.]

[7] Embassy telegram 2158, December 12, 1951. [Footnote is in the original.]

Mosadeq has shown little shame, conscience, or dignity when question of his political advantage is raised. An example of this was given when Mosadeq, in order to avoid weakening his internal political position, refused to give clear assurance that U.S. aid would be used to strengthen Iran's military and economic ability to maintain its independence. It was not Mosadeq's refusal which was so shocking as his casual remark that for the U.S. offer of 23 million dollars aid, given freely by Americans to help his weak and threatened country, he would offer in return "assurances" worth only and exactly that sum.[8]

When it has served his political advantage, Mosadeq has broken confidence. Prime Minister Hosein Ala, an honest devoted servant of his country, was led to believe in early 1951 that Mosadeq wanted to develop legislation to nationalize the oil industry with the concurrence of the Ala Government. When it appeared, with the sudden passage of the nine-point Nationalization Law, that the National Front had used Ala's confidence only to increase the Government's embarrassment, Hosein Ala had no alternative but to resign, thus opening the way for Mosadeq to assume power.

To gain a temporary advantage before Parliament, Mosadeq has used slander. On September 5, before the Senate, and on September 9, before the Majlis, he implied that British policy and money dominated court officials.[9] He continually has slandered the motives and reputations of his opposition in the Majlis. Any criticism of his Government has been labeled by Mosadeq as "pro-British" action.

Determination Unusual among Iranian politicians, Mohammad Mosadeq has shown an uncompromising determination to obtain what he desires. This characteristic, worthy in just causes, often becomes for Mosadeq a form of political fixation. Mesmerized by his own ambitions, he discards advice and reason while steering towards his fixed objective. If it is demonstrated that this course will lead to chaos, he still shows an inability, or unwillingness, to change his reckoning.

This peculiar complex has been evident in his long career in government (Enclosure No. 1). In 1917, as Under-Secretary of Finance, he thought that the best way to save money would be to fire great numbers from the crowded civil service list. His refusal to believe that chaos would ensue can be the only explanation for this attack upon the ancient Persian graft of swollen payrolls. He, of course, had to resign and the status quo returned.

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[8] Embassy telegram 2199, December 14, 1951. [Footnote in the original. Telegram 2199 from Tehran is printed in *Foreign Relations,* 1952–1954, vol. X, Iran, 1951–1954, pp. 291–295 (Document 136).]

[9] Ala's "explanations" (Embassy despatch 341, September 11, 1951) failed to erase the slander. [Footnote is in the original. Despatch 341 from Tehran is in the National Archives, RG 59, Central Files 1950–1954, 888.2553/9–1151.]

In 1921, in three fantastic months as Minister of Finance, Mohammad Mosadeq cut all salaries in his Ministry and fired the numerous incompetents. Again, the consequences of this drastic action, which in itself could have but small effect upon the general inefficiency and incompetence in government, were not considered. He was dismissed by his Prime Minister but he did not lose the capacity to act upon a moment's whim without the slightest thought for future consequences. The nationalization of Iran's oil industry, with all its devastating consequences, is quite a natural idea for him to conceive. Probably one reason for the vast confusion in Iran's government is Mosadeq's inability to set a new objective now that oil nationalization is completed.

III. Mosadeq's Appeal to National Emotions

National Aspirations

There is in Asia a quickening of national aspirations. Recent history has shown that the ignorance, isolation, poverty and apathy of the Asiatic masses do not prevent their emotional support of national causes. The roll of Asiatic nations which, despite antique feudalism and grinding poverty, have built force from unity in support of national aspirations, grows longer every year, headed by such names as Turkey, China, India and Japan.

The nationalist movement in Iran cannot be viewed as a conspiracy of clever politicians who invented the emotion and are but froth upon an uncomprehending sea. Without leaders, Iranian nationalism might have remained quiescent for a longer time; but the oratory and maneuvers which Mohammad Mosadeq and his colleagues used to gain political support rest upon the profound force of awaking nationalism in Iran today.

The failure of the British to recognize this fact and to face the psychological rather than the economic issues in the oil dispute led, more than any other failure of the West, to the present impasse in Iran. Sir William Frazer's classic statement of his Company's position in early 1951, "There will be no further concessions"[10] could only anger, frustrate and unite the Persians. The wave of feeling which engulfed the British in Iran may have started as a demand for a better bargain; but, encouraged by its own emotions, it passed far beyond expected margins of success. The National Front in some part guided but in large part rode this wave.

Indigenous Nationalism What are Iranian national aspirations? At this moment they are unformulated, except for the "independence"

[10] Embassy telegram 1454, January 3, 1951. [Footnote is in the original.]

urge to drive the British from Iran. Any people bound together by geography, language, central government and history, are conscious of a common background which sets them apart from others. *Time,* in its story of Prime Minister Mosadeq as "man of 1951", gave an impression that he ranked with great philosophical nationalists like Nehru. In fact, he is much more an opportunist who perceived the potential force in indigenous nationalism and had the ability to direct it to his support.

Towards the end of 1949, nine politicians[11] formed a coalition whose name, the National Front, showed its determination to win power from Iranian nationalism. It was not the first time that this appeal has been made in Iran. Reza Shah, after capturing the throne by force, called for popular support of his nationalist program to give Iran a new position in the modern world. His son, the present Shah, appealed to nationalism in 1946 when Iran regained control of Russian-dominated Azerbaijan. Seyid Zia Tabatabai called his anti-communist organization the National Will Party. Majlis deputies often have appealed to national pride, in the fashion of politicians around the world. But the National Front was the first Iranian political organization deliberately to set out to capture popular support in order to gain power. They sought, in nationalism, the force which was required to break the closed circle of entrenched governing politicians.

Independence from Foreign Domination First among national aspirations is Iran's hope to be, as well as seem, a sovereign nation. Such previously colonial countries as India, Pakistan and Indonesia now determine their own destinies. The Persians feel that they are behind the times in Asia and they want "independent" life. It is quite true that, during recent centuries of European rivalry in Asia, Persia has been subject to foreign domination. Now, the Persians quite simply want freedom from this influence.

When Mosadeq leaned forward in his bed to tell Ambassador Grady sharply, "We value independence more than economics",[12] he was not only arguing against American advice that Iran should make a settlement with the British in order to preserve oil revenues. He was expressing a heart-felt, earnest belief that by driving out the British, he would end what he believed to be Iran's semi-colonial status. This sentiment was shared by Persians of all classes. Even the present opposition to Mosadeq's Government does not declare that British influence

[11] Deputies Abol Qadar Azad, Dr. Mosafar Baghai, Seyid Abol Hasan Haerizadeh, Ayatollah Kashani, Seyid Hosein Maki, Dr. Mohammad Mosadeq, Seyid Mahud Nariman, Alayar Saleh, Seyid Ali Shayegan. Only Azad subsequently left the coaliton. [Footnote is in the original.]

[12] Memorandum of Conversation, June 28 (Embassy despatch 1159, June 29, 1951). [Footnote is in the original.]

should return. Removal of the British from Iran was a necessary part, in Persian eyes, of winning Iran's "independence".

When badly handled, badly publicized oil negotiations in 1950 focused popular attention on that issue, Mosadeq sensed, like a weathervane, the direction in which winds of national sentiment were blowing. He and his colleagues expanded and exploited the emotions on this issue; and, calling expropriation "nationalization", he assumed charge of a "crusade" to drive the hated British from Iran. Never has he admitted that he excited or directed this crusade to bring himself to power. On the contrary, he always claimed, "God only knows that I did not expect to become Prime Minister . . . I agreed because I realized that if I did not accept charge of the Government, all our efforts (to pass the oil nationalization law) and all the endeavors of the people of Iran would be wasted."[13]

Antagonism to the British has served many purposes for the National Front. Mosadeq's critics on any issue are portrayed to the public as British agents. Covering all sources of possible opposition, Mosadeq once said, "British agents are in the Majlis; British agents are in the Government; British agents are in the national societies; and British agents are in the Court".[14]

Whenever parliamentary votes of confidence are called for, Mosadeq has forced the vote to take a pro- or anti-British character. The first votes were kept on the issue of the oil nationalization law. "Those who oppose the Government also oppose the nationalization of the oil industry".[15] When criticisms rose that Mosadeq had missed a good chance to settle the oil dispute to Iranian advantage when the Stokes Mission was in Tehran, the Prime Minister forced a parliamentary vote on the Government's decision to drive out the British oil technicians from Abadan. Anyone who voted against him would have been classified as favoring retention of British influence there.

In October, 1951, even previous parliamentary opposition turned to Mosadeq's support when he announced that he was going to New York "to defend the rights of the oppressed and tyrannized Iranian people before the Security Council".[16] The question whether his defense was sound or necessary obviously could not be raised when the

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[13] Address to the Senate Sept. 5 (Embassy despatch 333, Sept. 10, 1951). [Footnote is in the original. Despatch 333 from Tehran is in the National Archives, RG 59, Central Files 1950–1954, 888.2553/9–1051.]

[14] Address to the Majlis Sept. 9 (Embassy despatch 335, Sept. 11, 1951). [Footnote is in the original. Despatch 335 from Tehran is ibid., RG 84, Tehran Embassy Files, 1950–1952, classified general records, Box 29.]

[15] Address to the Senate, Sept. 5, 1951. [Footnote is in the original.]

[16] Farewell speech to the nation, Oct. 6 (Embassy despatch 466, Oct. 9, 1951). [Footnote is in the original.]

nation's defense against the British "tyranny" was at stake. The recent action of the Government to close all British consulates again drew the sting from the opposition's searching criticism of Mosadeq's disastrous policies. Anyone who is against him is accused of wanting to keep British consulates and "influence" in Iran.

The lesson for future nationalist leaders to learn is obvious. An "independence" movement in these times of developing nationalism in Asia, provides a sure vehicle to success.

Freedom from Foreign Exploitation of Iranian Resources There is a national anger at foreign exploitation of Iranian resources. Both national pride and greed are involved. The Persians naturally resent the implication that they cannot handle their industries themselves, and they hopefully expect greater income from their resources if they do not have to share the profits with outsiders. In close support of these emotions stands the knowledge that a foreign concessionaire will probably attempt to influence the country's government.

The antagonism of a people to foreign "exploitation" is not a new phenonomen in the world. Iran has stripped off the capitulations which gave foreigners special legal privileges and has blocked or "nationalized" all concessions except the Caspian fisheries concession to the Soviets. The boasts of Mosadeq and Maki, his lieutenant in expropriation of the Abadan refinery, that it would be preferable to leave the oil below ground rather than allow foreign profiteering are rooted in national resentment against foreign concessionaires.

In his first speech as Prime Minister, Mohammad Mosadeq declared, "Thanks to God and to the efforts of both Houses of Parliament, the greatest source of national wealth has returned to us".[17] Such statements typify the view that Iranian anger against foreign exploitation makes it unlikely that a foreign profit-sharing concessionaire could return to Khuzistan.

Neutralism Another of Iran's national aspirations is the general hope that it can avoid entangling alliances with the world's great powers. The knowledge that Iran has served often in the past as a catspaw in the rivalry of Russia and Great Britain, and the fear that Persia would be involved by its allies in another war encourage this unwillingness to join too closely with the interests of the free world or the communists. Few Persians will believe American assurances that we are not rivals of the Soviets in Iran but only want to help Iran withstand the pressures of Soviet-directed communism.

When Razmara, in 1950, first gave indications that he thought Iran's best hope for survival lay not in close alliance with the West but

[17] Radio address to the nation, April 30, 1951. [Footnote is in the original.]

in a policy of "neutralism", he obviously hoped that Iran, like Switzerland, could remain outside all major international conflicts. He, and most Iranians, drew from the battle in Korea a conclusion that Iran, so far from UN bases, so vulnerable to Soviet might, should avoid any provocation of the Russians. Also, he saw that a trade agreement with Russia would restore economic life to northern Persia. And finally, in true Persian fashion, he felt, as Mosadeq probably also feels, that Iran cannot afford to antagonize both the British and the Russians simultaneously. All Persians look upon their near-destruction in 1907 and in 1941, through Anglo-Russian division of Iran, as a direct result of bad policy in angering both previous rivals simultaneously.

Mosadeq recognizes the necessity to rely on foreign power to protect him from Soviet or British aggression. In a conversation with Ambassador Grady, he said that he appreciated the American attitude in the oil dispute since he considered it "protection for Iran".[18] But he sponsors and expresses a policy of neutralism. Hosein Ala once refused the post of Minister for Foreign Affairs for Mosadeq because Ala would not cut Iran's ties to the West.

On May 3, 1951, Mosadeq said "our foreign policy shall be based on support of the United Nations Charter, friendship with all states and mutual respect for all nations."[19] Throughout the year which followed, he held to this pronouncement but refused to make or even seem to make new commitments or new alliances. His trip to Egypt in late 1951 and his statement that Iran and Egypt had close ties and similar aspirations[20] does not represent a military, economic or even sympathetic alliance. It was international blarney, a sop to Kashani's ambitions to lead a Moslem "brotherhood", an easy show of anti-British feeling and, perhaps most important at the time, something he could show Iranians who were questioning his failure to obtain a settlement of the oil dispute or American assistance.

In January 1952, when Mosadeq refused to give required "assurances" in order to obtain American military aid, he said he was fearful of popular and parliamentary outcries if he made what would be interpreted as a military alliance with the United States.[21] Whether this view was either wise or well-founded is not pertinent here. The fact is that

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[18] Memorandum of Conversation May 2 (Embassy despatch 889, May 4, 1951). [Footnote is in the original.]

[19] Statement before the Majlis, May 3 (Embassy telegram 2661, May 3, 1951). [Footnote is in the original. Telegram 2661 from Tehran is in National Archives, RG 84, Tehran Embassy Files, 1950–1952, classified general records, Box 29.]

[20] Joint Statement of Mosadeq and Nahas Pasha November 22 (Cairo telegram 753 to Department, Nov. 23, 1951). [Footnote is in the original.]

[21] Conversation with Ambassador Henderson (Embassy telegram 2011, Dec. 1, 1951). [Footnote is in the original.]

Mosadeq's foreign policy has been set and he can be expected to follow it unswervingly.

Since the purpose of this study of Mosadeq's techniques is to find a pattern which new nationalist leaders must follow or at least understand, it is important here to state, that, in the writer's opinion, the national aspirations described above will be factors in any political movement in the near future in Iran. The words and actions which Mosadeq has used to cater to and excite these emotions are not the only techniques possible. However, they have proved successful and he will likely hold to them. Another man could probably score equally well, if he follows Mosadeq's example.

Social Discontent

The Gap Between the People and Their Rulers The causes and the character of social discontent throughout Asia have been described by other writers. The depressed people of Iran share the suffering and the slim margin of existence of other Asiatic masses. The great, sordid contrast between their misery and the luxury of their masters is apparent to the most casual observer. Iran is ripe for social revolution.

Mosadeq described this situation to Ambassador Grady in their first conversation.[22] "There has been in Iran a gap between the government and the people . . . This gap, combined with miserable economic conditions, has produced deep discontent . . . The greatest force in this country is public opinion and no government can stand which does not close the gap between itself and popular opinion."

In his first speech as Prime Minister, Mosadeq assured his people that he understood and would take care of their discontent. "The shadows which were covering our unhappy country will soon give way to the sun of happiness."[23]

The organized tours of Tehran slums which officials and newspaper correspondents had to take in the summer of 1951 emphasized this aspect of National Front propaganda. National Front speeches always make some reference to present misery and future blessings if Iranians will support the National Front. It has been apparent, however, that Mosadeq has not made any move which might tear the present social fabric of Iran. He has no program for reform; he claims no panacea for progress beyond nationalization of the oil industry.

Through hope of social change, Mosadeq has gained a following of liberal Iranians who see its necessity and who support the National

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[22] Memorandum of Conversation, May 2, 1951. [Footnote is in the original. Grady reported on the conversation in telegram 2650 from Tehran, May 2, printed in *Foreign Relations,* 1952–1954, vol. X, Iran, 1951–1954, pp. 45–46 (Document 17).]

[23] Address to the nation, April 30, 1951. [Footnote is in the original.]

Front in preference to communism. His emotional appeals and his promises of future prosperity have won to Mosadeq great masses of discontented city workers. The peasant masses have been hard to excite since any government, even Mosadeq's is represented to them by the same oppressive tax-collector or landowner; but vague country-wide emotions are stirred by Mosadeq's oratory, to hope for social betterment.

In another way, Mosadeq has turned social discontent to his advantage by focusing national irritations and emotions upon the British, thus protecting his Government's inefficiency and bankruptcy from public indignation.

Suspicion of Government Government in Persia is rightly considered oppressive. The people are suspicious of the traditional selfishness of authority in Asia.[24] Mosadeq, in constant opposition to governments in power, became known almost automatically as a champion of the people.

Once installed in the 16th Majlis, the National Front deputies took this theme for every speech and every action. The technique was easy. Every time a government proposal was discussed, the National Front tore it to bits. They denounced the Saed Government for not decentralizing power. They attacked the Razmara Government when it attempted to decentralize authority.

By recognizing the popularity of plain opposition, Mosadeq won a reputation while crippling any progress of the government in power. When he became Prime Minister, he said that previous governments had failed to close the "gap" between the rulers and the people, while he, basing his strength on popular support, could be opposed only by anti-national interests. He always seeks to identify the public interest with his policies and actions. Even so, he recognizes the profundity and permanence of popular suspicion of any Government and he allowed only one of the National Front deputies to enter government service.[25]

Penetration of New Ideas After centuries of resignation the Asiatic people have begun to see a possibility for change. This has been primarily the result of history and of western influence; although in the past thirty years communist propaganda has played an essential part. The Persians cannot help but learn about neighbor nations who have taken destiny in their hands. Inevitably they see indications that Euro-

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[24] The old American proverb, "Build a better mousetrap and the world will beat a path to your door" becomes, in Asia, an injunction to get control of the government's mousetrap monopoly. [Footnote is in the original.]

[25] Nariman was made Minister of Finance, but he soon resigned to run for election to the 17th Majlis. [Footnote is in the original.]

peans and Americans conceive of higher standards for all people. Increasingly they are stirred by communist propaganda.

To the Persian of the lower classes any change is bound to be improvement, in his view. The peasant or the city worker is no worse off than he was a hundred years ago, but today he feels that by some action he might somehow improve his lot. This is the essential difference between the past and the present in Iran. It has been hard for many western diplomats and oil company directors to believe that Iranians could change. Haji Babal[26] has seemed changeless, but the penetration of new ideas and the propaganda of the communists is bringing change and increasing discontent with existing conditions.

Mosadeq encourages feelings that Iran and Iranians can have a better life. In his speeches about oil nationalization, he continually insists that Iranians can change the ancient pattern of bare existence and exploitation. As the leader and the voice of this discontent he gains great political strength. At the same time he becomes vulnerable to extremists of both right and left. Whenever Mosadeq appears to halt or moderate his headlong course he is denounced by communists and by extreme nationalists. Popular dissatisfaction will break out if Mosadeq fails to provide the benefits he promises. The tiger of social discontent which he has loosed and now rides may eat him yet.

Desire for Leadership A great factor in Iran's social discontent is the desire of a confused people for a leader. Persia's greatest periods of prosperity and power have been under despotic rule. There is no tradition in Iran of democracy or of progressive action by an electorate. Although they hated Reza Shah's oppression, most Persians now refer to those days longingly and say that Persia needs again a "strong man".

Mosadeq has taken advantage of the bewilderment and anarchy which existed in Iran in the ten years following the deposition of Reza Shah. He has shown ability to lead and organize. Unlike his fellow politicians, he says exactly what he means to do. He gives a course to follow, and he wins adherents as much because they seek a leader as because they share his aspirations.

In a political situation of complete futility and confusion, the National Front won great support because it offered leadership. The direction it pursued was almost less important than its dynamism in an atmosphere of weakness and of vacillation. It should not be forgotten, therefore, that Mosadeq and his brand of nationalists can only be challenged by some equally dynamic leadership.

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[26] The typically Persian hero of *Haji Babal of Isfahan*. [Footnote is in the original.]

Xenophobia

The courtesy, tolerance and hospitality of the Persian people are deservedly world famous. Paradoxically, suspicion and dislike of foreigners in Persia is just as old and as profound. The members of the National Front appeal to the emotions of this national xenophobia.

Dr. Mosadeq is a gentleman of the classic Persian school and his reception of American officials has always been marked by utmost courtesy. Yet, his anti-foreign attitudes are never far from the surface. They have been expressed publicly throughout his long career of resistance to foreign pressure or advice. They were clearly shown on May 28, 1951, when he burst out in irritation at Ambassador Grady's argument that foreign operation of the oil industry would be beneficial to Iran, "It would be better for Iran if all foreign influence were removed."[27]

Religious Fanaticism Religious fanaticism gives, in Persia, a bitter flavor to the national xenophobia. The Shia mullahs traveling or resident throughout Iran foster this emotion out of their ignorance and out of fear that contact with the modern world will destroy their present power in Iran. Religious bias is exemplified by such extremes as the coarse man who spits at foreign footsteps in the streets and the courteous host who purifies his dishes after they have been defiled by foreign touch.

The Shia sect of Islam sets the Persians apart from other Moslems. The Safavids built a Shia state to stand against the Sunni Turks and Arabs. The Persians were politically endangered and they coupled to their temporal fears religious antipathies. It is true that members of the sect, in fact some of its holiest places, are outside Iran. This only gives more strength to the question of the countryman who asks the stranger not "What is your nationality?" but "What is your religion?". There is a deep feeling, based on this religious influence, that outside Persia's national confines, except in the homes of a few co-religionists, there are only enemies.

Mohammad Mosadeq, like most Persians, is not excessively devout. The superficial aspects of religion appear in his name and in his references to God in almost every speech. The political advantage he finds in Islam clearly shows in his close alliance with Mullah Kashani who now holds extensive influence in the Government.[28]

There is one other great effect which Islam has had upon the mind and character of Mosadeq. The fatalism of Islam plays an important

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[27] Memorandum of conversation, May 28 (Embassy despatch 1023, May 31, 1951). [Footnote is in the original.]

[28] A study of Mullah Kashani's techniques and organization is being prepared by the Embassy. [Footnote is in the original.]

part in Mosadeq's attitudes. Like the Moslem chauffeur who believes that no matter how recklessly he drives, if Allah wills it, he will not crash, Mosadeq allows himself the freedom of acting recklessly, certain that great forces, including God and Fate, will save him or destroy him as they will, no matter what he does.

Both by personal conviction, by his understanding of Iranian emotions and by the political advantage he will gain, it is expected that Mosadeq will continue to placate extreme and retrogressive religious fanaticism. Permission for bigger, bloodier Moharram flagellant processions, continued pressure to cut off foreign cultural and educational influence, will probably result. The nationalist leader who follows Mosadeq will find easily aroused emotions and fanatic following in cooperation with Iran's mullahs.

Pride in Past History It is impossible for a Persian to forget that, in the past three thousand years of history, his country has often been superior politically and culturally to the rest of the world. He turns, in modern times, for comfort to past martial and intellectual glories. The neo-Achaemenian architecture of public buildings in Tehran, the choice of first names from the *Book of Kings*, which celebrates legendary Persian glory, are two of numerous examples of Iranian concentration on the past.

This introversion leads inevitably to resistance or indifference to foreign inspiration. It is true that Cadillacs and western education are marks of wealth and social status in Tehran. It is true that western fashions, architecture and commodities have changed the facade of Tehran and its people. But the place remains essentially Central Asian. Most Persians think their ancient ideas and traditions are the best. Scholarly attempts to strip Arab words from the Persian language may be an intellectual affectation, but they rise from a sense of Persian superiority over all things foreign. Mosadeq shares and takes advantage of this national pride. On September 1, in an address to the nation, he said, "We must bring to the attention of the whole world the fact that the Iranian nation, conscious of its glorious past history, cannot tolerate any contempt or humiliation."[29]

An excellent example of the way he appeals to patriotic pride in order to avoid parliamentary criticism and to focus hatred on the British occurred when he addressed the Majlis on September 9. The Stokes Mission had returned to England, and Iranians were anxious that they might have failed to make best use of the opportunity to come to an agreement with the British. Mosadeq declared, and cheers

[29] Radio address to the nation, Sept. 1 (Embassy despatch 308, Sept. 4, 1951). [Footnote is in the original. Despatch 308 from Tehran is in the National Archives, RG 59, Central Files 1950–1954, 788.00/9–451.]

showed Majlis approbation, "Iran must regain its past greatness, and also regain its lost territories. (Cheers).... Patriots want Iran to safeguard its old greatness. They say that Iran should have the control of everything she has. (Cheers) The oil which belongs to it should be in its own hands. (Cheers)"[30]

Compensation for Inferiority With this introversion comes a national sensitivity to any real or imagined slight of Iranian self-importance. This is the psychological compensation of a people who feel inferior in the family of nations and who believe they are behind the times in a modern world.

Like a youth who thinks that he is man enough to have his own opinions and his chosen way, Iran resents the patronizing attitude implicit in offers of advice from other nations. The Millspaugh missions, the British military and financial missions, the Overseas Consultants and American military and Point IV missions have all met resistance from Iranians, Mosadeq among them.[31] However, since he became Prime Minister, Mosadeq has walked softly where questions of American military and economic advisers are concerned, probably because he hopes that the United States will protect him from British pressure. Also, and extremely important in Iran, the National Front has fostered a widely held belief that the United States has sponsored the rise to power of the National Front. Furthermore, he uses this attitude as partial blackmail to obtain our support in order to have a Point IV program and to give military advice and aid.[32]

Iranian Vanity and Irresponsibility

International Blackmail Based on Vanity There is no vanity like the belief of a Prime Minister that, no matter what he does, the rest of the world, preoccupied with the importance of preserving his country, will save him from destruction. "If (Iran's) oil industry collapses and no money comes and disorder and communism follow, it will be your fault entirely".[33]

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[30] Address to the Majlis, September 9, 1951. [Footnote is in the original.]

[31] Arthur Millspaugh has bitterly described his difficulties in *Americans in Persia*. Opposition to his Financial Mission to Iran was led, in the Majlis by Mohammad Mosadeq. "In November, (1944) the new Majlis majority—pro-court, pro-Soviet, and anti Millspaugh—turned again to Mosadeq (for leadership)." [Footnote is in the original.]

[32] In January, 1952, National Front newspapers openly threatened that American military advisers would not have their contracts renewed unless American military aid is given. (Embassy telegram 2693 January 18, 1952). Use of the Point IV program to win a sort of pro-Mosadeq American lobby is apparently one of Mosadeq's objectives. [Footnote is in the original.]

[33] Memorandum of conversation, May 29 between Mosadeq, British Ambassador Sir Francis Shepherd and American Ambassador Grady (Embassy despatch 1022, May 31, 1951). [Footnote is in the original. The memorandum of conversation is printed in *Foreign Relations,* 1952–1954, vol. X, Iran, 1951–1954, pp. 57–59 (Document 24).]

Mosadeq is gambling that Iran's strategic and political importance will force America to give him money to meet his budgetary deficit and will lead to pressure on the British to lift their blockade of Iran's oil sales.[34] Other politicians find this approach to American support equally enticing.

"The Unseen Hand" Even more extraordinary than this vanity is a peculiar national faith in the omnipotence of an "Unseen Hand". The profound effect on Persian psychology of Islam's belief in an inexorable fate and the mass frustration of a people who have been dominated for centuries by foreign forces beyond their control give rise together to an amazing national irresponsibility. It is difficult to emphasize sufficiently the great importance of this Persian resignation to the influence of the Unseen Hand. There is no limit to their fantasy in this respect. Many Persians honestly believe the British engineered the nationalization of their oil industry in Iran. Many Persians, therefore, blame their present situation on the British. Prime Minister Mosadeq catered to Iranian suspicions of the British hand in all things when he said to the Majlis that Mr. George McGhee's transfer to Turkey resulted from the pressure of antagonistic British on the U.S. Government.[35] Only understanding of this psychological infirmity can make explicable a widespread Persian rumor that the British are behind Mosadeq and that the Tudeh Party is primarily British-dominated.

Iranian irresponsibility, which blames every ill upon the Unseen Hand, allows Mosadeq a freedom of action which few political leaders of the world could have. No matter what he does, he can blame it on the British and his people will believe him. This seems so incredible that western readers, unfamiliar with the Persians, will have to take the statement on faith. As deputy Jemal Emami told Ambassador Henderson in December, 1951, "There sometimes is no barrier between a Persian and his fantasy".[36]

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[34] It is pertinent to point out here that Mosadeq has good reasons for taking the calculated risk of threatened suicide. If Iran falls into communist hands, a great rent will be torn in our "containment" ring around the USSR. Strategically, loss of Iran will be calamitous for the free world. In 1918 the Bolshevik writer K. Troyanovski assigned an important role to Iran in his "*The East and the Revolution*". "The Persian revolution is the key to the revolution of all of the Orient, just as Egypt and the Suez Canal are the key to the British domination of the Orient. Persia is the Suez Canal of the revolution. If we shift the political center of gravity of the revolutionary movement to Persia, the Suez Canal loses its strategic value and importance. For the success of the oriental revolution, Persia is the first nation that must be conquered by the Soviets. This precious key to the uprising of the Orient must be in the hands of Bolshevism cost what it may . . . Persia must be ours; Persia must belong to the revolution." [Footnote is in the original.]

[35] To the left of this sentence in the original is a handwritten note that reads: "But was he right?"

[36] Memorandum of Conversation, December 3, 1951. [Footnote is in the original.]

Mosadeq and any other Persian politicians can use this national irresponsibility to frame and follow almost any policy. If they fail, they and their people will blame the Unseen Hand.

IV. Mosadeq's Political Realism

The Political Realist

Good speech-makers can easily arouse Iranian emotions. To acquire and keep political power, they must be shrewd and realistic politicians. Mohammad Mosadeq won popular acclaim by easily emulated techniques, but he showed unusual realism and ability in maintaining his position and in overcoming the great forces ranged against him. Fanaticism leads him in strange channels but his manipulation of Iranian politics has been masterful.

Understanding Mosadeq has real understanding of the character of his people and of the factors in Iranian politics today. There is nothing fuzzy in his thinking on how to overcome or turn to his advantage the forces which are obstacles to his progress. He recognizes and exploits the vulnerabilities of his opponents. A leader who does not have this understanding of political affairs will waste his other talents.

Ruthlessness Mosadeq's political fixations and ambitions have been described. His ruthlessness in politics derives from these personal characteristics and has proved a constant source of power in his handling of previous governments, the Shah, the Majlis, entrenched interests and foreign influence in Iran. Ruthlessness in action and in attitude is the basis of his "realpolitik".

Organization The greatest problems facing any leader in Iran are the country's apathy and anarchy. The first comes from public ignorance and frustration. The second rises from mutual distrust among all Persians.[37] One of Mosadeq's most extraordinary feats has been his welding of nine selfish, power-seeking politicians into a National Front which acted in cooperation and submerged individual interest into common purpose. Organization and refusal to disintegrate is probably the greatest factor in the National Front's political success.

Propaganda Advertising men agree that a sales campaign must have a simple, heavily-repeated slogan. When Mosadeq first came to power he said he had two programs: implementation of the oil nationalization law and electoral reform.[38] Even this platform was soon re-

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[37] "I and my tribe against the nation; I and my clan against the tribe; I and my brothers against the clan; and I against my brothers"—Old Persian Proverb. [Footnote is in the original.]

[38] Address to the Majlis May 3 (Embassy telegram 2661, May 3, 1951). [Footnote is in the original.]

duced to one plank—oil.[39] The propaganda of the National Front, both as a Parliamentary minority and as a Government, has depended on this theme and, without a similarly simple, emotion-charged appeal, no opposition has been able to succeed.

Control The familiar military trappings of a police state are lacking in Iran today, but Mosadeq, when crossed, acts as tyrannically as any dictator, using popular excitement and gangs of thugs to enforce his will. He told the Majlis opposition bluntly and quite truthfully, "You dare not step outside the Majlis and criticize the National Front. You would be torn to pieces by the crowds."[40]

Professional Oppositionist

Saed Government The Government, the Court and Army controlled elections to the 16th Majlis, and expected that their influence would be paramount in Parliament. The National Front minority, elected from Tehran and Kashan after public indignation led the Shah to order a review of obviously rigged results in the first balloting, found strength in the fact they were not sponsored by governing authority. They sought and gained popularity by criticizing every move or proposal of the Saed Government. Their wholly unconstructive parliamentary tactics appealed to Iranian convictions that government, traditionally oppressive, would never seek to further public good. Therefore, Mosadeq by merely pointing out in public that the Government was against him and that he opposed it won a reputation as a champion of the people's interests.

It cannot be said that the National Front brought down the Saed Government, but its minority obstruction to parliamentary action on Government proposals weakened both the nation and the Government and gave the National Front its first advance in public esteem.

Mansur Government The Mansur Government, appointed by a vacillating Shah in an attempt to put off the rise of "strong man" Razmara, was easy prey to Mosadeq. The Government's corruption and inefficiency was at once a target for parliamentary attacks and a protection for the National Front since no concerted counter-action could be organized by the weak Government. Again the National Front's popularity grew as the prestige and authority of the Government waned.

Razmara Government The full history of the rise and fall of Razmara could probably not be written. The intrigues of this Premier became so intricate within a few months of his rise to power that it would be impossible to follow the many secret channels he maintained to British

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[39] "My program concerns the oil and my work is to carry out the nationalization law". Address to the Senate September 5, 1951. [Footnote is in the original.]

[40] Statement in the Majlis, December 11, 1951. [Footnote is in the original.]

and to Soviet sources of promises and pressure, to learn what liaison he had to various Court and Parliamentary cliques, or to know the extent of his grandiose ambitions.

It is a paradox that Mosadeq most strenuously opposed the man who first broke Iran's close identification with the West and who focused national attention on an oil dispute with the British. It was the fight against Razmara that brought the National Front most prominently before the public eye. Again Mosadeq turned to his advantage what seemed to be the greatest threat against him. Razmara's reputation of being a strong-handed military man allowed Mosadeq to champion parliamentary and press freedom against a tyranny which in fact did not exist. Mosadeq tilted with a windmill but the whole nation thought he was fighting a giant. When the "giant" fell, the credit redounded to the National Front.

Ala Government When Hosein Ala became Prime Minister, Mosadeq saw that it could only be an interim appointment while major forces in Iran worked to establish the next Government. Mosadeq gained Ala's confidence and used him to avert much British pressure on the Shah and Parliament. He used the Ala Government almost like a stalking-horse as he prepared to ram oil nationalization through an emotionally aroused Majlis. Ala, who had confidently thought that Mosadeq had been working to prepare constructive legislation, suddenly was faced with a proposed law which he felt could only bring destruction of Iran's economy. When he resigned, he was as much a victim of Mosadeq's political realism as Saed, Mansur and Razmara.

Attitudes Towards the Shah[41]

National Front Antagonism to the Monarchy The antagonism of National Front leaders to the monarchy antedate the creation of the Front. Mosadeq was raised in the Kajar Court and has little respect for the upstart Pahlevis. His personal encounters with Reza Shah's tyranny cannot be easily forgotten. His long devotion to constitutional reform has shown his profound belief that a monarch should have, at most, a symbolic or ornamental place in Iran's government.

Kashani has a long record of anti-Pahlevi attitudes, and in early 1949 when the Shah was almost killed, Kashani was among the first arrested. Police brutality to him when arrested did little to abate his hatred of the monarchy. The intellectual radicals in the National Front have long distrusted Court intrigues and the Shah's tendency to mix, unconstitutionally, in Iranian politics. In their more radical moments,

[41] Embassy despatch 736, December 20, 1951, *A Study of the Shah*. [Footnote is in the original.]

National Frontists have responded to communist propaganda which obviously holds no place for the Shah in Iran's future.[42]

When the National Front became a minority in the Majlis, one of its most repeated themes was criticism of Court corruption and intrigues. Princess Ashraf was a favorite target; and, although the Shah, by his position, was free from direct attack, the National Front did not fail to blame him indirectly for his Court's iniquities. Kashani never opens his numerous "proclamations" with the customary courtesy—"under the auspices of his Imperial Majesty the Shahinshah". Hosein Maki, a historian of some repute in Persia, has written biting criticism of the Pahlevis. Haerizadeh always called the first Pahlevi, "Reza Khan," in his speeches in the 16th Majlis, and he led National Front attacks on Princess Ashraf's reputation. Nariman publicly criticized the Shah in 1950 when Razmara was appointed to the premiership without a Majlis vote of inclination.

Prime Minister Mosadeq's Control of the Shah When Mosadeq became Prime Minister, he was aware that his popularity and a strong Majlis vote of inclination had forced the Shah to appoint him. He later reported to the Senate[43] that his pro-British rival, Seyid Zia, had been waiting with the Shah when the news arrived that Mosadeq had been acclaimed by parliament. Mosadeq knows the Shah's propensity for intrigue and his natural enemity of strong premiers. Mosadeq found an antagonist in the Shah and he had to move carefully to prevent effective use of the potent pressure which the Shah could have brought to bear upon the Government and the issues of the day.

Again, Mosadeq used to his advantage what seemed to be a threatening force. The very reason why the Shah had undermined previous Prime Ministers was his fear of being overthrown by a successful "strong man". Mosadeq took the problem by its horns and underlined the Shah's own fears, pointing out that, if the Shah removed him, the forces of nationalism which he represented would in turn throw out the Shah.

It is not admiration for the National Front which has kept the Shah silent when he could have weakened and perhaps overthrown Prime Minister Mosadeq. It is a fear that Mosadeq out of power would be more dangerous to the dynasty than he now is. The Shah recognizes the dangers of the Government's present policies, but he feels, as a Court source recently observed, "He cannot go against the national current".

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[42] All National Front leaders signed, in 1950, the communist-sponsored "Peace Petition" and all pronounced themselves opposed to UN intervention in Korea. [Footnote is in the original.]

[43] Address to the Senate, September 5, 1951. [Footnote is in the original.]

Mosadeq does everything he can to strengthen that opinion and its resultant fear and procrastination.

Thus Mosadeq has avoided the pitfall which the Shah dug for other premiers. By relying on national forces beyond reach of Court plots, Mosadeq is protected from the Shah's most dangerous weapon and has caught the Shah in his fears of deposition. The control which Mosadeq now holds upon the Shah can best be illustrated by the following examples.

In September, 1951, Mosadeq insisted that the Shah prevent the members of his family from intriguing. A court source has reported that the Shah wept in frustrated rage at the demand, but both Princess Ashraf and the Queen Mother had to leave Tehran.

In late December, 1951, the Queen Mother, who had returned from semi-exile in Hamadan, expressed her open support of Qavam to replace Mosadeq and sent flowers and candy, with her card, to opposition deputies in asylum in the Majlis. Mosadeq's protest took the form of a threat of resignation from the premiership which the Shah and Minister of Court Ala begged him to withdraw. He "reconsidered" his offer to resign, but, in the meantime, the Shah forced his mother to halt her activities. Shortly after this, Qavam left Iran, reportedly convinced that the Shah would never act to put him in the place of Mosadeq.

Recently, Mosadeq has shown his low regard for the Shah more clearly than before, telling Hosein Ala on January 12 that he would not consult the Shah before making important decisions on internal or external affairs.[44] Also, he has exerted efforts both internally and by refusing U.S. military aid to weaken the Iranian Army upon which the Shah relies for support.

It has been interesting to speculate about the reasons for Mosadeq's evident antagonism to the Army. He has always been opposed to military control of Iran's affairs. During his political career, Mosadeq has found the Army usually oppressive. At present, the Army is the main source of power for the Shah. If he should win control of the Army, Mosadeq might not be so firm in his opposition but probably he will always fear and distrust military might.

Conquest of the Majlis

The National Front Minority When the 16th Majlis opened in early 1950, it seemed inevitable that the National Front minority would be submerged by the apathy or selfishness of their colleagues. It was un-

[44] Embassy telegram 2607, January 13, 1952. [Footnote is in the original. Telegram 2607 from Tehran is in the National Archives, RG 59, Central Files 1950–1954, 888.2553/1–1352.]

thinkable that the corrupt, disorganized deputies ever could be stirred by unprofitable emotions.

It is unfortunately true that the Iranian Parliament rarely has shown understanding of its constitutional role as a legislature to pass laws designed to promote the nation's welfare. On the contrary, most deputies spend their terms in petty intrigues to further personal or local interests.

Mosadeq, veteran of parliamentary politics, saw a way to utilize this situation. He organized his few colleagues into a unit which had strength of purpose and of cooperation. Party strategy was planned to gain maximum advantage from the source of each man's powers. Kashani, who never took his Majlis seat, was consulted on how to stir his bazaar following in support of National Front policies. Saleh, Nariman, Shayegan and Haerizadeh had close touch with Iranian intellectuals and leftist liberals. Mosadeq was a great orator and a national hero. Maki, Baghai, Azad each appealed in different ways to numbers of admirers. All these men worked to focus the attention they commanded towards the National Front rather than upon themselves alone.

It was this organization and common purpose which gave the National Front minority an importance in the Majlis far beyond its actual strength. A typical, though minor, example of how they forced their views upon their colleagues was the planned strategy of National Front deputies to give their previously requested speaking time for pre-agenda speeches to one man who could, therefore, hold the rostrum for two full hours rather than the 15 minutes allowed each speaker. By this cooperation the best orators of the National Front won publicity, attention and reputation while obstructing legislative action.

The National Front remained aloof from the petty graft which satisfied most deputies. The Government in power could not woo the National Frontists with cash or privilege since they were out for bigger game. Their steadfast opposition to the Government and reiteration of emotional appeals gradually placed the National Front in the forefront of the Majlis and won a growing following among the deputies themselves. The National Front offered leadership. Even the most apathetic deputy gained a sense that Mosadeq and his colleagues represented a new and vital force which offered a way out of confusion and depression. By 1951, the National Front minority was the most important force in the Majlis. Parliamentary debates then became mainly sounding boards for National Front opinions.

National Front Government's Suppression of Majlis Opposition When Mosadeq became Prime Minister, he had the unanimous support of Parliament. The motives for this unanimity were various, ranging from National Front extreme views to hopes of Seyid Zia's partisans that

Mosadeq would hang himself in his responsibilities. It was not for several months that questions of a serious nature were raised on the Majlis floor against Mosadeq's direction of the nation. The Prime Minister has avoided all these questions and controlled his Majlis opposition by three primary methods—parliamentary maneuvers, anti-British moves and propaganda and terror in Tehran streets.

Good examples of Mosadeq's shrewd parliamentary tactics were his maneuvers to overcome, by evading answering it directly, an opposition interpellation which he was supposed to answer on January 22. His counter-attack moved along two cleverly coordinated lines. His first aim, which was successful, was to cause the Majlis to dissolve itself, thus preventing an embarrassing session. Pro-Government deputies were told to leave town in such numbers, ostensibly to attend provincial elections, that by January 22 there was no Majlis quorum in Tehran. Simultaneously, Mosadeq ordered British Consulates to be closed and it is clear that he intended, if his strategy of preventing Majlis sessions failed, to force a vote of confidence upon his anti-British actions rather than upon the opposition's interpellation.

At every turn the opposition has been described as British "tools". Every speech that Mosadeq has made since he became Prime Minister has included by direct reference or by innuendo this accusation. The opposition, outmaneuvered and completely vilified, has never reached the point where it could marshal strength to overthrow Mosadeq by parliamentary action.

The auxiliary tactic for suppressing Majlis opposition is constraint by terror. When opposition deputies and newspaper editors took asylum in the Majlis in December 1951 they made propaganda from their action, but they were in real danger and many of them were really terrified. The thugs who looted anti-Government newspapers, beat up opposition deputies on occasion, and threatened or attacked the families of the men in asylum, were acting under orders of National Front leaders. The crowds gathered to demonstrate for Mosadeq on numerous occasions were obviously controlled by terroristic organizations such as Kashani's Warriors of Islam and Baghai's so-called Iran Workers Party.

In a more gentle way, Mosadeq has terrorized the entire Majlis by turning to the "people" when he was not satisfied with his reception in Parliament. On September 6, 1951, when opposition deputies, by refusing to attend, prevented a session quorum, Mosadeq went outside the building to tell the several thousand people gathered there that they were the real parliament and that he would deliver his planned speech to them.

Struggle with the Entrenched Interests

Any political leader in Iran has to face the power and inertia of Iran's entrenched, reactionary interests. Mohammad Mosadeq with re-

alism and great shrewdness has played his politics to break up this monolithic force, first cloaking with nationalist emotions his real ambitions to break the power of old-line politicians in Government, then defeating conservative elements in the Court and Majlis, and then commencing a direct attack upon the electoral strongholds of the landowners and merchants. The wealthy families who have left or are prepared to leave Iran to live abroad show their fears of National Front antagonism or of the chaos and the communism which many think inevitable.

Truce Dr. Mosadeq is a wealthy landowner and an aristocrat. His son's luxurious house in town is placed on a crossroad with three royal palaces. Despite his oratory about social reform, most Persians consider Mosadeq a member of the wealthy ruling class.

When emotions were aroused about the oil dispute, Persians of all classes were swept with nationalistic fervor. The angriest pro-Mosadeq speeches heard by westerners at private parties came from the scions of important Persian families. The antagonism which would have been expected from the entrenched interests to any politician calling for substantial change in the existing system was not forthcoming because the entrenched interests were dominated, in early 1951, by the emotions of Mosadeq's oil nationalization program.

It is also true, unfortunately, that the class which in England produces dedicated and courageous leaders seems generally to produce in Persia a selfish and weak-willed group of men. When this class can crush reform without fear of much opposition, it is a potent force. When Mosadeq appeared on the political scene he was too dangerous a quantity for either the Shah or entrenched interests to oppose. These "leaders" mostly spent their efforts to persuade someone else to remove Mosadeq.

Piecemeal Defeats Mosadeq's treatment of the Shah and Court and his capture and suppression of the Majlis has been described. In these victories Mosadeq defeated representatives of Iran's entrenched interests. It is quite possible that a coordinated opposition from the Court and Majlis, based on contributions and other influence from the landowners and great merchants, could have defeated Mosadeq. By persuading the Shah against cooperation with the Majlis opposition deputies, by labeling as British agents any courtiers or deputies who were courageous or aware enough to speak against the National Front, Mosadeq prevented much concerted opposition from the entrenched interests.

Direct Attack Mosadeq's timing has been excellent. By the time elections started for the 17th Majlis he had terrorized the 16th Majlis and had nullified, to a great extent, the influence of the Shah and of the Army. When he began to change officials in the provinces, draw up

lists of National Front election candidates, and prepare to change the composition of the Majlis which had been almost self-perpetuating for years, he faced a weakened and divided enemy. The entrenched interests, predominately selfish in character, were divided by Government bargains with certain leaders.

Great landowners, merchants and tribal leaders and their representatives will be found in the 17th Majlis, but their numbers will have decreased and they will be faced with a substantial number of deputies who owe allegiance to the National Front or whose natural inclinations are toward National Front policies. It is quite true that the morass of Persian politics will not be drained overnight and Mosadeq may bog down in corruption and inertia. Also, it is possible that Mosadeq will join with the full force of the entrenched interests to fight against a threatening communism. So far, Mosadeq has dealt successfully with the entrenched interests, and he maintains the initiative in the struggle with them.

Dealing with Foreign Influences

Anglo-Russian Rivalry Persians of recent generations have been brought up in the belief that Anglo-Soviet rivalry is the basis of Iranian independence. The necessity for the Persians to play these rivals off against each other and some third force, first French, then German and now American, has developed a traditionally devious foreign policy. The history of recent foreign influence in Iran's affairs has been well described in Lenczowski's book *Russia and the West in Iran 1918–1948.* Mosadeq's decision to drive out the British required him to establish a new balance in Iran between Russia and America. So far, he has done this with consummate skill, and the technique which he has used differs in each case.

Great Britain and its "Agents" In dealing with the British, Mosadeq has taken a directly antagonistic approach, accusing them of every sin and driving first the oil company and then the British consulates from Iran. There is nothing in his policy but bitter opposition to the British. Everything they do is wrong and he will neither equivocate nor be reasonable. He wants them out of Iran and he is achieving his objective.

U.S.S.R. and Iranian Communists Mosadeq has clearly shown his fear of provoking official Russian anger, but he has been willing to fight the communists in Iranian streets. The extreme nationalist adherents of Kashani, Baghai and Pan-Iranism, with police protection, have deliberately set upon the demonstrations and establishments of communist front organizations such as the Partisans of Peace. There is little doubt that this type of opposition is fruitless since communist strength grows as Iran's economic and political chaos deepens. The National Front has not yet used the weapon of police suppression of the communists al-

though the law prohibiting the Tudeh Party is still in force. Mosadeq is playing a difficult game of encouraging Russia officially while attempting, by street riots, to prevent communist action.

America And Aid Mosadeq has shown himself rather too realistic where Iran's relations with the United States are concerned. He has used and abused American good will, encouraging the United States to play the "honest broker" in the oil dispute in order to lay upon the shoulders of Ambassador Grady, then Mr. Harriman, then Assistant Secretary McGhee, the blame for failure to "persuade" the British to Mosadeq's point of view. He gambles on Iran's strategic and political importance in America's "containment" policy to force American budgetary aid. He views American efforts to give him aid as evidence of some international desperation to prop him up. He realizes that American "desperation" apparently will grow as the Soviet threat to Iran increases. Therefore, he throws his hands up, in conversations with American officials, and says in substance "It is too late for me to change (any of several drastic actions such as driving the British oil technicians from Abadan, expelling a *New York Times* correspondent, closing British consulates in Iran). . . . You Americans must save Iran anyhow".

Asiatic "Neutrals" The neutralism of India and the theory of a "neutral" bloc of Moslem states meets the approval of the National Front and many Persians. Kashani often speaks of an international Moslem union, presumably under his command. Mosadeq, in Egypt, called for mutual, though essentially moral, support between Middle Eastern nations. It is doubtful if these vague thoughts will soon become particularly concrete. Certainly, at this moment, the influence of neighboring Moslem countries is negligible in Iran. But Mosadeq, by paying deference to this subject of some popular and official interest, shows his realism in handling internal propaganda but shows great ignorance in believing "neutralism" as a policy will serve the interests of Iran.

V. Conclusion

In military terminology the history of the National Front would be described as "assembly" and "approach" in 1949 and 1950, "assault" in the first months of 1951, success in "taking the position" on April 30, 1951 and subsequent "consolidation", a phase which is now ending as elections to the 17th Majlis are being held under National Front control. Study of the characteristics and political techniques of Mohammad Mosadeq shows how the National Front used its political environment to come to power. A drastic change in this environment may bring forth new techniques and new leaders; but, if Iran continues approximately in its present course, even given revenue from oil or other sources, it is likely that Mosadeq's example will be followed in the future.

The national emotions upon which Mosadeq has played are permanent and profound in Iran. Hopes that Iran's aroused nationalism can be or will be disregarded are unfounded. Nationalist emotions could possibly be rechanneled or transformed in some way, but they will not easily be erased. As described, they are considered to be factors in any situation in Iran under present social, economic and political circumstances.

It is not necessary for an Iranian politician to have all the characteristics of Dr. Mosadeq in order to win power, but at least he must be determined, ambitious and able to portray himself as representing national interests. A character such as Mosadeq's is unusual, as is the strong admiration which many Persians have for him. His extreme nationalism, his fantasies and his lack of conscience are not unusual in Iran. Should he die or be overthrown there are many who, since he has blazed the way, might replace him, at least in their ability to appeal to Persian national emotions.

An essential element in the rise to power of the National Front has been Mosadeq's shrewd realism. Selfishness and disorganization characterize Persian politics, and Mosadeq has made the most of those conditions. Whoever tries to stand against him or to follow him must have equal realism. Again, in military terms, Mosadeq's political ability has been shown in his consolidation of a position when it was won and his ability to prevent or overcome counter-attacks.

The great tragedy for Iran is that Mosadeq, who has recognized and led nationalist emotions, does not now seem to know where he is going. The methods which Mosadeq used to come to power are fine for "assault" and capture of power, but, by their own destructive nature, these methods are not sufficient to bring progress. The Iranian nationalist movement which could be used by communists, army leaders, the Shah himself, a strong reactionary, or by nationalist leaders more extreme than Mosadeq is now entering its most dangerous phase. The great question for the future in Iran is who will capture and how will he lead Iranian nationalism in its next phase of development.

1940	Arrested by Reza Shah's police. Imprisoned in Birjand. Remained in prison five months; was released due to intercession by then Crown Prince Mohammad Pahlevi. Returned to his village under surveillance.
Sept. 22, 1941	Amnestied with other political prisoners.
1941–1944	Continued to live on estate but visited Tehran.
1944–1946	Deputy to Fourteenth Majlis; sponsored bill forbidding government to grant oil concessions without consent of Majlis.

1947	Took asylum in Royal Court in protest against the rigging of elections for 15th Majlis.
1949	Elected Deputy to Sixteenth Majlis, after again taking asylum in Court in protest against election rigging. Formed National Front coalition.
April 29, 1951	Became Prime Minister of Iran.

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66. Memorandum From the Acting Chief of the Near East and Africa Division, Directorate of Plans ([*name not declassified*]) to the Deputy Director for Plans, Central Intelligence Agency (Dulles)[1]

Washington, February 20, 1952.

SUBJECT

Appraisal of Activities [*less than 1 line not declassified*] with respect to the Iranian Parliamentary Elections

[*1 paragraph (5 lines) not declassified*]

[*name not declassified*] concludes that the current election trend, on the basis of results tabulated thus far, indicates that our primary objective of denying to the Tudeh Communist Party representation in the new parliament has met with success, [*2 lines not declassified*].

Voting began in Iran on 23 December, 1951, and is scheduled to end on 1 March, 1952. As of 14 February, 25 deputies out of a total complement of 136 have been elected. Further reports on the progress of the elections will be prepared as data become available.

[*name not declassified*]

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[1] Source: Central Intelligence Agency, DDO Files, Job 79–01228A, Box 11, Folder 14, Iran. Secret; Security Information.

Enclosure

SUBJECT

Appraisal of activities [*less than 1 line not declassified*] with respect to the Iranian Parliamentary Elections

In a preliminary appraisal of the influence and activities of [*less than 1 line not declassified*] with respect to the parliamentary elections now in process, [*less than 1 line not declassified*] their fundamental objectives with regard to the Iranian elections were (1) to stimulate in the Iranian authorities a determined anti-Tudeh position; (2) to arouse the public to active opposition to Tudeh candidates; and (3) to unite the anti-Tudeh opposition behind those candidates most likely to win public support. Remarkable success has been achieved thus far with respect to the first two objectives; the third has been more difficult of achievement, because of local circumstances and conflicting political ambitions.

Although almost all of southern Iran and much of northern Iran has yet to vote, the current trend on the basis of results tabulated thus far in the north and in Tehran points towards the complete failure of the Tudeh party in the elections, and our primary goal of denying to the Tudeh representation in the new parliament has thus far met with success. The significance of this achievement, [*1½ lines not declassified*] is underscored by recollection of the parliament of 1944–1946, in which eight Tudeh party members achieved through solidarity a measure of success and influence out of all proportion to their numbers.

On the basis of preliminary returns in the northern provinces, where Tudeh candidates were able to secure only a fraction of the total vote cast, [*less than 1 line not declassified*] have become confident of success throughout the provinces. In the preliminary Tehran results, based on 100,000 votes out of a total of 140,000, all Tudeh candidates were badly defeated. In every Iranian constituency thus far reported, Prime Minister Mosadeq's National Front party has been victorious, and the Tudeh party has yet to win a single seat.

[*1½ lines not declassified*] success in these anti-Tudeh election efforts depended in large measure on preparatory action in advance of the elections, which was directed towards arousing the court, the government, the parliament, press, clergy, and the general public to the Tudeh danger. The riots of 6 December with the attendant upsurge of popular feeling against the Tudeh, coupled with the elaborate celebration of the liberation of Azerbaijan province from the pro-Soviet "Azerbaijan National Government" on the eve of the announcement of elections, marked a definite shift in popular psychology and set the stage for the anti-Tudeh election campaign.

[*5 lines not declassified*] Successful efforts were made simultaneously to effect a united front on the part of non-Tudeh candidates, whose political differences were reconciled [*1½ lines not declassified*]. Following creation of this united anti-Tudeh front, its representatives toured the area seeking popular support for the front and openly denouncing Tudeh aspirants. [*8 lines not declassified*] The anti-Tudeh publicity engendered by such events also proved of value in support of our objectives.

[*1 paragraph (13 lines) not declassified*]

The July 1952 Iranian Political Crisis and Its Aftermath, March 1952–February 1953

67. Memorandum Prepared in the Office of National Estimates, Central Intelligence Agency[1]

Staff Memorandum No. 211 Washington, March 28, 1952.

SUBJECT

Effect of Recent Developments in Iran on Mossadeq's Regime

1. The oil negotiations between the Iranian Government and the IBRD, which began on 14 February, were suspended on 16 March because of disagreement on four issues:[2]

a. Iran refused to permit British oil technicians to return to Iran. The Bank refused to discriminate against the British in this way, not only on general principles, but also on the grounds that there were not sufficient oil technicians of other countries available to operate the Abadan refinery efficiently. Moreover, the Bank assumed that the UK would not have accepted a settlement which barred the return of British technicians to Iran.

b. Iran demanded that the Bank concede that it would be managing the oil industry "on behalf of" Iran. The Bank adopted the position that it would be acting on behalf of both UK and Iran and that to accede to the Iranian demand might affect legal aspects of the controversy, in which the Bank did not want to become embroiled.

c. Iran demanded a price formula which would have given it proportionately higher returns from its oil resources than the other oil producing countries in the Middle East are now receiving. The Bank maintained that Iranian oil would be non-competitive under the Iranian price formula and suggested various formulas approximating the 50–50 profit-sharing standard in effect in Saudi Arabia, Kuwait, and Iraq.

d. Iran demanded the right to sell 30 percent of its production directly to independent buyers. The Bank supported the British position

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[1] Source: Central Intelligence Agency, DDI Files, Job 79T00937A, Box 1, Folder 3, Staff Memoranda—1952 (Substantive). Secret; Security Information.

[2] For documentation on the oil negotiations between the Iranian Government and the IBRD, see *Foreign Relations,* 1952–1954, vol. X, Iran, 1951–1954, pp. 354–370 (Documents 159–169).

that in any settlement the marketing agent (i.e., AIOC) must have the right to buy practically all Iranian production.

2. While Mossadeq might have been willing to compromise on the other issues, he made it very clear that he could not permit British technicians to return to Iran under any circumstances. There is little likelihood that Mossadeq or any other National Front leader will retreat from this position or that the British would accept a settlement that barred the return of British technicians to Iran. Thus, although the talks have not been formally broken off, there is little chance that they will be renewed so long as a National Front regime remains in power in Iran.

3. While public opinion in Iran, even among politically conscious groups, is difficult to assess, there appears to have been considerable disillusionment at the breakdown of the negotiations with IBRD. Opposition to Mossadeq in a significant proportion of the press is more intense than ever before, and there has been a notable absence of pro-Mossadeq demonstrations. Civil servants, members of the armed forces, and the business community (at least in Tehran) are beginning to appreciate more fully the critical nature of the government's fiscal position and are undoubtedly aware of the possibility that within a month or two the government may be unable to pay salaries and meet other payments. The payment of government salaries, which constitutes 80 percent of the budget, has fallen a little more in arrears each month. The payment of bonuses, a traditional practice at the beginning of the No Ruz (New Year) holidays, which this year began on 21 March, has not been made. The government is heavily in debt to government contractors and has made few payments to them in recent months.

4. The increasing concern of more conservative elements with the trend of events has been reflected in the Senate, which before it adjourned on 19 March seriously considered calling for Mossadeq's resignation. Its failure to act can be attributed largely to the Shah's refusal to support such a movement at this time. The Shah actually advised against it because he continues to believe that Mossadeq must be completely discredited before being forced from office. At the same time, however, the Shah has displayed much more confidence in his own ability to act decisively "at the right moment" and apparently believes that Mossadeq's popularity is really on the wane and that circumstances will soon permit him to bring about a change of government. It is evident, however, that the Shah is unlikely to act against Mossadeq unless a majority of the deputies in the new Majlis, which convenes about 10 April, organize an effective opposition movement.

5. Much of the Shah's self-confidence probably results from the fact that the armed forces have recently displayed increasing antagonism towards the National Front and demonstrated their loyalty to him. Army leaders have been antagonized by Mossadeq's attitude

blocking US arms assistance and his refusal to renew the contracts of the US military mission.[3] Their opposition to the National Front has been clearly demonstrated during the current elections. While the army exerted its influence discreetly and concentrated its efforts in provincial areas, it was instrumental in defeating a number of government candidates and in effecting the election of anti-National Front candidates. Morale in the armed forces has recently improved as a result of a purge of Tudeh sympathizers in the air force and as a result of the Shah's action in dismissing the government-appointed Chief-of-Staff of the air force and replacing him with an officer in whom he had full confidence. These developments suggest that any further attempts of the National Front regime to undermine the strength of the armed forces will almost certainly result in counteraction by army leaders, as well as by the Shah; it is extremely unlikely that either these leaders or the Shah would passively submit to government measures which would weaken the armed forces to the extent of preventing them from effectively maintaining internal order. If, for instance, the government attempted to cut the army budget significantly or failed to meet army salary payments over a protracted period, the Shah and the army leaders would probably act decisively to remove Mossadeq from power.

6. The new Majlis, at least initially, will be heavily weighted in favor of the government. Approximately 60 deputies, out of a total of 136, have already been elected. Of these, probably about 25 are active supporters of the present National Front leaders, and about 15 are definitely opposed to the National Front. Most of the remaining 20 would undoubtedly support the government on the oil issue, but might well vote against the government on other issues if an effective opposition movement developed in the Majlis. An analysis of the elections so far completed indicates that of the 25 hard-core supporters of the National Front, 12 come from Tehran and 8 from Tabriz. In Tehran, Tudeh constituted the chief opposition and would undoubtedly have elected several deputies if the elections had been conducted honestly. The 8 hard-core National Front deputies from Tabriz are personal followers of the religious reactionary Kashani, and 3 of them have had connections with Tudeh in the past. Three or four personal followers of Kashani were also elected in other parts of the country. The chief opposition in the Tabriz area came from the wealthy landowners and tribal elements, who were astonished at their defeat by, in some cases, impoverished and unknown mullahs. The elections, which started in December, have progressed slowly, primarily because of attempts by the government to block the election of opposition candidates. There appears also to have been some rivalry between different factions within the National Front,

[3] See Document 60.

particularly between candidates supported by Kashani and candidates claiming the support of Mossadeq. In many districts the counting of ballots has been stopped and new elections called. Violence has been unusually widespread even for an election period, and at least 35 deaths have resulted. Because of the government's fear of Tudeh strength in Abadan and other oil centers in Kuzistan province, martial law is still in force there and elections have not even begun. Disturbed, however, by the recent opposition activity of the Senate and by the possibility of the Shah's acting to dismiss them, the leaders of the government have recently speeded up the elections in certain districts in order that at least a quorum of 69 deputies, which would enable the Majlis to convene, will be elected by the end of the No Ruz holidays. A number of tentative conclusions can be drawn from the elections so far:

a. The National Front government had to use fraud in Tehran, and will have to use fraud in Abadan, to prevent the election of a significant number of Tudeh deputies.

b. Kashani will have a personal following of about 15 deputies.

c. Outside of Tehran, Tabriz, and possibly a few other large towns, local notables (wealthy merchants, landowners, and tribal leaders) have controlled, or will control, the elections. These provincial leaders are generally unsympathetic to the National Front program, except on the oil issue. Their representatives will probably win most of the seats for which elections have not been completed.

d. While the government has been able to prevent the election of a number of its more outspoken opponents and has increased the number of its hard-core supporters, a large bloc of deputies in the new Majlis cannot be relied upon to support the government except on the oil issue and, at least in theory, has the strength to overturn the National Front regime. Moreover, the relative strength of the National Front deputies will probably decline as the elections are completed.

7. These developments would appear to require some change of emphasis in a number of the conclusions in NIE–46, "Probable Developments in Iran in 1952 in the Absence of an Oil Settlement."[4] The major conclusions of NIE–46, and the way in which they are affected by recent developments in Iran, may be briefly summarized as follows:

a. *Mossadeq or some other National Front leader will continue as Prime Minister "at least for the present."* There now appears to be at least an even chance that Mossadeq will fall from power within the next two months and some possibility that he will be supplanted by a non-National Front Prime Minister.

[4] Document 63.

b. *The parliamentary position of the National Front will be strengthened by the elections.* Borne out by recent developments.

c. *The Shah is unlikely to influence events "in the immediate future."* Recent developments suggest that the Shah will almost certainly play a significant part if there is a change of government within the next two months.

d. *Continuation of National Front strength will depend primarily on the government's success in solving critical financial problems.* Continues to be valid.

e. *Iran is unlikely to obtain significant oil revenues either from the Soviet bloc or from the rest of the world.* Continues to be valid.

f. *The Mossadeq Government can meet its essential obligations until the beginning of April or May by resorting to various expedients.* Continues to be valid.

g. *It can probably obtain Majlis support for emergency fiscal measures which would avert a fiscal breakdown at least through the summer of 1952.* The decline in Mossadeq's popularity suggests that, even with stronger National Front representation in the Majlis, he may not be able to obtain Majlis approval for emergency fiscal legislation "which would avert a fiscal breakdown at least through the summer of 1952." Such legislation would probably be opposed by the increasingly vocal conservative elements and by the Shah.

h. *The Mossadeq Government will be under increasing pressure to satisfy hopes for social and economic benefits; failure to provide these benefits would be likely to lead many National Front supporters to turn to the Tudeh Party.* There is as yet no evidence that Mossadeq has made any attempt to improve social and economic conditions or that disillusion and opposition growing out of his failure to do so has led to any increase in Tudeh strength. This is not to say that Tudeh influence may not increase in the future as a result of this or other factors, whether or not Mossadeq stays in power.

i. *National Front leaders will have difficulty in agreeing on reform measures and in obtaining Majlis support for them. Consequently, the National Front would probably be forced to adopt authoritarian methods.* While there is some evidence of cleavages in the National Front, particularly between the Kashani and Mossadeq factions, they have certainly not resulted from differences over possible "reform measures." Nor is there any indication that the National Front regime is considering the adoption of authoritarian methods. Mossadeq has relied heavily on Majlis support. It is difficult to envisage how the National Front could resort to authoritarian rule without first obtaining control of the army, the leaders of which have once again shown, in the elections, that they are almost exclusively anti-Mossadeq.

j. *A conservative government would also be forced to rule by authoritarian means and to make concessions to nationalist sentiment.* While a conservative regime would probably have to make concessions to nationalist sentiment and take forceful measures against a number of National Front leaders (and against the Tudeh Party), it might well rule without martial law and through the Majlis, if, as recent developments suggest, the Majlis itself is instrumental in causing the fall of the National Front regime.

k. *Thus, barring the establishment of authoritarian rule, Tudeh potential would increase.* While Tudeh capabilities would obviously be restricted under authoritarian rule, it does not automatically follow that the Tudeh potential will increase in the absence of authoritarian rule. (See h. above.)

8. In summary, recent developments suggest that Mossadeq's chances of remaining in power are not as good as was indicated in NIE–46, although it is extremely difficult to estimate who might succeed him. If Mossadeq were to resign voluntarily while the National Front still controlled the Majlis, it is possible that an even more extreme and uncompromising National Front leader, such as Kashani or Makki, might come to power. However, it now appears more likely that Majlis opposition to Mossadeq's fiscal program would be the immediate cause of his fall from power, in which event a more moderate National Front leader or even a conservative might come to power. While such a successor government might not act with sufficient energy and forcefulness to achieve a settlement of the oil controversy or prevent continued economic and political disintegration in Iran, it would be more likely to do so than the present regime.

9. A further complicating factor in estimating future developments is the possibility that Mossadeq or the Shah will be assassinated. The terroristic Fedayan Islam organization has been more active during the past month and was responsible for the recent near-fatal attack on a former deputy prime minister to Mossadeq. In the current tense atmosphere other groups or individuals may adopt the same tactics. The assassination of Mossadeq would probably be successfully exploited by the National Front extremists to maintain themselves in power, although it is also possible that, by symbolizing opposition to the bankruptcy of the National Front program, it would lead to the return to power of more moderate and conservative leaders. Similarly, the assassination of the Shah might result in the collapse of the monarchy and the establishment of a republic; however, it is also possible that it would result in the establishment by army leaders of a military dictatorship. By their very nature, such possible developments are unpredictable, although the possibility of their occurring would probably

have an important influence on the actions and attitudes of the leading figures on the Iranian political scene.[5]

John H. Leavitt

[5] In Staff Memorandum No. 214 (Revised), April 14, Leavitt suggested that Iran intelligence specialists agreed that developments did not warrant revision of this estimate. While they conceded Mosadeq's popularity had declined during the past 2 months and that there was a revival of anti-Mosadeq agitation by more conservative elements, they "continue to believe that Mossadeq will once again be able to rally sufficient support to remain in power. In particular, they still believe that Mossadeq will probably succeed in assembling a Majlis quorum and in obtaining legislative authority for the issuance of new money 'which would avert a fiscal breakdown through the summer of 1952.' They continue to consider that the Shah is unlikely to take any initiative in overthrowing Mossadeq, even though they agree that during the past two months he has seemed more self-confident and has indicated a determination to retain control of the armed forces." (Central Intelligence Agency, DDI Files, Job 79T00937A, Box 1, Folder 3, Staff Memoranda—1952 (Substantive))

68. Telegram From the Embassy in France to the Department of State[1]

Paris, March 28, 1952, 8 p.m.

5970. At request of former Prime Minister Qavam of Iran, Embassy Officer called at his hotel. Invitation was extended by Parvis Khan Khalili, Afghan subject of Georgian origin, and Khazrai, both in Qavam's entourage.

Extremely oriental manner of Qavam made it difficult to fathom real purpose of conversation. Some light was thrown by Khazrai who subsequently endeavored to interpret obtuse and vague words of ex-Prime Minister Qavam. Qavam expressed his admiration, sympathy and confidence in US and referred to abortive attempt to get in contact with President in 49 to warn him of dangerous course which Iran was following. He stressed his unwavering pro-American attitude, and his attempts to bring American technicians to aid his country during his Premiership. Deterioration of political and economic situation in Iran and mounting threat of Communism were described. Only solution to combat these evils was strong man at head of government.

[1] Source: National Archives, RG 84, Tehran Embassy Files, 1950–1952, classified general records, Box 25. Secret; Security Information. Repeated to Tehran for the Ambassador only. Received March 29 at 3 p.m.

Qavam then stated that he had no desire to come to power unless incoming Majlis drafted him to head government. He would not go against will of Parliament, but would hesitate to accept helm unless he received assurances that Court would not undermine his position as it had in past. Shah was referred to in friendly terms but described as young, weak and easily influenced by his Court Advisers. Qavam stated that he would be ready to initiate economic and social reforms, with or without aid from abroad, settle the oil problem with UK and undertake strong measures against Tudeh and Commie agitation. This he could not do, however, unless he was assured of complete confidence of Shah and Parliament.

We were asked to transmit to Department Qavam's desire to work for salvation his country in close collaboration with US and were requested to obtain response fm Dept before Qavam returns to Tehran. When we expressed mystification as to what response to what question was expected, Khazrai, after conferring with Qavam in Persian, intimated that in event latter were to come to power, he would like assurance from US that it would lend good offices with Shah in obtaining unflinching Royal support. We answered that it would be impossible for US Government to pronounce on anything so hypothetical, and added that US Government, of course, was gravely concerned over deteriorating situation in Iran and had already shown its concern in trying in every way possible to assist Iran and strengthen it so it could maintain itself as independent member of free nations.

Our impression is that Qavam is attempting to ascertain whether he would have backing of Washington in case he was called upon to form government. We would appreciate receiving any remarks which Washington, after consulting Ambassador Tehran, might wish us to convey to Qavam.

Qavam has been in Europe last 3 months and just recently undergone operation in Switzerland for nervous facial tic. He appeared old but far from extinct. Qavam told us that he had left Iran at time of arrival new Ambassador and, therefore, had not seen him but hoped to meet him on return to Tehran.

Dunn

69. Telegram From the Embassy in Iran to the Department of State[1]

Tehran, March 31, 1952, 4 p.m.

3715. 1. During last 6 months Emb has been approached on numerous occasions by friends Qavam (Paris tel to Dept 5970, March 28)[2] with purpose endeavoring extract from Emb assurances that US Govt wld take various steps effect establishment gov headed by Qavam or at least wld look with favor upon such govt if set up. Some these emissaries have urged I press Shah interevene with Majlis or Senate in order bring about replacement Mosadeq by Qavam. Others have merely asked that we give assurances that if Qavam shld become PriMin his govt wld be viewed with friendly eyes by US and US wld be prepared render substantial financial or econ assistance to his govt. Practically all these friends of Qavam have assured Emb that Qavam wld be friendly to West, particularly to US. Within recent weeks some of them have gone so far as say that if he shld come to power he wld take steps place Iran openly on side West and bring Iran into Mid-East command. Some of them have also informed Emb that his health is greatly improved and that he is planning return almost immediately Iran.

2. Shah continues be antipathetic to Qavam in spite claims Qavam's friends that his attitude re Qavam has altered during recent months. During my talk with Shah on Mar 20 he told me again he did not (rpt not) trust Qavam and dismissed possibility latter's return to power. Ala also told me several days ago he distressed at stories that Princess Ashraf was mtg Qavam and was conspiring to make him PriMin. We understand most of royal family, particularly Queen Mother, Princess Ashraf and Prince Abdor Reza favor Qavam and are critical of Shah's attitude. We believe most Iran politicians at present do not (rpt not) consider Qavam as likely candidate for PriMin in view Shah's opposition.

3. Altho Qavam is old and perhaps to extent decrepit; altho some his closest advisers have bad reputations re personal honesty and polit integrity; and altho he is by no (rpt no) means inspiring leader; nevertheless, we inclined believe that of all candidates who thus far have been mentioned as possible successors to Mosadeq, he wld probably be most effective PriMin from point view of restoring stability in country and of working out arrangements which, if Brit wld show more reasonable attitude, wld result in revival oil industry and improvement Iran's

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[1] Source: National Archives, RG 59, Central Files 1950–1954, 888.00/3–3152. Secret; Security Information; Priority. Repeated to Paris. Received at 12:55 p.m.

[2] Document 68.

financial position. He might even venture launch some much needed econ reforms which his followers say he has in mind.

4. Emb has been uniformly replying to approaches made to it by friends Qavam to effect US Govt pursues policy of non-interference in Iran internal affairs. US Govt therefore cannot (rpt cannot) support one candidate for PriMin against another. If however Qavam shld come to power, US Govt wld hope to have friendly relations with his govt and with him. US Govt recalls the pleasant relations which it had enjoyed with Iran during period Qavam was PriMin and wld hope that similar relations wld exist if he shld again come to power.

Henderson

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70. Telegram From the Department of State to the Embassy in France[1]

Washington, April 1, 1952.

5824. Wld appreciate Emb using greatest circumspection (urtel 5970 Mar 28)[2] in dealing with Qavam. Dept concerned not only at possible repercussions within Iran shld it become known there has been direct contact between Qavam and US officials but we are disturbed at presence Khalili and Khazrai during ur mtg. According Dept's records both are notorious internatl adventurers and both, particularly Khazrai, may be Sov agents.

Believe best line to take in reply Qavam's query is that, as he is well aware from his experience as PriMin, US does not rpt not interfere in Iran internal affairs and under no rpt no circumstances cld indicate its preference for any particular candidate for Premiership. This pol wld of course apply in case of conflict between Shah and any particular PriMin.

We fear last sentence Tehran's 3715 rpt Paris 85 Mar 31[3] undesirable in present instance since it cld be interpreted by Qavam and his present associates in Paris as indirect indication of support. We have no rpt no objection Tehran's continuing this statement to emissaries in

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[1] Source: National Archives, RG 59, Central Files 1950–1954, 788.00/4–152. Top Secret; Security Information; Priority. Drafted by Ferguson, cleared in WE and BNA, and approved by Berry. Repeated to Tehran and London.

[2] Document 68.

[3] Document 69.

Iran whose reputations are better than those Khalili and Khazrai. Any further info present activities these two persons wld be welcome. Wld appreciate ur repeating all tels this subj to London.

Acheson

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71. Memorandum From the Chief of the Near East and Africa Division, Directorate of Plans (Roosevelt) to the Chief of the Operations Division, Directorate of Plans, Central Intelligence Agency ([*name not declassified*])[1]

Washington, April 5, 1952.

SUBJECT

Monthly Division Operations Report of NEA Activity for March 1952

[Omitted here are portions of the report unrelated to Iran.]

3. Reports from Iran during March stressed the progressive deterioration of the economic and political situation in view of Prime Minister Mossadeq's prolonged failure to reach some settlement of the oil controversy. Four political trends have become apparent: a) Prime Minister Mossadeq, in spite of maneuvers within his National Front and evidence of waning popularity, is considered capable of remaining in power and control at least during the early session of the new parliament. b) The prestige of the Shah is weakening because of his indecision and vacillation. The throne's principal support, the Army, remains loyal but has been subject to constant attack by the National Front and the Tudeh, the latter having been somewhat successful in penetrating the armed forces. c) In spite of its poor showing in the recent elections, which were rigged throughout the country, the Tudeh Party has been gaining strength, primarily by subversion. The majority of Iranians continue to be blind to the Tudeh's development and threat; and the Government, preoccupied with economic and political problems, takes no positive action against the Tudeh. d) Xenophobia in Iran is now being directed against the US since Washington's statement that no significant US economic aid would be granted Iran prior to an oil settle-

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[1] Source: Central Intelligence Agency, DDO–IMS Files, Job 80–01795R, Box 10, Folder 3, Office of Policy Coordination (OPC) History 01Apr52–15Apr52. Top Secret; Security Information.

ment.[2] This anti-American feeling has recently been exploited by the Tudeh.

In view of these political developments in Iran, the necessity for prompt policy clarification, as outlined in the Division's Monthly Report for February, has become urgent. At a meeting during March with the Assistant Secretary of State, the Division was assured that a revision of NSC 107/2 would be initiated at the earliest opportunity.[3] Until some clarification of that directive is obtained, no provision exists for CIA to undertake large-scale stay-behind planning to meet contingencies such as a Tudeh coup or political fragmentation of Iran.

[*2 paragraphs (29 lines) not declassified*]

In balancing credits and debits it should be borne in mind that: a) Anti-foreign feeling was growing in violence [*1½ lines not declassified*]. b) The only anti-communist forces that can be effectively helped are nationalist extremist. c) The threat to internal security created by street fights between communists and anti-communists is probably not as serious as would have been the threat of uncontested Tudeh "rule of the streets".

[Omitted here are portions of the report unrelated to Iran.]

Kermit Roosevelt[4]

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[2] An apparent reference to the statement contained in telegram 1648 to Tehran, February 9, printed in *Foreign Relations,* 1952–1954, vol. X, Iran, 1951–1954, pp. 348–349 (Document 156).

[3] No record of a meeting with Department of State representatives on this subject in March 1952 has been found. In his monthly report prepared for Chief of Operations Helms for December 1951, dated January 7, 1952, Roosevelt reported that "with the continued deterioration of the situation in Iran, conversations have been held with the Policy Planning Staff of the Department of State and the Acting Assistant Secretary. The likelihood of the fragmentation of the country and the possibility of Tudeh control were weighed. Questions raised by CIA relative to the type and magnitude of aid to the tribes and other elements loyal to the Shah, and concerning stockpiling, timing, and collaboration with the British, were all regarded by the Department officials as pertinent and important. Although no conclusions were reached regarding these specific matters, Mr. Berry pointed out that NSC 107/2, defining the position of the United States with respect to Iran, would be restudied and redrafted, since its basic premises have proved faulty; a new and clearer policy is expected to be formulated. Such a revision should provide clearer guidance to the CIA." (Central Intelligence Agency, DDO–IMS Files, Job 80–01795R, Box 8, Folder 3, Office of Policy Coordination (OPC) History 01Jan52–10Jan52)

[4] Printed from a copy with Roosevelt's typed signature.

72. Telegram From the Embassy in Iran to the Department of State[1]

Tehran, May 9, 1952.

4349. As result instructions rec'd by Brit Emb which lists questions in different order from Deptel 2441 May 2,[2] we have agreed here to follow Brit sequence and phraseology of questions.

Before answering questions set, both Embs wish to emphasize that Iranian situation remains highly uncertain and that it impossible to assess its course beyond most immediate future. In considering interplay of internal Iranian forces and their possible shift with events and time, we believe that policies of US, UK and USSR toward Iran are at least as important as internal forces, which in turn react to these foreign influences. With these observations in mind, there follows estimate of Iranian situation by two Embassies:

1) Does Mosadeq still have the power to rally public opinion and dominate any combination of opposition elements?

There no doubt that Mosadeq still has power to keep himself in office. His prestige has decreased and may go on decreasing; he no longer has political invulnerability which he enjoyed up to few months ago. His prestige relatively high, however, particularly in provinces. At same time so long as he controls Radio Tehran and one or two newspapers, as well as Government patronage and day-to-day administration of country, it difficult to see how he can easily be overthrown. As we have so often pointed out, opposition is uncoordinated and Shah, who might be rallying point of opposition, is weak and vacillating. Mosadeq's latest letter to Majlis clearly indicates that he intends strengthen his grip on political life of country, if necessary by ruthless exercise his political power. These methods will continue be effective so long as Natl Front remains united and opposition remains divided. At moment there no sign any effective combination of opposition elements.

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[1] Source: National Archives, RG 84, Tehran Embassy Files, 1950–1952, classified general records, Box 29. Secret; Security Information. Drafted by Melbourne and Henderson. Repeated to London. The telegram is the Embassy copy as approved and has no time of transmission.

[2] In telegram 2441 to Tehran, May 2, the Department requested that the Embassy conduct a joint analysis with the British Embassy of the situation in Iran. Specifically, the Department, as well as the Foreign Office, requested the Embassies' appraisals of Mosadeq's staying power, the general economic and financial situation, whether Mosadeq could implement necessary, though unpopular policies, whether any successor to Mosadeq stood on the horizon, whether there was a risk of Iran turning toward Russia, and, finally, whether there existed a risk of financial collapse in Iran. Telegram 2441 is ibid., RG 59, Central Files 1950–1954, 888.2553/5–252.

2) (a) What is present economic and financial situation?

(b) Does Mosadeq or any Iranian Govt have courage or ability to make full use of country's resources?

(c) Is financial and economic collapse inevitable and if so is it matter of weeks or longer period?

(a) This has already been dealt with in latest reports prepared by Economic/Commercial Counselor in consultation with US/Brit Emb.[3]

(b) It not believed Mosadeq or any Iranian Govt, short of dictatorship, cld obtain reduction of Govt expenditures or increase of tax revenue to extent sufficient to make substantial contribution toward balancing budget. However, it not unlikely Govt cld obtain Majlis [text missing] on for limited use of remaining gold reserve behind currency and for expansion of currency required for financing Govt deficit. Thus, while in our opinion Govt cld not make full use of all country's resources, it cld obtain sufficient funds to meet its needs for considerable time.

(c) Ultimate financial and economic collapse is believed to be inevitable in absence restoration oil income. Such collapse might be matter of months unless Majlis authorization obtained for use currency gold reserve and/or currency expansion to support Bank Melli loan to Govt. With such authorization Govt might carry on thru Iranian year 1331 (until Mar 1953).

3) In event of collapse of central Govt, what is most likely political development?

We do not believe that collapse of central Govt imminent despite slow drift toward anarchy. Nevertheless, unity of Natl Front under strain and it showing certain indecision. Iran's problems in varied fields becoming so serious that Mosadeq Govt or its possible successors probably will be obliged to think in terms of authoritarian govt. This govt may be a) present Govt or revised Natl Front regime, b) one derived from non-communist opposition groups, c) one frankly controlled by communists or military junta.

(a) We do not believe that oil problem can be solved so long as Mosadeq remains Primin. In absence solution and Western financial aid he

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[3] An apparent reference to two surveys of Iran's economic and financial condition at the close of the Iranian year 1330, prepared individually by the American and British Embassies in Tehran, under the direction of U.S. Counselor for Economic Affairs Robert Carr, and attached to despatch 1187 from Tehran, May 7. Both estimates, especially the American one, described the Iranian economy as healthy and resilient, primarily because of a healthy agricultural sector, positive trade balances owing to the Korean war induced economic boom, and the accumulated level of imported stocks. Nevertheless, the government's financial position was nearing exhaustion and, without the reinstatement of considerable oil revenue, would provide the source for economic deterioration in the coming months. These two surveys are ibid., 888.10/5–752.

may at some point make overtures to USSR. He may try include Tudehists in his cabinet in hope obtaining Soviet economic aid and convincing West that his threats to "turn toward Russia" have reality. If Natl Front, with or without Mosadeq's ostensible leadership, shld degenerate in this fashion, way might be prepared for govt controlled by communists and installation of regime which wld disregard or overthrow Shah. On other hand, revised Natl Front Govt conceivable without Mosadeq which wld remain loyal to Shah and which wld try strike balance between Free World and Soviet Union. Such regime might be willing seek solution oil problem and if it succeeds, can survive.

(b) Opposition combination replacing Mosadeq cld assume office thru exercise by Shah of his constitutional powers in some form. This regime wld require full support of Shah and army to exercise authoritarian methods in running country and in proceeding against its opponents. Such regime, which might be strong civilian coalition or military junta, cld try strike balance between Russia and West or turn openly to West for support, while seeking in either case solve oil problem.

(c) Dissatisfaction among tribal elements resulting in large-scale outbreaks difficult for armed forces to control cld be signal for communist effort to seize control of Tehran and of north with covert Soviet support. Resultant regime cld be outright communist dictatorship or military non-communist junta cld be set up to meet threat.

We think that order of likelihood of above occurring is (a), (b) and (c). We consider most probable development to be that Mosadeq will remain in power until after World Court decision in June. Thereafter probability increases of his being replaced by revised Natl Front Govt. However, if Mosadeq takes active steps to approach the Russians, such as actually going to Moscow or appointing Tudeh ministers, or if Shah becomes convinced that Natl Front has weakened to such extent that he can take action at only slight risk to himself, possibility of (b) wld be increased.

4) What alternative govts, if any, are in sight? Are they likely to receive support of Shah to point where he wld use strong measures, including military rule?

This question has been largely covered under 3) above. No alternative Govts as yet visible, nor has Shah as yet indicated his preferences in this respect. Opponents of Natl Front claim that if there were joint Anglo-American approach to Shah for removal of Mosadeq and installation of alternative regime, this wld oblige Shah to act. We doubt whether such step wld be effective unless considerable pressure were exerted to convince Shah of great dangers of inaction and concrete advantages to Iran and to himself to be derived from his intervention. We believe that Shah might be willing use Armed Forces to support weak

Primin who wld not be likely become rival. However, under conditions developing in Iran, we believe weak Govt, despite military support, wld be short lived. Shah is notoriously reluctant accord full support to strong Primin, but he might reluctantly agree to do so if convinced this necessary to prevent collapse of Iran or complete discrediting monarchy.

5) When Iranians (other than members of Tudeh Party) speak of turning to Soviet Union, how real is risk and what form of Soviet assistance is anticipated to ease present situation?

While there undoubtedly blackmail features in talk of turning towards Soviet Union, this not inconsistent with traditional Iranian policy of playing one great power off against another and belief that by such means country can continue maintain precarious independence. We both believe it quite probable that Mosadeq, if driven into corner, will turn to Moscow more as gesture of defiance than in any hope of getting real assistance. We do not think volatile elements of population and of Natl Front willing to realize, as do thoughtful Iranians, that country can obtain little practical help from Soviet Union, and that in any case price might be Iranian independence. Before responsible Iranians aware danger, irretrievable steps may have been taken which might place Iran virtually in hands USSR.

Henderson

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73. Memorandum of Conversation[1]

Washington, May 16, 1952.

SUBJECT

Iran

PARTICIPANTS

Mr. Launcelot Pyman, Former Oriental Counselor, British Embassy, Tehran
Mr. William M. Rountree, Director, GTI
Mr. C. Vaughan Ferguson, GTI

Mr. Pyman has served as British Oriental Counselor in Tehran and has handled Iranian problems in London for eleven years, with the ex-

[1] Source: National Archives, RG 59, Central Files 1950–1954, 788.00/5–1652. Secret; Security Information. Drafted by Rountree.

ception of one year in St. Louis, Missouri. He recently returned to London for leave and reassignment to Rio. He was sent by the Foreign Office to Washington to consult with the British Embassy upon Iranian matters and to participate in the conversations between the Embassy and Departmental representatives. In this final meeting with Mr. Pyman before his return to London, we sought to obtain his views upon several matters, particularly upon possible candidates as Prime Minister in the event Dr. Mosadeq should resign or fall. Rather than the usual running account of the conversation, the following reflects the summary of what Pyman had to say.

It was recognized by both sides that the type of Prime Minister who would be chosen to succeed Dr. Mosadeq would depend in large measure upon the circumstances surrounding the latter's exit from office. For example, if the strength of the National Front should be greatly diminished and the Shah's position strong, he would probably select a man from the group identified below as "Normal-Type Candidates". If the situation should be such that the Shah, even in the face of a strong National Front position or in circumstances in which the security position is difficult, should wish to appoint a strong Prime Minister to govern in a dictatorial manner, he might consider the appointment of one of the "Military Figures" listed. Finally, either to perpetuate a National Front government or mollify the National Front, a Prime Minister in the third category, "National Front Candidates" might be chosen.

Normal-Type Candidates

1) *Qavam*—The Shah does not like Qavam and fears that he would constitute a threat to the Shah's position. The principal disadvantage of Qavam as a Prime Minister would be that nepotism and corruption would flourish, and his political opposition would be such that he probably would not last very long. The advantages, however, would be that he is a "strong man" and would check the drift toward anarchy; as an opportunist he would be prepared to settle the oil dispute upon any basis which he felt he could "get away with". He would probably be appointed only as an interim solution. Qavam is, of course, old, sick and feeble.

2) *Mansur*—Mansur is a routine, traditional Iranian politician, and an opportunist who would make a serious attempt to settle the oil dispute, not so much on the basis of principle as upon the basis of expediency. While the Shah's opinion of Mansur is not known, it is believed that he would find some reassurance in recalling that he successfully fired Mansur upon "15 minutes notice" in order to make way for the appointment of General Razmara. The Shah would, therefore, find in Mansur no threat to his own position.

3) *Seyid Zia*—The possibilities of Seyid Zia's appointment are considered extremely remote. The Shah would be afraid of Seyid Zia since

he might not be able to control him. Seyid Zia is a patriot who wants to do something for Iran, and that is why he will never be popular with Iranian politicians. He is regarded as a British tool, and has been greatly discredited in Iran by this factor. This may also explain in part the Shah's attitude toward Seyid Zia, since the Shah has a fixation upon the British ejection of his father. With a strongly pro-British Prime Minister in office, his logic is that there is no guarantee this would not happen to him. The Shah would also be reluctant to appoint Seyid Zia for the same reasons which make Qavam unacceptable to him.

4) *Hakimi*—Hakimi, about 90, is the champion of the "Iranian Youth Movement". He probably will not again be considered seriously as a candidate. The Shah remarked recently when Hakimi's name was mentioned as a possible Prime Minister, "He didn't do a damn thing before and wouldn't now. Why should he be Prime Minister?"

5) *Entezam*—There is some evidence that the Shah has been thinking about Entezam as Prime Minister. He is highly regarded by the British in terms of ability and integrity. His past record in the Cabinet was very good. His obvious difficulty, of course, is that he has been out of the country for five years and has no political following. On the other hand this might be said to be an advantage since he is untainted. While he is not in the National Front or associated with that party, there has been some talk of his replacing Kazemi as Foreign Minister in the Mosadeq government upon his return to Iran from Washington.

6) *Ebtehaj*—An energetic, patriotic man who is liked by the Shah. There has been some indication that the Shah has been considering Ebtehaj as a possible replacement for Mosadeq. His difficulty is that he cannot get along with his countrymen and engages in running battles with key political leaders. He would be "good at anything" but Prime Minister, except under dictatorship of the Shah. He has no Majlis support, and his appointment is unlikely.

7) *Soheily*—Soheily, until recently Ambassador to the United Kingdom, is about the most useful and practical Iranian political figure. He is a good operator and has the confidence of the Shah, who would not be afraid of him. He has no strong principles or convictions regarding the oil controversy and should be able to "patch up" a deal if he were Prime Minister.

Military Figures

1) *Ahmadi*—Ahmadi is a dead political force who is busy collecting rent for the 500 pieces of property which he owns in Tehran. His level of intelligence was not eulogized by Pyman.

2) *Zahedi*—Zahedi, unscrupulous, energetic and ambitious, has a rare quality of interest in practical problems and how to deal with them. He is an opportunist and as such would seek a settlement of the

oil controversy on a realistic basis. He is loyal to the Shah, and an indication that he is in the Shah's favor is that the Shah took him to Shiraz as a member of his entourage. Politically, he is persona grata to the National Front which might accept him as a constitutional replacement of Mosadeq. Also, he is a friend of Kashani. The Iranian non-communist trade unions like him since, as Minister of Interior, he was very cooperative with them. His position in the Senate is regarded as good, and he has many respectable political friends both there and elsewhere. Perhaps also in his favor is the fact that in 1942 the British, regarding him as a principal link between the Iranians and the Germans, kidnapped him and interned him in Palestine for a considerable period. Pyman does not feel that he bears a grudge against the British for this and Zahedi in fact said, in explanation of his attitude toward the Germans, that he hopes the British hold no continuing grudge against him. He is an anti-communist and has a good record as Minister of Interior and Chief of Police. He is regarded as a leading contender for the job of Prime Minister, either as a compromise candidate vis-à-vis the Shah and the National Front, or as a "dictator" under the Shah.

3) *Arfa*—Arfa is not a serious contender, although his name has cropped up from time to time. He is anti-communist and in fact was jailed by Qavam as being too anti-communist during the latter's regime. He is unstable and was described as a "wild man". He has friends in and near the National Front, although this friendship may derive from his insuperable hatred of Razmara and his collaboration with the National Front to oust him. He lives on a farm and is not active politically now. The Shah's attitude is not known, although the General and his wife were formerly among the Palace set.

4) *Garzan*—Garzan, Chief of the General Staff, is not a likely candidate, although his name has been mentioned from time to time. He does not have a forceful personality although in general he is regarded as a good military man. He has never played an active role in politics.

National Front Candidates

1) *Maki*—Although Maki is sometimes regarded as a moderate, it is believed that he is more an opportunist. As such he would probably endeavor to settle the oil controversy if he could get away with it. His firebrand statements in Abadan should not be taken too seriously. His position on the oil matter is not on the basis of principle but on the basis of what is to his advantage. Contrary to Mosadeq's record, that of Maki is not in opposition to the Shah or the Shah's prerogatives. A former Qavam man, Maki has important connections with the Qavam party and could get the support of a certain number of non-National Front politicians. His relations with Kashani are probably not good, an important factor being that in the recent elections he received more votes as Deputy from Tehran than did Kashani. Although he would be con-

tending with Baghai as Mosadeq's replacement in the National Front, he would probably have a majority of the National Front members behind him. Maki has no financial means, having had a meteoric rise since about 12 years ago when he was an Air Force sergeant. After that he was a "hack journalist" and a minor government employee. He is probably anti-communist at the moment for reasons of self-interest rather than conviction. All things considered, he would not be too bad as Mosadeq's replacement.

2) *Baghai*—Baghai's influence is limited to his own small segment of the National Front, and is therefore not regarded as a likely candidate. His relations with Kashani are not as good as Maki's.

3) *Kashani*—Kashani sees his role as that of influencing developments from behind the scene. It is unlikely that the role of Prime Minister is one in which he sees himself, and thus he would not seek appointment, although such a possibility should not be excluded.

4) *Busheri*—Busheri does not have much of a personal following. He is a light-weight with no administrative capacity or solid ability of any sort. However, as the most moderate of the National Front leaders, he would be a possible compromise candidate. He would probably earnestly seek to settle the oil question, but probably is without convictions upon the matter. His relations with the Shah are much better than those of any other National Front man, and the Shah would have little fear that Busheri would endeavor to usurp his prerogatives.

5) *Martin* [*Matin*]-*Daftari*—"Neutralist Joe" is for a sterilized Iran. His idea is that if there are no Western interests in Iran, Iran would not be the object of USSR hostility; if there are no Russian interests in Iran, the West would not be mad because Persian oil is going to the Soviet Union. "Say nothing, do nothing and the Soviets will not know Iran is there." He is within the fold of the National Front, is moderate, although ineffective. Some members of the National Front dislike him and consider him a British spy. As Prime Minister, his political philosophy would lead him to insist on a form of oil settlement so that he could say to the USSR that the British or Americans have no control of the operation in south Iran. He would endeavor to obtain face-saving devices, but might render it possible to come to some agreement. He is regarded as a possible candidate, although the considerations which might lead to his appointment would far more likely lead to the appointment of Busheri who would have all of Matin-Daftari's advantages and few of his disadvantages.

6) *Shayegan*—He is regarded as a narrow and bigoted man. He shares Mosadeq's views on restricted royal prerogatives, and does not have good relations with the Palace. He is in very bad health and may not want the job of Prime Minister even if he could get it. He has indi-

cated a strong desire to be President of the Majlis and is actively seeking that office.

7) *Saleh*—Saleh is in the "dog house" but perhaps this is to his credit. As Minister of the Interior he refused the National Front pressure to cancel certain elections which were going against the chosen candidates, and as a result was forced out. He has very few friends in the National Front. The British regard him as honest and intelligent, but extremely hardheaded. In 1946 he was responsible for the fusion between segments of the Iran Party and the Tudeh, but apparently lost his propensity for the communists. Less has been heard recently about his communist sympathies. His appointment is considered extremely unlikely.

In summary, it would appear that if the Shah has a free choice and if constitutional methods are to prevail the most likely candidates would be Qavam, Mansur, Soheily and Entezam, possibly in that order. If a strong dictator-type Prime Minister is sought, Zahedi would be the leading contender. As a purely National Front candidate Maki would be the most likely, while Busheri's chances would be good as an all-around compromise. If such a compromise is sought, however, Zahedi would also qualify in this category.

Turning to other subjects, we discussed with Pyman the appointment of a British Ambassador to Iran. Pyman said that he and Chargé d'Affaires Middleton had recommended against the appointment of any ambassador under present circumstances. He felt that the arrival of a new ambassador at this time would be grossly misunderstood and misrepresented in Iran and that difficulties might be created from the very outset. If, however, there is a change of government in Iran the arrival of an ambassador might have practical and psychological advantages. While a firm decision has not to Pyman's knowledge been made, no disagreement to this suggestion was voiced to him in the Foreign Office.

Regarding the British case before the International Court of Justice, Pyman felt that the chances of a favorable decision were about 50–50. In discussing the consequences of the ICJ action, Pyman said that the British position would probably be much more difficult if the decision should be unfavorable. On the other hand, it is hard to see how a favorable decision would have any great influence upon the situation.

74. Memorandum for the Record[1]

Washington, May 21, 1952.

SUBJECT

Interview with the Ghashghais—May 20, 1952

At the request of State Senator David van Alstyne of New Jersey, I met with Messrs. Nasser Ghashghai and Abdullah Ghashghai. It was understood that we were not to discuss the oil situation but the interview was for the purpose of advising me of what the Ghashghais considered to be dangerous trends in the army in Iran.

The interview was devoted to that activity with the fear expressed by Nasser Ghashghai that much of our military equipment might be building up military strengths only to fall into the hands of the enemy, the Russians, if there were any overt action at all. It is their belief that many of the young army officers are inclined to the Communists, will not fight to defend their country, and that these young officers are subverting many of the troops who are therefore not worthy of having American arms given to them. They spoke glowingly of course of the fighting spirit of the Ghashghai tribe and of the fact that the Ghashghai tribe was attracting to it the support of other tribes, all of whom would fight firstly to defend their country against any invader. Their particular warning was that our chief of the military mission should be advised to be careful as to the kind of equipment and to who obtained the equipment since they were fearful that it would arm the wrong people. One other question which they raised concerned the method of our military mission's operation in Iran. They said that in effect the mission stayed in Tehran, sat mostly behind desks, talked only to those who spoke English, and therefore really were not able to appraise the sentiment and feeling of the people of Iran. If they were able to circulate more and talk to more of the people throughout the country they would be aware of the dangers in the present method.

I stated only that in all of our aid programs of course we dealt with the government in authority but that I appreciated their interest in coming and that our meeting would be informal and off-the-record. No reference was made to the oil situation other than that the people of Iran were losing their income due to the current situation which they

[1] Source: National Archives, RG 330, OSD/ISA Files, Office of Military Assistance, Project Decimal File, Box 63, 091.3 MDAP Iran. Confidential; Security Information. Prepared by William C. Foster, former Administrator of the Economic Cooperation Administration. Major General George Olmsted, Director, Office of Military Assistance, enclosed this memorandum with a June 9 letter.

hoped would soon end and Nasser stated that in his opinion it would be a wise thing if America could make a loan to his country.

William C. Foster[2]

[2] Printed from a copy that bears this typed signature.

75. Telegram From the Embassy in Iran to the Department of State[1]

Tehran, May 24, 1952, noon.

4540. 1. Ala Min Court asked to see me yesterday afternoon. He told me he wanted talk in utmost confidence re problem facing Shah. Until several weeks ago Shah's policy of not (rpt not) intervening in political situation seemed to have widespread support although certain opposition circles were inclined be critical at his passivity. As situation has continued decline increasing number Iranian polit leaders have been insisting that Shah take some action to prevent complete ruin of country. He was afraid that Shah's policy of non-intervention was now commencing seriously to affect his prestige. Country was looking to Shah to take some kind of action. Question was what kind of action shld he take and at what point.

Shld Shah take steps to effect removal Mosadeq before May 27 tentative date departure for Hague?[2] If he did and Internatl Court shld decide against Iran Shah and new govt wld certainly be blamed. Shld Shah try bring about fall of Mosadeq after latter had concluded his arguments at Hague and before he had returned to Iran? Such course might be construed as cowardly. It might be said Shah had not (rpt not) dared remove Mosadeq while latter was on Iranian soil. Suppose Shah shld decide await Mosadeq's return before effecting his removal. Mosadeq might dawdle on his way back. He might stop over in Switzerland or elsewhere in meantime financial situation of country might have resulted in internal disorders. Furthermore if Shah shld bring about removal Mosadeq now, in Hague, or after his return what cld his successor do to relieve financial situation? If Bank Melli shld be unable

[1] Source: National Archives, RG 59, Central Files 1950–1954, 788.11/5–2452. Secret; Security Information; Priority. Repeated to London. Received at 8:38 a.m.

[2] See Document 76.

furnish more money new govt wld probably not (rpt not) be able pay govt salaries and other current expenses.

It seemed now quite clear US cld not (rpt not) help Iran overcome its financial difficulties except with advance approval of Brit Govt. That approval not (rpt not) likely be given until Iran had met such condition as UK may prescribe for oil settlement. It wld take considerable amount of time for agreement to be concluded even if both govts take conciliatory attitude. But Iran had no (rpt no) knowledge which wld cause it to believe Brit wld take conciliatory attitude. It not (rpt not) impossible UK seeing that Iran's situation was desperate might stiffen its demands to such extent that new govt finding itself unable meet them wld collapse. Even if US Govt wld be willing come to rescue new Iranian Govt financially without awaiting settlement oil question there no (rpt no) reason believe it had funds readily available for such purpose. Perhaps Congressional action wld be required. Ala said he wld be grateful for such advice and suggestions as I might be able give him on confidential personal basis.

2. We are convinced in view unyielding attitude assumed by Mosadeq and by Brit Govt no (rpt no) settlement oil problem possible so long as Mosadeq remains as PriMin. Mosadeq's retirement therefore seems condition precedent to reaching oil settlement. Nevertheless hesitate in view lack of knowledge of Brit intentions give Ala advice. I assume Brit prefer that we do not (rpt not) know their intentions and that we give no (rpt no) advice. It seems to me that some of Ala's worries are justified. I cld not (rpt not) therefore brush them lightly aside and suggest he tell Shah he shld get rid of Mosadeq now. I therefore told Ala I could appreciate his perplexities and was sorry I had no (rpt no) ready answer for all of them. Before venturing offer any advice I wld like give whole matter careful thought. Ala said he wld talk to me again in day or two. He afraid however it already too late for Shah take any decisive action before date set for Mosadeq's departure.

3. I asked Ala who in his opinion seemed likely at this juncture to succeed Mosadeq. He said number of candidates. Among old line politicians there were Qavam, Mansour and Hakimi. He did not (rpt not) seem enthusiastic about these three. He said Entezam's name was also cropping up again. He spoke of Entezam in somewhat warmer tones. Busheri was anxious for job. Maki also had been talking like a candidate to Shah. Ala seemed doubtful that either of these men had necessary prestige. He said among Natl Front group Shah was particularly impressed with Saleh. Shah liked Saleh's courage and determination in dealing with Kashani. Saleh seemed to have integrity as well as strength. I expressed doubt re Saleh. I said I understood he was even more stubborn than Mosadeq in matter oil dispute. It my understanding in past had displayed appeasement tendencies in dealing

with Russia and international Communism. On several recent occasions he had indicated his opposition to presence US advisers in Iran. I did not (rpt not) judge qualifications of Iranian politicians entirely by their attitude re US advisers but that attitude might be symptomatic of their approach toward problems basically affecting future of Iran. Ala said perhaps Saleh cld be persuaded take more friendly attitude toward West. I pointed out Saleh reputed to be even more stubborn than Mosadeq. I was not (rpt not) however well acquainted with Saleh and did not (rpt not) wish do him possible injustice by expressing opinions of him based on hearsay.

4. Ala asked me if I had any idea as to kind of agreement re oil which wld be acceptable to Brit. I replied in negative, pointing out I was, however, aware of several kinds which wld not (rpt not) be acceptable. I added I thought Brit might still be willing accept proposals similar to those made by Internatl Bank. I was not (rpt not) in position, however, speak for Brit. I asked Ala why he did not (rpt not) discuss problem direct with Brit. He said he did not (rpt not) like to do this without knowledge Mosadeq and Mosadeq wld, of course, object to informal conversations. Ala expressed concern re matter Brit oil technicians. He afraid Brit had in mind entry several hundred. He thought perhaps country might be able tolerate arrangements under which say 20 percent of foreign technicians wld be Brit. He not (rpt not) sure. Situation in south explosive and appearance in oil areas of even relatively small number Brit technicians might result in violence and sabotage on wide scale. Eventually number Brit technicians might be increased but at beginning number shld be extremely limited. I said one aspect of problem seemed be that fairly large number Brit technicians needed to reopen refinery. Ala said many Iranians still cld not (rpt not) understand why technicians other than Brit cld not (rpt not) be found for most of jobs in which foreign experts needed. There was tendency among Iranians believe polit rather than technical reasons responsible for insistence that Brit experts necessary for operation Iranian oil industry.

5. Dept might care reread Embtel 3999, Apr 18[3] in connection with above.

Henderson

[3] Not found.

76. Editorial Note

Prime Minister Mosadeq departed for The Hague in May 1952 to await the judgment of the International Court of Justice with regard to its jurisdiction over the Anglo-Iranian oil dispute. The British had filed a complaint against the Iranian Government with the ICJ on May 26, 1951. In its judgment of July 22, 1952, the ICJ found it did not have jurisdiction in the Anglo-Iranian oil dispute for two reasons. First, ICJ jurisdiction depended upon the terms under which any country acceded to the International Court of Justice. In its declaration of October 1930, the Government of Iran, in the view of the ICJ, had made clear that the jurisdiction of the ICJ could relate only to disputes between Iran and other countries over the terms of treaties signed after the date of the declaration. The British had argued that the ICJ's jurisdiction extended to the adjudication of disputes arising from all treaties signed by the Government of Iran at any time. As the ICJ rejected that argument, the U.K. Government could not invoke the most-favored-nation status accorded British nationals in Iran in the Treaty of 1857 to establish standing under the jurisdiction of the ICJ. Secondly, the ICJ rejected the British argument that the agreement reached between the Government of Iran and the AIOC of April 29, 1933, constituted a treaty between the United Kingdom and the Government of Iran. Despite the fact that the U.K. took the dispute between the AIOC and the Government of Iran to the League of Nations and thus facilitated the agreement of April 29, 1933, that agreement, according to the ICJ, still constituted a simple concessionary agreement between Iran and a company and thus the U.K. had no standing.

For the full text of the ICJ's judgment, see "Anglo-Iranian Oil Co. Case (*United Kingdom* v. *Iran*) Preliminary Objection, Judgment of July 22nd, 1952", *International Court of Justice, Reports of Judgments, Advisory Opinions and Orders,* Leyden, 1952, pages 93–115. Coinciding nearly to the day of Qavam's resignation and Mosadeq's reinstatement as Prime Minister on July 21, 1952, the Department of State commented in telegram 585 to London, July 26, that "The Hague Court decision coinciding with Mosadeq's return to power will further strengthen his public position." See Document 99.

77. Telegram From the Embassy in Iran to the Department of State[1]

Tehran, June 6, 1952, 6 p.m.

4736. 1. During casual conversation which I had with Ala on June 4 he told me that Shah had already requested Mosadeq in view of delicate situation of country to return to Tehran immediately after latter had completed presentation of Iran's case at Hague (see paragraph 6 Embtel 4609 of May 28)[2] and that Mosadeq was expected arrive in Tehran about June 13. Ala said shortly after Prime Minister's arrival Majlis and Senate would probably be called upon to give government vote of confidence and Shah was seriously considering advisability of exerting his influence as discreetly as possible to bring about vote lack confidence. Ala therefore would like see me in nearest possible future to discuss further various points reached in our conversation of May 27.[3]

2. I met Ala June 5 his office. Ala said that questions uppermost in mind of Shah and his advisers were:

A. Would British assume conciliatory attitude towards new government if latter should endeavor in reasonable and friendly way reach quick agreement regarding oil problem?

B. Even if British should prove conciliatory it might take some time before agreement could be negotiated and funds from oil would be made available to Iranian Government. How could new government finance itself during interim?

C. If British Government should not (rpt not) be conciliatory and efforts new government to find reasonable and fair solution oil problem should fail what would happen to new government and Iran in view present financial situation? Shah was hesitating in view his lack knowledge as to what Brit or US might do to make move which might result in Mosadeq's involuntary resignation because he and new govt might find themselves in impossible financial situation with govt bankrupt and no (rpt no) financial relief in sight. Mosadeq and his supporters cld then claim that they had worked out plans for saving country from financial ruin which they had been unable put into effect because with backing of Shah they had been ousted by govt which had no (rpt no) solution to offer. Ala asked if there was any hope whatso-

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[1] Source: National Archives, RG 59, Central Files, 788.13/6–652. Top Secret; Security Information; Priority. Repeated to London. Received at 2:21 p.m. Printed with redactions in *Foreign Relations*, 1952–1954, vol. X, Iran, 1951–1954, pp. 389–392 (Document 178).

[2] Telegram 4609 from Tehran, May 28, is printed ibid., pp. 384–386 (Document 176).

[3] See ibid.

ever that US wld be willing assist new Iran Govt financially in case that govt shld take what US wld consider as reasonable attitude re oil problem and shld make honest effort bring about quick solution that problem.

3. I told Ala so many factors involved in hypothetical situation presented by him I cld not (rpt not) give categorical answer. Said I had reason believe however that if present or future govt shld adopt course of action which wld make it clear that Iran itself was doing all that it reasonably cld be expected to do in order to finance itself from its own resources, including oil, US Govt wld do what it cld in circumstances save Iran from collapse. I then outlined to Ala points A, B and C of Deptel 2742 of May 30.[4] In so doing I made it clear that I was merely giving him what I understood to be way in which US Govt was thinking at present time. US Govt was of course not (rpt not) in position to make any commitments re what it might do in situation which might involve unanticipated factors. Ala expressed appreciation and asked if I wld object if he wld pass on to Shah who is at present on Caspian Sea for weeks "rest" what I had told him. I replied in negative and said I would be glad to discuss matter myself with Shah on his return in case latter shld desire me to do so.

4. Reverting to problem of who successor of Mosadeq might be, Ala referred particularly to Hakimi, Qavam and Mansour. He said that there was strong feeling in Senate that situation of country made it necessary for some widely respected personality of broad experience to take over as PriMin and to bring into his cabinet other political leaders also of imposing stature. If, for instance, Hakimi shld come into power he might bring into his cabinet people like Mansour, Rais (former MinFonAff in Razmara cabinet), Djam, etc. I said that I had heard that Qavam was reputed to dislike having imposing figures about him, he was to want only "yes-men" in his cabinet. Ala said he thought I had been correctly informed. If Qavam shld become PriMin cab might be made up of comparatively young so-called "technicians" rather than elderly statesmen. Ala said he had noticed me talking with Hakimi on preceding evening and he wondered what kind of impression Hakimi

[4] In telegram 2742 to Tehran, May 30, the Department discussed what the U.S. should do in the event Mosadeq was removed from office. Acheson authorized Henderson to discuss with Ala, at the Ambassador's discretion, the following three considerations: (a) that the U.S. felt as committed to the independence of Iran as it did to the independence of Greece and Turkey, but that the oil dispute rendered it difficult to extend aid to Iran that would be effective; (b) that should the oil dispute be resolved, the U.S. would extend such aid to Iran that could be absorbed constructively and that Congress would allow; and (c) that the U.S. could not comment on whether the Shah should dismiss Mosadeq, but it would nevertheless wish to emphasize its view that no solution to Iran's problem could be found in absence of a solution to the oil dispute. Telegram 2742 is printed ibid., pp. 386–389 (Document 177).

had made. I said that it had been difficult for me to believe that Hakimi was really 82 years old. He seemed to me to have energy and alertness of well-preserved man of 65. Ala said Hakimi was continual surprise to his friends because of his excellent physical condition and mental alertness.

During recent trip of Shah to Shiraz Hakimi had shown more stamina than most younger men in Shah's party. For first time Ala spoke in rather favorable way of Qavam. He also said Shah had been impressed by Mansour during his recent convs with latter. Altho Mansour had been charged with public dishonesty in his past career these charges had never been proved. Ala asked what my impression had been of Mansour during my various convs with him. I said that I not (rpt not) in position to adequately judge but if Mansour had ability to put into practice what he preached he shld make excellent PriMin. I cld not (rpt not) but wonder however why in his last term as PriMin he had not (rpt not) accomplished what he now said shld be done. I asked Ala if Shah was still considering Saleh as possible successor to Mosadeq. He said Saleh had made excellent impression on Shah and Shah had not (rpt not) as yet dismissed him as possibility. I remarked if Shah and his advisers wanted new PriMin to be of natl stature I had some doubt that Saleh had requisite standing in the country. Ala agreed but said in view Shah's liking for him Saleh cld not (rpt not) as yet be dropped from running. I asked Ala if he might not (rpt not) be willing reconsider his own decision not to accept PriMin job. Ala said no (rpt no). He said he did not (rpt not) believe he had qualifications for shouldering difficult and delicate responsibilities which new PriMin must face.

4 [*sic*]. I asked Ala whether Shah had yet tentatively worked out manner in which change of govt might be effected. Ala said no (rpt no). Great pressure was being brought to bear on Shah however to decide at once who new PriMin was to be and to permit several of his most trusted advisers know what his decision was so that plans cld be made in advance for selection of new cabinet and so that feelers cld be sent out re solution of oil dispute. Ala said he wld talk to me again within next few days in case any kind of definite decision was made. Altho Shah is apparently seriously toying with idea of making move to get rid of Mosadeq and altho he is beginning to realize that his prestige is suffering because he has permitted sit of country to deteriorate over such long period without intervention, nevertheless he has in past shown himself to be so indecisive and cavillating that we cannot (rpt not) assume in advance that he will not (rpt not) find some excuse for failing to take action.

5. For last two months supporters Qavam have been trying make arrangements for us to meet. They have made numerous suggestions

that I see him at house of some mutual friend. I have refused however to call on him or to meet him in some ostentatious way because it was clear that if I shld do so impression wld be created I was supporting his candidacy. Furthermore, I have turned down categorically suggestions that I meet him surreptitiously. Arrangements have finally been made through Turk Amb for Qavam and myself to meet at a dinner arranged at Turk Emb this evening. Other important Iran polit leaders including Ala, Hakimi, Mansour and Rais will also be present. Furthermore Dutch and Belgian Mins have been invited. This is first time in several yrs Qavam has appeared anywhere socially and his supporters are extremely anxious that he will impress his fellow guests with soundness of his mental and physical condition. I doubt that any polit convs can take place at dinner this kind but shall report to Dept re my impressions.[5]

Henderson

[5] In telegram 2810 to Tehran, June 9, the Department commented on Henderson's conversation with Ala as follows: "Dept most appreciative info contained urtel 4736 June 6 and way you have handled this extraordinarily delicate matter. While we wld not wish to suggest names possible PriMins to Shah and believe you are in best position comment upon those suggested by Shah and Ala, FYI on basis info available here we not enthusiastic re candidates mentioned. We realize, however, that choice must be made by Shah on basis complex factors. Assume Shah clearly understands our position re Saleh whom we consider so unstable that his appt might constitute a serious danger to Iran." (National Archives, RG 59, Central Files 1950–1954, 788.13/6–652)

78. Telegram From the Embassy in Iran to the Department of State[1]

Tehran, June 12, 1952, 1 p.m.

4812. 1. Nothing sufficient interest warrant tel occurred Turk Emb dinner June 6 (Emtel 4736 June 6).[2] Dinner furnished opportunity, however, for me meet Qavam and observe his apparent relations with other prominent Irans such as Ala, Hakimi, Rais, etc. He seemed to be in surprisingly good mental and fair physical condition. He was poised, affable, showed lively sense of humor. His personality dominated grp, all

[1] Source: National Archives, RG 59, Central Files 1950–1954, 788.13/6–1252. Top Secret; Security Information; Priority. Repeated to London. Received at 11:38 a.m.

[2] Document 77.

mbrs who showed him marked respect. Relations between him and Hakimi, which at one time were strained seemed cordial as were those with Ala. I avoided pol convs during even but agreed have dinner quietly with Qavam on June 10, at home mutual friend.

2. I learned on June 10 that Shah, who had been planning stay in Caspian resort until June 16, had unexpectedly returned evening June 9. Rumors immed began fly about reason return. It was alleged for instance that conspiracy had been discovered among high army officers to effect coup d'état in coop with Tudeh. It was also said that disagreements had developed between Shah and Ala over who shld be new pres of Majlis. Another story was Shah had returned in order make nec preparations for new PriMin to replace Mosadeq. In order obtain Ala's analysis current pol situation, I made appointment see him noon June 11 and also asked him arrange mtg for me with Shah.

3. During private dinner with Qavam at house our mutual friend I again found Qavam alert and energetic. He was by no (rpt no) means somnolent, senile character described by certain columnists. He stated at outset his willingness assume responsibilities PriMin in case Shah shld desire him do so, but insisted he not (rpt not) seeking job. He did not (rpt not) ask me to give him support. Qavam told me he had always advocated friendly relations with US; had made enemies in certain grps in past by showing preference for Amers when fon advisers seemed necessary. He defended his appointment Tudeh mbrs in one his previous cabs on ground that he believed their actions in office wld disillusion many progressive Irans who at that time thought it possible coop with Commies.[3] He considered experiment successful since there was no (rpt no) longer appreciable demand on part any Irans except those willing see Iran fall under Sov control for coop with Tudeh elements. He intimated that if Shah wld ask him become PriMin he wld include in cab such figures as Fhakimi [*Hakimi*] as MinInt; Soheili and Mansour, one of whom as MinForAffs. He said he might recommend Entezam as Min Court and Ala as Amb US. He wld fill other cab positions with mbrs various previous cabs, possibly including mbrs of Razmara cab who wld no (rpt no) longer be boycotted. He said he might appt mbrs various leaders NF to positions resp if they willing to accept. His idea was make these appointments of such character that country wld begin again to respect its govt and officials.

4. Qavam said one matter which troubled him greatly was difficulty which he or any other successor Mosadeq wld have in preventing complete bankruptcy govt. His understanding was govt wld encounter real finan crisis latter part June. He thought probably quickest way ob-

[3] Reference is to Qavam's inclusion of three members of the Tudeh Party in his Cabinet during his Premiership in 1946.

tain funds was sale oil stored Abadan. Did I think US market perhaps some US Cos wld be willing under certain conditions purchase this oil. I replied in my opinion Iran wld be making mistake try sell this oil to any customer other than AIOC. I did not (rpt not) believe US Govt wld purchase oil in present circumstances or that any resp US firm wld care start feud with AIOC by buying it. Qavam asked if there was possibility that US in order help Iran meet crisis wld give it temporary budgetary assist. I said I cld not (rpt not) say precisely what US Govt wld do but I did not (rpt not) think it wld be able give finan aid unless Amer public cld be convinced that Iran was doing everything possible help itself. At present US public thought that Iran was not (rpt not) doing all possible help itself. It considered Iran by assuming unreasonable attitude re oil dispute, was at least partly resp for its present fin difficulties. Unless Amer public opinion shld believe that Iran was energetically and sincerely trying settle oil dispute on reasonable and fair basis it wld be certain to object to extension US finan aid to Iran.

5. Qavam said if he PriMin he wld do everything within reason come understanding with Brit. But how about Brit? Did I have any reason believe Brit on their part wld meet friendly Iran approach half-way? Neither he nor (rpt nor) any other PriMin cld afford capitulate entirely. Public sentiment Iran cld not (rpt not) be entirely ignored even by strong central govt. He wld like to come to equitable agrmt with Brit not (rpt not) only because he wanted friendly relations with Brit and because Iran needed fon financial assist but because he anxious restore Iran's good name in business world so that fon investors wld not (rpt not) be afraid to take risks in country. In view its geographical and intl position econ develop of Iran shld be speeded up. Fon investments shld therefore be encouraged.

6. I asked Qavam if he had any idea as to kind of solution oil prob which might be agreeable to Brit, wld restore confidence business world in country and wld at same time be acceptable to Iran public. He countered by saying he had intended to ask me precisely same question. I told him I not (rpt not) sufficiently acquainted with sentiments Iran public or with current Brit attitude to venture answer. I said however that for purpose discussion I might ask him what his views wld be with re to some kind arrangement under which an intl private company wld undertake operation oil industry Iran on behalf Iran Govt and oil produced wld be sold to AIOC at prices to be agreed upon. These prices wld be so set as to permit sale Iran oil on competitive basis in world markets and at same time to provide for payment compensation installments. Qavam said he had been thinking of some kind of arrangements along these lines. Possibility it might be acceptable to Iran people if intl company wld be of really international character and wld include Iranians on same basis as natls of other countries. I said I did

not (rpt not) know what attitude UK wld be to such arrangement but I was sure it wld not (rpt not) give any consideration to it unless Brit cld play role in intl company at least as great as that of natls of other countries and unless there wld be absolutely no (rpt no) discrimination in employment Brit techs. Qavam said it seemed to him only fair that Brit shld have participation to same extent as natls other countries and that Brit techs shld be employed. He thot it important however that such company shld be of bona fide intl character and that Brit technicians shld not (rpt not) dominate operation industry. He added it extremely important for him to know immed Brit current attitude re oil problems. I help him in this respect. I said I cld not (rpt not) tell him what present Brit attitude was. I had impression Brit did not (rpt not) desire discuss this matter with Iranians thru third parties. My suggestion was that best way to ascertain Brit attitude was to go direct to Brit. He turned to our host and asked that efforts be made for him to see Middleton, Brit Chargé d'Affaires, as soon as possible.

7. Qavam said that if he or any other PriMin shld be successful in obtaining settlement oil problem he hoped US wld increase its efforts to help in speeding up econ develop Iran. All Iranians grateful for US Pt IV assist but something should be done on more massive scale in order stimulate production of country and restore confidence public in Iran econ.

8. I outlined to Middleton morn June 11 my conv with Qavam and told him that probably Qavam wld try to get in touch with him. I also talked with Middleton along lines suggested in Deptel 2810, June 9 which arrived few moments before my apptmt with him.[4] Middleton said that he was prepared see Qavam if latter shld desire talk to him. He added that several days ago he had asked his govt for instrs as to what he shld say in case he shld be queried by Shah or other Iran leader as to whether Brit wld be willing to meet half way friendly approaches of some new Iran govt. He had not (rpt not) as yet recd reply but he proposed if queried either by Shah (who had indicated that he wld like see him privately) or by Qavam that altho he had no (rpt no) instrs on subj he personally was convinced that genuinely friendly approach on behalf Iran Govt wld find Brit Govt conciliatory and reasonable. During my various talks with Middleton I have considered it unwise

[4] In telegram 2810 to Tehran, June 9, the Department suggested that the British be asked to send a message indirectly to the Shah in order to "greatly reassure him upon an aspect which must be of major concern in relation appt PM to succeed Mosadeq. Brit might by suitable means indicate that shld a new govt come to power giving tangible evidence of sincere desire to reach equitable oil agreement, they wld meet such Govt half way and wld make every effort consistent Brit natl interest and commercial realities arrive promptly at mutually satisfactory settlement." (National Archives, RG 59, Central Files 1950–1954, 788.13/6–652)

tell him in so many words that Shah had endeavored thru me to find out what Brit attitude might be if approached by new friendly Iran Govt. I have however made it clear to him that Shah seemed to be genuinely worried as to whether new govt cld expect friendly and reasonable treatment from Brit. Middleton indicated to me that he inclined believe his govt had not (rpt not) made up its own mind as yet what its final position re Iran oil dispute should be. He said he had impression there was considerable difference opinion among various groups in London.

9. Ala told me during my talk with him noon June 11 that Shah had returned Tehran earlier than planned at earnest request Ala who had urged him for sake his own prestige to return at once. Ala said rumors re army plots for Tudeh coup totally unfounded. He added he had several very frank talks with Shah since latter's return. He had urged Shah to decide at once who successor to Mosadeq shld be to inform that successor and to suggest to that successor that he prepare immed for Shah's exam tentative list members new Cabinet. He had told Shah that unless Shah moved with speed and determination respect for him among leaders of country wld decline to such extent that throne might be endangered. Financial situation had become so acute that at Cabinet meeting on June 10 Finance Minister had warned other ministers that country was now "in state of danger" and that he did not (rpt not) want to be held responsible for what might happen. Ala said list possible PriMins now (rpt now) apparently reduced to three, Qavam, Hakimi and Mansour, in that order. I told Ala of my conversation preceding even with Qavam pointing out that Qavam had not (rpt not) asked me intervene on his behalf and that I had no (rpt no) intention doing so. Ala seemed to be somewhat more in favor of Qavam than he had been in our previous conversations. Altho he was not (rpt not) enthusiastic about any of candidates he mentioned fact that Shah also seemed to be more friendly towards Qavam than previously. He said one advantage of Qavam was that latter's stature in Iran so great that foremost leaders of country wld not (rpt not) feel it below their dignity to serve under him. He told me I was to see Shah on 11 o'clock morning June 12. He was sure Shah wld ask my advice and he hoped I wld not (rpt not) hesitate to let Shah know that time had come for positive action. I told Ala I had been reliably informed that Shah was still intimating in confidence that US Govt had been and was supporting Mosadeq. I intended during my conversation with him to try to enlighten him in this respect. I surprised that in view my various talks with His Majesty and statements which I had made to Ala, Shah seemed misunderstand US attitude. Ala said only explanation he cld offer was that possibly various persons hostile to Mosadeq had been telling Shah that Mosadeq had survived thus far only because of US support.

10. I asked Ala if Shah had worked out plan for bringing about change govt. Ala said tentative plan was (a) selection by Shah of successor; (b) approval by Shah of Cabinet list prepared by person selected; (c) obtaining consent most members on list to accept Cabinet post; (d) discreet organization of trusted members of Senate and Majlis into groups prepared act quickly; (e) upon presentation by Mosadeq of his resignation in accordance with custom fol opening of new Majlis Shah wld accept resignation PriMin; (f) respective groups in Senate and Majlis wld then endeavor obtain confirmation new govt. I asked Ala if he thought all this cld be done secretly. Were not (rpt not) leaks likely occur? Wld not (rpt not) Mosadeq find out what was going on before submitting resignation? Might he not (rpt not) launch violent attack upon Shah and members Royal Family? Was it not (rpt not) likely also that Mosadeq might find excuse delay submitting resignation to Majlis? Ala admitted these possibilities but said only other alternative wld be for Shah to take steps personally to remove Mosadeq without waiting for vote lack confidence. Shah doubted, however, constitutionality move this kind. Ala said that since Shah wanted to act in constitutional manner he wld have to incur risk of being attacked by Mosadeq. Both Shah and Ala knew that Mosadeq for some time had been collecting evidence of activities on part Shah and Royal Family which if made public might be damaging. It was possible Mosadeq wld endeavor make this evidence public once he became convinced that Shah had decided he shld be replaced. Ala added that if Mosadeq shld fail to submit his resignation to Majlis he might be asked by Senate or Majlis to explain what he intended to do re Iran's financial situation and if his remarks shld be unsatisfactory, as they probably wld be, there cld be vote indicating lack confidence in govt.

11. I asked Ala about struggle for Pres of Majlis. Ala said Shah determined to have Emami (Imam Jumeh). Altho considerable opposition not (rpt not) only from NF but also from many in opposition who thought it mistake to have cleric preside over Parliament. Maki had informed Ala on evening June 9 that if Shah's interference on behalf of Emami successful National Front members wld leave Majlis and no (rpt not) quorum cld be obtained. I obtained impression there was strong divergence between Shah and Ala over this point and that Ala inclined towards Moazami as compromise choice. Ala admitted, however, that Moazami, altho not (rpt not) member NF, was close friend Mosadeq and if elected President might use this position frustrate effort to have Mosadeq replaced.

Henderson

79. Telegram From the Embassy in Iran to the Department of State[1]

Tehran, June 13, 1952, 3 p.m.

4837. 1. When I arrived palace morning June 12 to call on Shah I found Ala awaiting me (Embtel 4812 of June 12).[2] He said he hoped I wld not (rpt not) hesitate impress on Shah necessity for urgent action. He feared that Shah who had seemed quite resolute two days ago was again weakening and becoming indecisive. He knew that I had been consistently refraining from doing anything which might be considered as interference in Iranian internal affairs. Nevertheless, he thought I wld be doing Iran service if I cld say anything which wld encourage Shah to assume more decisive attitude at this moment so critical for country.

2. At beginning my conversation with Shah I referred to msg which he had sent to me through Ala and said I failed understand how Shah cld have obtained impression that US Govt or I was supporting Mosadeq. Mosadeq had been named by Shah as Prime Minister and his nomination had been approved by Majlis. I had considered it my duty to endeavor to maintain as friendly working relations as conditions wld permit with Prime Minister of Iran. During my numerous conversations with Shah I thought that I had made it clear to him that in opinion US Govt and of myself Mosadeq's policies were pushing Iran toward ruin. Furthermore, I had also not (rpt not) hesitated in my various talks with Mosadeq to let him also know that in opinion US Govt and myself he was fol policies which were not (rpt not) beneficial to Iran.

Shah said he had thoroughly understood my attitude and had never had any doubt that I was voicing views of State Dept. Nevertheless, numerous stories had come to him to effect that US press and many Americans including some US oil companies were supporting Mosadeq. He had also heard that various American nationals in private conversations had been saying that choice was between Mosadeq and communism. He therefore had asked Ala to obtain definite statement re our attitude towards Mosadeq.

3. I then referred to remarks made by him during previous conversations indicating disappointment at amount and type of military aid

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[1] Source: National Archives, RG 59, Central Files 1950–1954, 788.13/6–1352. Top Secret; Security Information; Priority. Repeated to London. Received June 14 at 6:25 a.m. Printed with redactions in *Foreign Relations,* 1952–1954, vol. X, Iran, 1951–1954, pp. 396–400 (Document 181).

[2] Document 78.

which US seemed to be prepared to extend to Iran. Endeavored to assure him US deeply interested in future Iran and anxious to strengthen Iran's defensive capacity. During this portion our conversation I followed line contained in para 4a–b of Deptel 2742 of May 30.[3] He seemed to take my remarks with good grace and to be anxious to enter into discussion of country's immediate financial and political problems.

4. Shah said he deeply concerned at both financial and political situation. Apparently funds not (rpt not) available to pay portion of govt salaries due May 20 unless steps wld be taken which might undermine public confidence in Bank Melli. What wld happen on June 20, next pay day, no one knew. Although Mosadeq had been requested return immediately after presentation Iranian case at Hague Prime Minister seemed determined stay on for time in Europe. He might not (rpt not) get back until after June 20. Meantime, increasing pressure being brought on Shah to replace Mosadeq at once or encourage Senate and Majlis vote no (rpt no) confidence in govt. Shah did not (rpt not) see how he cld do anything while decision of Court still pending. If Court shld find itself competent, failure Mosadeq policy wld be clear. Mosadeq might resign or steps cld be taken get rid of him. If Court shld decide itself incompetent Mosadeq might again be hero. He likely to announce that he had won Iran's freedom, that Iran cld now sell its oil, and that in short time financial difficulties wld be eliminated. This wld not (rpt not) be true; Iran wld still have difficulties in selling oil to buyers who had means to transport it. Nevertheless, Mosadeq wld probably be able with his false promises deceive public for some time and until his deceit shld become known it wld be dangerous remove him. Therefore, nothing cld be done until Court had made its decision and if decision favorable to Iran it might be impossible do anything for considerable time.

5. I stressed to Shah desperateness of present financial situation of country. I said responsible Iranian statesmen seemed now to be fully conscious of seriousness of crisis which Iran was facing. It seemed to me they were hesitating from acting because they did not (rpt not) know what Shah wanted them to do. I doubted that thinking Iranian leaders would believe that a favorable decision of Court would be of material assistance in helping Iranian financial difficulties. They would be quite aware that if Mosadeq stayed on and Iran should make no (rpt no) constructive move in direction oil settlement Iran would continue drift towards ruin. These people were looking towards Shah to show

[3] Telegram 2742 to Tehran, May 30, is printed in *Foreign Relations*, 1952–1954, vol. X, Iran, 1951–1954, pp. 386–389 (Document 177). For a summary of paragraphs 4a and b, see Document 77, footnote 4.

same decisiveness in this situation as he had shown in 1946 when he had ordered armed forces to clear usurpers out of Azerbaijan. Prestige of Throne was high this moment. If, however, Shah allowed Iran to continue drift towards ruin without taking some action himself or indicating to statesmen looking to him so anxiously for guidance that he would not (rpt not) object to their taking action, confidence in Throne might ebb to such extent it would be much more difficult to rally people round it later in last minute effort to save country.

I was expressing these thoughts without having Shah's background knowledge. Shah might be aware of various factors unknown to me. Shah should therefore understand in giving voice to some of my thoughts I was not (rpt not) venturing to press advice on him.

6. Shah seemed troubled. He said it would not (rpt not) be fair for Iranian statesmen to blame him if he did not (rpt not) come out for removal Mosadeq at time Mosadeq might again be national hero. If he should do so Mosadeq could become formidable antagonist not (rpt not) only to government but to Throne. In any event Shah would be taking great risk to support replacement of Mosadeq unless he was in possession assurances that new government would receive almost immediate financial aid from UK or US. With best will in world it would take considerable time for new government negotiate and sign oil agreement with Brit. Oil problem complicated. It could not (rpt not) be solved over night.

Furthermore no (rpt no) new government could exist if it should capitulate entirely. He was convinced, for instance, that no (rpt no) government in Iran could live if it should try negotiate oil settlement outside framework of nationalization laws. Settlement of oil dispute might require weeks, perhaps months. New government to continue to carry on might need foreign financial assistance in matter of days. Where could he obtain assurance of such assistance? If he should be instrumental in effecting removal Mosadeq, and successor government should be unable obtain foreign financial assistance, not (rpt not) only would that government fall, but Throne would be in jeopardy and influence those elements in Iran friendly to West would sharply diminish.

Could he also obtain assurance that British would not (rpt not) try drive impossible bargain with new government? What had taken place during recent months in Egypt not (rpt not) encouraging. Egypt in better financial position, however, than Iran; it could afford to wait. Delay in receiving financial aid and in effecting settlement oil problem acceptable to Iranian people would be fatal.

7. I told Shah he should not (rpt not) expect US Government to give him any fast assurances in advance of financial assistance. Attitude US people and members of Congress as events unfolded would contribute

to making of US decision this respect. In my opinion this attitude would be determined by manner in which Iranian Government approached oil problem. I was convinced that if US public and Congress should obtain impression Government Iran trying energetically and sincerely find fair solution on oil dispute they would not (rpt not) like to see that government fall merely because it could not (rpt not) obtain temporary financial aid. Another factor which would influence US decision of financial aid would be attitude UK Government and public. US would not (rpt not) of course like to take action which would further inflame UK opinion against Iran and at same time injure US–UK relations. Government of Iran by approaching UK Govt in genuinely conciliatory spirit and with obvious desire find fair solution could greatly improve atmosphere British-Iranian relations and prepare way for necessary financial aid as well as solution oil problem.

It might be helpful if Shah could get in touch at once with Middleton and talk to him with same frankness as to me. Shah said he would see Middleton before latter departed for UK next week for conference in London but he hesitated talk to him so openly, not (rpt not) because he did not (rpt not) trust Middleton but because he afraid of gossip in London with subsequent fatal leak to press. He had had unfortunate experience in this regard last autumn. He could have no (rpt no) objection, however, if I should outline to Middleton what he had told me about oil problem and financial aid.

8. I said British had made it clear they preferred settle oil problem by direct negotiations and did not (rpt not) relish dealing through third party. Although I would inform Middleton of some of Shah's worries as expressed by him to me, I hoped he wld also talk with him frankly.

9. Shah said he had been giving considerable thought to problem of successor to Mosadeq. Seemed to be three approaches this problem:

(A) New Prime Minister to be either member National Front or someone closely associated with it. Saleh outstanding candidate this category. Saleh seemed to have progressive ideas, integrity and common sense. Saleh had made mistakes in past including experiment of collaboration with Tudeh. He thought Saleh had become wiser. Saleh might be able mold national movement, strength of which could not (rpt not) be ignored, into constructive force. If Saleh should go off wrong direction it would not (rpt not) be difficult remove him. Busheri also possibility. Busheri, however, sometimes showed opportunistic characteristics and too much under influence Kashani.

(B) New Prime Minister to be someone who could possibly work with National Front and at same time would have respect of country's leading statesmen. He thought Mansour could play this role. Mansour experienced, resourceful, persuasive and progressive. He stood halfway between nationalists and so-called elder statesmen.

(C) Cabinet headed by and composed of elder statesmen. Qavam, of course, ranked as most prominent of elder statesmen but Hakimi had almost as great prestige and had perhaps better reputation. Elder statesman like Qavam or Hakimi could form Cabinet outstanding men of country who might help tide country over present crisis. He was worried, however, lest such government might be entirely devoid progressive ideas. It might be charged such government was pushing Iran back to 1945 or 1946. On other hand situation during those years preferable to that at present. National Front and Tudeh should, of course, join in opposing such government which might be compelled take rather repressive measures during first days its existence to maintain law and order.

10. I said I could see both advantages and disadvantages in National Front government. No (rpt no) doubt there were strong nationalist feelings in country which might become positive constructive force. Six months ago National Front leaders had magnificent opportunity mold Iranian nationalist feelings into form which would be beneficial to country. It seemed to me they had missed this opportunity. They had played on Iranian nationalism merely to fan flames hatred and promote prejudice. They had resorted to demagoguery and cheap tricks. I wondered if so-called National Front has the leadership or vision to forge new nationalist progressive Iran. In National Front we remember intelligent, progressive men who not (rpt not) pleased with direction present government was taking country. I doubted any these men had experience and prestige to lead Iran out of its present difficulties. I had studied Saleh's record carefully and was convinced he unstable and lacking in judgment. He was at same time so stubborn that if he once in power he might refuse take advice of Shah or anyone else.

It might be impossible remove him until he had already led country to ruin. So far as oil dispute was concerned Saleh had on number occasions indicated himself to be even more irreconcilable than Mosadeq. He had only lately spoken against presence foreign advisers in Iran. He was potentially dangerous demagogue in my opinion. Shah said during his talks with Saleh latter had shown moderation and common sense. Saleh had, for instance, seemed to be willing to be conciliatory regarding oil problem. I remarked it might be mistake to judge Saleh on what he might have said for purpose pleasing Shah. Shah agreed and said certainly he would not (rpt not) be appointed before very careful examination had been made of his past record and present tendencies.

11. Continuing my comments I told Shah that members of present National Front did not (rpt not) necessarily have monopoly on Iranian nationalism. Perhaps some other groups composed of leaders of national stature had learned some lessons during last year. Perhaps if

they should boldly and without apologies stress positive aspects Iranian nationalism, they could divert national movement along constructive progressive lines. It was not (rpt not) necessary that national movement should encourage hatred for foreigners and elimination of progressive West ideas. I said I did not (rpt not) know Mansour very well. During my two conversations with him I had been impressed by his analyses of situation here and by remedies which he had proposed. I did not (rpt not) know whether he had strength of character or experience to put those remedies into effect if he should become Prime Minister. Shah knew Mansour much better than I.

12. I told Shah my personal knowledge of Qavam was also limited. Ever since my arrival in Tehran partisans of Qavam had been asking US to support his candidacy for Prime Minister. In particular they had been trying prevail on me to endeavor influence Shah in his favor. I, of course, had consistently refused become involved in intrigue this character. Some of Qavam's friends had for some time tried to arrange for us to meet. I had refused to meet him surreptitiously or in circumstances which might justify belief we were conniving against present government. Last week, however, I had met him at dinner given by Turkish Ambassador. Since he was one Iran's outstanding statesmen and since at that dinner he had expressed his desire talk further with me, I had offered call on him.

One of his adherents, however, informed me later that Qavam would prefer we have dinner together. Accordingly, I had dined with him on June 10 at house mutual friend. Shah said Ala had told him of my dinner with Qavam. What kind of impression had Qavam made? Could I tell him about our conversation? I summarized conversation with Qavam along lines contained Embtel 4812 of June 12. Shah was particularly interested in Qavam's apparent attitude regarding oil problem. I said Qavam had not (rpt not) even intimated I try to influence Shah on his behalf. He had, however, told me he was too old have any personal ambitions and he would accept Prime Ministership only if he convinced Shah really wanted him head new government. He had also told me that he would not (rpt not) remain in government for single minute if at any time he should believe he had lost confidence of Shah. I said I of course not (rpt not) able judge sincerity of Qavam in making these remarks. They had had, however, every ring of sincerity.

13. Shah asked what I thought of Hakimi. I said I had had even less contact with him than with Qavam. I had met him casually several times and had appointment with him at his house later in day. During my brief encounters with him I had been impressed by his apparent sincerity of purpose and his understanding of situation. I had also been surprised by mental and physical vigor which he had displayed despite

his age. Shah said he had great confidence in Hakimi with whom he had become closely acquainted while latter was Minister Court.

14. I met Middleton at luncheon few minutes after my talk with Shah and was able give him outline of conversation. Middleton said he had appointment meet Shah next Tuesday. He also told me in confidence that although in past he personally had had strong doubts regarding Qavam he was gradually coming to opinion that Qavam despite his age and certain unpleasant passages in his record might be best choice to steer government through difficult days ahead.

Henderson

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80. Telegram From the Embassy in Iran to the Department of State[1]

Tehran, June 20, 1952.

4925. Candidates for successor to Mosadeq must adjust to one political fact of present Iranian situation: namely, ingrained reluctance of Shah to appoint "strong" Primin (Deptel 2879 June 16).[2] While successor to Mosadeq shld have strong administration to reverse present deteriorating political trend, Shah has not yet made up mind re Primin he wld want or kind regime which will be required. Decision must be his since Majlis and Senate apparently will await his initiative indefinitely.

Emb views re categories of candidates differ in some points from those expressed by Pyman in May 16 conversation:[3] 1) Older statesmen Qavam and Hakimi (both of whom in early eighties) from recent interviews with Amb, appear surprisingly alert, clear thinking, and cognizant of essential problems now facing Iran. Shah apparently becoming more friendly toward Qavam but pressure from Senate behalf

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[1] Source: National Archives, RG 84, Tehran Embassy Files, 1950–1952, classified general records, Box 32. Secret; Security Information. Drafted by Melbourne and approved by Henderson in draft. The telegram is the Embassy copy as approved and does not have a time of transmission.

[2] In telegram 2879 to Tehran, June 16, the Department asked the Embassy for its views on the candidates discussed in Washington with Launcelot Pyman, former Oriental Counselor of the British Embassy in Tehran, on May 16. (Ibid., Box 29) For a record of the discussion with Pyman, see Document 73.

[3] See ibid.

Hakimi may render it easier for him name latter, whom Shah personally wld prefer to Qavam.

2) "Neutral" candidates, such as Entezam, Soheily and Mansur: Entezam having been away from Iran for lengthy time not cognizant of all political forces at work in country and reportedly not particularly decisive personality. These wld be heavy disadvantages in attempting to cope with situation. Soheily, while presumably having confidence of Queen Mother, who currently on very bad terms with her son, Shah, wld suffer heavily by virtue of previous post as Amb to UK. Soheily's reputation for honesty also not entirely clean. Mansur has successfully placed himself in middle between "neutrals" and Natl Front. He has reputation as grafter and lacks necessary decisiveness. His weakness of character may, however, make him more acceptable to Shah and he may be possible compromise choice.

3) Shah has toyed with possibility Natl Front candidate in order avoid arousing too great antagonism on part Mosadeq and make transition less abrupt from present regime. Typically mentioned are Busheri, Maki and Saleh. Busheri attempts be all things to all men, but now on cool terms with Mosadeq, and Emb believes lacking in judgment and convictions. He not now being seriously considered. Maki wld be highly undesirable Primin in view lack background, extreme ambition, and lack of restraint. He still one of Natl Front leadership triumvirate with Mosadeq and Kashani. Saleh Emb considers unfriendly US and West and unstable personality.

4) Of mil men suggested for Primin, Zahedi has been most prominently mentioned. At present Shah does not appear likely to consider seriously mil man for Primin's post. Zahedi not so popular as Pyman represented but might be chosen if emergency shld develop.

Henderson

81. Memorandum From the Assistant Director of the Office of National Estimates (Kent) to Director of Central Intelligence Smith[1]

Washington, June 24, 1952.

SUBJECT

Approaching Crisis in Iranian Situation

1. Recent developments in Iran suggest that a financial crisis is imminent and may lead to the fall of Mossadeq. The Mossadeq government has exhausted readily available expedients to meet its financial obligations. The Central Bank claims that its reserves are critically low and has refused to extend further loans to the government. Opposition elements in the new Majlis blocked government efforts to dominate that body and are in a position to prevent the passage of emergency fiscal legislation that would enable the government to meet its obligation for a few more months. The press reflects a significant diminution of Mossadeq's prestige, and the leadership of the National Front appears to be losing its cohesion.

2. However, Mossadeq has frequently in the past demonstrated his ability to re-establish his position and may therefore succeed in weathering this crisis. The outcome of the impending crisis will depend on several factors which are at present obscure: (a) the unpredictable conduct of Mossadeq; (b) the actions of the wavering Shah; (c) the proceedings in the International Court of Justice; (d) the precise position the UK might take regarding an oil settlement; and (e) the policy and actions of the US.

3. Iranian specialists in OIR, G–2, and O/CI concur in the view of O/NE that under these circumstances a National Intelligence Estimate on Iran cannot profitably be initiated at this time. OIR is preparing studies on such key factors in Iran as the Tudeh Party and the economic situation. In the event that a sudden change in the Iranian situation requires the initiation of a new NIE, much of the basic research for such an NIE will, therefore, already have been completed. O/NE is keeping in close touch with OIR on these matters.

Sherman Kent[2]

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[1] Source: Central Intelligence Agency, NIC Files, Job 79R00904A, Box 1, Folder 3, Memos for DCI (1952) (Substantive). Secret. There is no drafting information on the memorandum.

[2] Printed from a copy that bears this typed signature.

82. Editorial Note

Elections to the 17th Majlis took place throughout the spring and into the summer of 1952, and the new Majlis convened formally on April 27, 1952. On July 14, Prime Minister Mosadeq submitted a new Cabinet to the Shah based on the elected membership of the 17th Majlis up to that point. Mosadeq included in this submission a claim for control over the War Ministry, which the Shah refused. As a result, Mosadeq resigned his post as Prime Minister and, on July 17, was replaced by Qavam.

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83. Memorandum Prepared in the Office of National Estimates, Central Intelligence Agency[1]

Staff Memorandum No. 247 Washington, July 1, 1952.

SUBJECT

An Evaluation of the Significance of the National Front Movement in Iran

1. Since Mossadeq and the National Front came to power in Iran a little more than a year ago, there has been considerable difference of opinion among Near Eastern specialists concerning the National Front movement and its relationship to the basic social changes that are taking place in Iran. That such social changes are occurring is generally recognized. Their most important aspect is that a third social group, composed primarily of urban dwellers, is emerging between the traditional ruling aristocracy and the mass of peasants. The members of this group—as a result of increased education, a broader understanding of political, social and economic problems, greater contact with the West, and the competitive propaganda of foreign powers—are becoming increasingly aware of their ability to influence events, and their exploitation by political leaders has transformed them into a significant political force. While they are also becoming dimly aware of the fact that their position in society and their prospects for a higher standard of life are not immutable, they continue to attribute their difficulties almost exclusively to foreign influence.

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[1] Source: Central Intelligence Agency, DDI Files, Job 79T00937A, Box 2, Folder 1, Staff Memoranda—1952, Substantive. Secret; Security Information.

2. There is a tendency among some observers of the Iranian scene, particularly in OIR, to assume that this urban middle class has not only found expression through the National Front but also that its interests as a class have been directly represented by the National Front. These observers have adopted the view that the balance of power has shifted decisively from the traditional ruling group—the wealthy landlords, merchants, and tribal leaders—to the urban middle class and that the "old guard" has lost not only the ability, but even the will, to rule. They have viewed the nationalization of oil as merely a first step in a comprehensive present program to: (a) free Iran from foreign influence; (b) eliminate the social, economic, and political privileges of the traditional ruling aristocracy; and (c) introduce major reforms which would improve the lot of the mass of the population. They have assumed that the influence of the Shah has already been virtually eliminated and that any attempt by the Shah to obstruct the National Front "program" might well lead to the overthrow of the Pahlevi dynasty and the establishment of a republic. They also consider that the failure of such a "program" for any reason would induce large numbers of the urban middle class to shift their allegiance to the Tudeh Party, thereby greatly increasing Tudeh's potential and the possibility of Communist domination of Iran. In short, these observers have assumed that a political and social revolution has in fact already taken place.

3. The pace of political, economic, and social change in Iran is normally so slow and the conditions of life of the vast majority of the population appear so intolerable by Western standards that it is easy for Western observers to assume that a major development, such as the sudden rise to power of the National Front, imminently foreshadows, or even constitutes in itself, a revolutionary development. Moreover, the tendency to make such an extreme interpretation of recent Iranian developments has been supported by the flamboyant personality of Mossadeq and by the fact that, in the absence of oil royalties, fundamental reforms would appear to be necessary if Iran is to remain viable and independent. Nevertheless, a review of events of the past year and an analysis of the present situation in Iran suggest that no basic changes in Iran's social and political structure have yet taken place. The most that can be said is that the increased participation of the urban middle class in political affairs may in time bring about such changes, although this class itself does not now consciously aim for such changes.

4. The most significant development of the past year has undoubtedly been this sudden increase of political activity by the urban middle class. With the exception of Mossadeq himself, none of the leaders of the National Front has been a member of the traditional ruling aristocracy and few of them had previously held important government posts. They came to power not as a result of political bargaining among

professional politicians nor as a result of the Shah's support, but because of widespread popular support for their attitude toward the British and the oil question. They have repeatedly appealed to the public (i.e., the urban middle class) for support when intrigue among the "old guard" threatened to undermine their position. They have taken over the techniques of mass demonstration first developed in Iran by the Tudeh Party and have incited the mob against individual opposition members.

5. The participation of a much larger number of people in the political affairs of the country has not, however, resulted in any basic changes in the political or social system. The direction of political activity is still in the hands of the professional politicians, although the attainment of political power has become far more complicated and success depends at least as much on the development of popular support as on the arrangement of "deals" and the disbursement of bribes among the "old guard." Nor does this increasing political activity on the part of the urban middle class necessarily indicate that the days of the "old guard" are numbered and that a "middle class" leader will now dominate the scene. Developments in the Arab states over the past twenty years have demonstrated that the pashas—men like Nahas in Egypt, Nuri Said in Iraq, and President Khuri in Lebanon—are just as capable of manipulating public opinion and using it to enhance their own political power and maintaining their prerogatives as leaders who have sprung from the people. While, therefore, the National Front leaders have been the first to exploit the political potentialities of the urban middle class in Iran, it is unlikely that they will have the field to themselves.

6. A further reason why the National Front movement has not yet caused, and is unlikely to cause, any fundamental changes in Iran's social and political structure is that its leaders have had no inclination to bring about such changes. As its name implies, it is a national movement, and its sole aim has been to nationalize the oil industry and thereby eliminate British influence. While it has depended for support primarily on the urban middle class and opposition has come largely from the "old guard," its program has had no class bias. Rarely has it attempted to exploit what might be assumed to be a latent antagonism of the under-privileged for the privileged few. During the elections, the National Front attacked opposition candidates because they were "in the pay of the British" or "traitors," not because they were exploiting their tenants and laborers. Government attempts to shore up its dwindling finances through enforced loans and salary cuts were directed at the urban middle class as well as at the wealthy merchants and landlords.

7. The obvious explanation for this absence of class bias in the National Front movement is that class consciousness is not yet a political

factor in Iran. While the urban middle class is becoming increasingly articulate, it is not homogeneous, its intellectual outlook is confused, and its aims as a social group are so inchoate as to be practically non-existent. Its political energies are devoted exclusively to the *national* aim of eliminating British influence. Beyond that, all that the members of this group appear to want at present is the opportunity to plan a more active role in political affairs. In a political sense, therefore, the needs of these people have been filled, at least temporarily, by the manner in which the National Front has appealed for their support and by the National Front's uncompromising attitude toward the British in the oil controversy. In other respects, the National Front's ideas concerning basic reforms and economic development are even less developed than those of past governments, and the desire of its leaders for political power as an end in itself is even more apparent.

8. Finally, the impact of the National Front movement on the traditional bases of power in Iran appears to have been something less than revolutionary. The Shah, through his command of the Army, continues to occupy a key position in the state. His reluctance to withdraw his support from Mossadeq stems from sympathy with the basic policy of oil nationalization, his desire not to over-step the bounds of a constitutional monarch, and most important of all his conviction that his own, as well as his country's, best interests are served by keeping in step with public opinion. Consequently, his decision not to act against Mossadeq until the latter's position has been undermined by the course of events does not in itself indicate that his position is weak. The vital elements of his position—his prestige in the country, his command of the armed forces and the loyalty of the armed forces to him—do not appear to have been seriously affected.

9. Moreover, the position of the traditional ruling group does not appear to have been seriously undermined, even though its members have been conspicuously absent from the highest government posts during the past year. The economic basis of their power, the land tenure system, has not been touched by the National Front regime, and because of their wealth they are in a much stronger position than the civil servants, the factory and oil workers, and the middle class in general to bear the economic consequences of the oil nationalization policy. Moreover, like the Shah, they are beginning to realize the political importance of the emerging middle class and that political power rests with those who can win its support. For all these reasons the members of the "old guard" have been "rolling with the punch" during the past year. They have supported oil nationalization and the elimination of British influence as strongly as the National Front has itself. However, they have, particularly since last fall, placed progressively more emphasis on Mossadeq's failure to solve the critical financial and eco-

nomic problems resulting from the oil issue. In view of the interdependence of the oil problem and the financial situation their attitude is no more consistent than Mossadeq's. It is, nevertheless, good politics and an indication that the political developments of the past year have not been lost on them. Their attitude toward the oil controversy is, however, more realistic and prospects for an oil solution would improve if they returned to power. They have at no time lost their controlling position in the Senate and Majlis and have the numerical strength not only to block legislation desired by the National Front but also to overthrow the government when they consider such action to be desirable.

10. The foregoing analysis of the National Front movement suggests the following conclusions concerning Iran's future:

a. There is little prospect of major changes in Iran's social and political structure until the urban middle class and the political parties which represent it develop clearly defined social, political, and economic aims.

b. These groups are unlikely to develop such aims so long as their political energies are concentrated almost exclusively on anti-foreign policies.

c. In view of Iran's dependence on foreign trade and foreign assistance, these groups will be afforded continuing opportunities to express their anti-foreign feelings and are unlikely, therefore, to shift their interest to internal affairs. Moreover, so long as their preoccupation with foreign influence and their aimlessness with respect to internal affairs persist, Tudeh influence is unlikely to increase significantly.

d. Translated into political activity, this suggests a continuing uneasy equilibrium between extreme nationalist elements, advocating the complete elimination of foreign influence, and the traditional ruling class, which attempts to reconcile Iran's nationalist aims with the need to maintain some degree of economic and political stability.

e. This continuing state of equilibrium will prevent economic "collapse" and political disintegration. It will also, however, seriously inhibit, if not completely block, social and economic improvements and will perpetuate Iran's isolated position in the cold war.

f. The only developments, short of war, that are likely to alter this situation are:

1. the establishment of an authoritarian regime, which now appears unlikely; and
2. a great increase in the strength, education, and political sophistication of the urban middle class, which will probably not occur for many years.

John H. Leavitt

84. Telegram From the Embassy in Iran to the Department of State[1]

Tehran, July 18, 1952, 1 p.m.

239. 1. Emissary Qavam, in whom I have confidence, came to see me this morning to ask if I could visit Qavam July 19, 10:00 a.m. He said Qavam's first problem was financial. Qavam would like settle oil problem as soon as possible but he must move with decorum and caution in order not (rpt not) to outrage sensibilities of country. In meantime there are heavy back payments due in governmental salaries and new pay day falls on July 20. Qavam hopes that US will find some way to help tide government over financially until he has had opportunity settle oil problem and otherwise get Iran's house in financial order.

2. I asked emissary if Qavam thought of possibility obtaining temporary loan from Bank Melli through issuance of limited amount of notes against currency coverage. Emissary said matter was being given consideration but consent of Majlis must first be obtained and it would be impolitic for Qavam's first approach to Majlis to be request for lowering of currency coverage. In any event at least month would elapse before necessary legislation could be passed and notes made available to government.

3. I told emissary I would be glad discuss matter with Qavam in our talk tomorrow but Qavam should know in advance that I in no (rpt no) position to make commitments about financial aid. This aid involved number factors, some rather complicated. I asked if Qavam was making similar approach to Brit. Emissary replied he thought probably Qavam would send message some kind to Brit. Emb today but it would not (rpt not) be possible to begin serious discussion re oil with Brit. until machinery had been set up and certain amount time consuming preparations made.

4. My informant told me that he was with Qavam last night at time news received that Majlis had taken vote in his favor. He said within ten minutes after results of Majlis vote had been received, Gen. Kupal, Chief Police, called on Qavam and expressed his joy that Majlis had decided in his favor and stated his desire to do everything possible to insure that change in government would lead to no (rpt no) disorders. Few minutes later Mil Governor of Tehran appeared on similar mission. While these two officers were still with Qavam, Ala Min. Court telephoned on behalf of Shah, informing Qavam that decree naming

[1] Source: National Archives, RG 59, Central Files 1950–1954, 788.13/7–1852. Secret; Security Information; NIACT. Repeated to London. Received at 9:24 a.m.

him Prime Minister would be issued and that in meantime Qavam should at once assume responsibilities of Prime Minister. Qavam turned from telephone to officers and told them that he expected them to maintain complete law and order in Tehran. They were to act with restraint. Nevertheless, they should make it clear that no (rpt no) disturbances of any kind would be tolerated. Simultaneously, Qavam gave orders that radio should inform public of his nomination as Prime Minister and of his determination that law and order should be maintained in Tehran and throughout country. According to my informant, certain manifestations which were being planned by various groups in Tehran were hurriedly abandoned. Tanks were sent to quarters of city where trouble might be expected. Both Chief Police and Mil. Gov. assured Qavam that they were confident that with his backing they could maintain order in Tehran with no (rpt no) difficulty.

5. According to my informant, he had long private talk with Qavam early this morning during which Qavam discussed foreign policies and indicated, as he had on previous occasions, that Iran's destiny lay with Western world and that it was his intention cooperate closely with West powers and gradually bring Iran into full and unequivocal alignment with West.

6. According my informant, Qavam by no (rpt no) means jubilant at his appointment. Instead, he feels great weight of responsibilities and is looking particularly to US for cooperation and understanding during trying period which is ahead.

7. According to informant, Qavam called on Shah at 9:30 this morning and spent over an hour in conversation with latter. Upon his return he told informant that he thought Shah really had begun to trust him and intended work with him loyally.

8. My informant stated that Cabinet probably not (rpt not) be selected until July 19 or 20. Qavam has decided to retain Portfolio FA temporarily for self. It also likely, according to informant, that Ala will go as Amb Wash and Sen-Ti will be Min. Court. These matters, of course, must be coordinated with Shah.

9. After leaving Embassy, informant repeated our conversation to Qavam who sent him back to me with message to effect that receipt financial aid was of utmost urgency; that he really should have it today (rpt today) or tomorrow. It would be misinterpreted if he would ask Brit. for such aid before opening oil negotiations and therefore US was only hope. He asked if US really interested in saving Iran it move with unprecedented speed.

Henderson

85. Telegram From the Embassy in Iran to the Department of State[1]

Tehran, July 18, 1952, 2 p.m.

242. 1. I sincerely hope that Dept can move in matter of financial aid as Qavam suggested "with unprecedented speed" (Embtel 239, July 18).[2]

2. I had tentative chat with Middleton immed fol first visit of emissary from Qavam referred to in reftel and told Middleton of Qavam's expressed hope that US wld be able at once to advance sufficient financial aid enable his govt meet payrolls and other urgent financial needs. We arranged for meeting this afternoon of reps two Embs to work out joint recommendations to Wash and London. Middleton said that it was his personal tentative opinion that in view peculiarities of situation it wld be helpful if US cld immed extend aid sufficient to tide Iran over financial crisis of ensuing weeks. In so stating he not (rpt not) undertaking speak for Emb or for his govt. Middleton referred to conversations in London in which he had expressed some doubt re advisability US Govt extending financial assistance immed to govt replacing that of Mosadeq. He said that at that time he had had in mind some weak govt—not (rpt not) strong govt of kind which Qavam was forming. Qavam's govt cld afford take positive stand and need not (rpt not) worry about endeavors on part various groups to misinterpret American financial assistance. Middleton and I both were of opinion that it wld be advantageous to West if US cld make Qavam feel at outset that West was friendly. We also agreed that if US financial assistance was extended it shld be made clear to Iran and to rest of world that Brit fully approved such extension. Care shld be taken that impression not (rpt not) be created that difference of opinion re financial assistance existed between UK and US and assistance shld be accorded in such way as to build up good will for UK as well as for US.

3. More mature views of two Embs will, I hope, go forward to London and Wash this evening after conference this afternoon. In meantime I hope Dept can already be laying basis for quick action. Our joint tel this evening will probably contain estimate of amount which shld be given at this time.

4. One question which will be raised is whether financial aid shld be grant or loan and we hope Dept can be giving this question thot.

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[1] Source: National Archives, RG 59, Central Files 1950–1954, 888.10/7–1852. Secret; Security Information; NIACT. Repeated to London. Received at 10:34 a.m.

[2] Document 84.

This Emb inclined to favor grant at this juncture and feel confident Qavam wld not (rpt not) hesitate ask for grant if he shld believe any possibility grant wld be accorded.

Henderson

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86. Telegram From the Department of State to the Embassy in the United Kingdom[1]

Washington, July 18, 1952, 11:40 p.m.

431. Emb requested raise immed with Brit at highest feasible level question raised Tehran's 239,[2] 242,[3] and 248 July 18[4] and solicit urgent Brit concurrence in recommendations both Middleton and Henderson that US extend immed finan assistance to Qavam gov.

Suggest if Brit show reluctance you pt [point] out this question has been raised with them on several occasions at high level and that US convinced failure to act immed may cause us to lose best chance yet for settlement oil controversy and reversal deterioration situation in Iran. While we naturally wish to be guided in our action by Brit views, Dept believes we shld lose no time in extending support which Qavam clearly needs if he is to remain in power and work out agreement with Brit. (FYI final action on our part may require clearance and action here at highest level.)

Brit may be informed our tentative thinking is to give or lend Qavam at once small amt along lines suggested Tehran's 248 as interim stopgap measure without rpt without promise any more will be forthcoming. Aid wld clearly be tied to oil controversy and he wld be told it being extended to help him in interim period required for him to ar-

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[1] Source: National Archives, RG 59, Central Files 1950–1954, 888. 10/7–1852. Top Secret; Priority; NIACT. Repeated Priority and NIACT to Tehran. Drafted by Ferguson and approved by Byroade.

[2] Document 84.

[3] Document 85.

[4] In telegram 248 from Tehran, Henderson asked that the United States extend aid that would enable the new Iranian Government to deal with its financial crisis until around September 20. To that end, Henderson suggested allocating to the Iranian Government a lump sum, based on the current deficit, the exchange rate, and Iran's ability to absorb aid, with the understanding that "possible further aid dependent on progress toward oil settlement." (National Archives, RG 59, Central Files 1950–1954, 888.10/7–1852)

range negots for settlement with UK in accordance his announced intention.

In view urgency situation, we believe Qavam must have this aid not rpt not later than early next week and therefore earnestly solicit earliest Brit concurrence. (Brit Emb informed.)

Acheson

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87. Memorandum Prepared in the Office of National Estimates, Central Intelligence Agency[1]

Staff Memorandum No. 256 Washington, July 18, 1952.

SUBJECT

OIR Comments on Staff Memorandum No. 247

1. The memorandum below is by [*name not declassified*] of OIR and deals with John Leavitt's Staff Memo No. 247 dated 1 July on the National Front Movement in Iran.[2]

2. [*name not declassified*] and Leavitt have since discussed the matter at some length. Leavitt believes that if [*name not declassified*] had written the memo after the discussion, the rebuttal might not have been cast in such extreme terms. John is prepared to rebut [*name not declassified*] memo at any time. I concur with John, however, that this argument could go on forever and that it might as well be suspended until it can be focused on a concrete problem such as revision of NIE–46.[3] I also concur in John's view that both he and [*name not declassified*] are stating their points of view in rather exaggerated terms and that the truth probably lies in some as yet undefined middle ground.

3. The memo below is therefore being circulated for your information with the recommendation that the matter be allowed to lie fallow until NIE–46 is revised or NIE–73 reaches the drafting stage.[4] Further news on Mossadeq's resignation may make a revision of NIE–46 a

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[1] Source: Central Intelligence Agency, DDI Files, Job 79T00937A, Box 2, Folder 1, Staff Memorandum—1952, Substantive. Secret; Security Information.

[2] Document 83.

[3] Document 63.

[4] NIE–73, "Conditions Affecting U.S. Security," is in the Central Intelligence Agency, NIC Files, Job 79R01012A, Box 25, Folder 1.

more immediate problem than a vacation-minded Board and Staff would prefer.

[*name not declassified*]

Attachment

Washington, undated.

OIR MEMO

The oversimplification and condensation of OIR's observations on the significance of the National Front movement in Section 2 is hardly a fair presentation in that it is so worded as to present an extreme position, ending with the statement that we "have assumed that a political and social revolution has in fact already taken place." We do believe that such a revolution is in progress and that, no matter how desirable a return to the good old days might be, such an event is most improbable. As the following comments attempt to show, we are not convinced by the arguments in Sections 3–5 that our position is untenable.

One of the major weaknesses of the CIA analysis is the assumption that the National Front group and the "old guard" (traditional ruling aristocracy) are separate and distinct. The statement is made in Section 4 that "with the exception of Mosadeq himself, none of the leaders of the National Front has been a member of the traditionally ruling aristocracy and few of them had previously held important government posts." To mention only a few of the representatives of the traditional governing group who have collaborated closely with the National Front, one might pick Saleh, Amini, Haerizadesh, Busheri, Ram, Malek Madani, Bayat, or Khosro Qashqai. It is true, as pointed out in Section 5, that the leadership need not necessarily come from the "middle class," but the revolutionary effects can arise just as well from a liberal aristocrat. It does not seem to be entirely irrelevant to refer in this connection to Roosevelt and the New Deal. The traditional governing groups have been split up by the National Front, not only over the question of the exclusion of the British, but over internal problems such as electoral reform, more effective taxation, and social justice. It is true, as pointed out in Section 7, that the urban middle class is not homogeneous, but neither are the traditional governing groups (the vested interests).

It is inaccurate to say, as in Section 6, that the National Front's "sole aim has been to nationalize the oil industry and thereby eliminate British influence." Mosadeq, Saleh, Fatami, and Makki, to name just a few, have preached the need for social and economic reforms to equalize the tax burden and raise the general standard of living. Fur-

thermore, the socialistic Iran Party, of which Saleh is the head and whose membership includes many foreign-educated, middle-aged Iranians, has clearly defined social, political, and economic aims. Nor is it accurate to say, as in Section 7, that "the National Front's ideas concerning basic reforms and economic development are even less developed than those of past governments, and the desire of its leaders for political power as an end in itself is even more apparent." The governments of the time were notable for their cooperation with either the Millspaugh Mission or the OCI, whereas National Front officials have apparently been cooperating effectively with Point IV officials. Qavam was, if anything, more tenacious than Mosadeq in seeking "political power as an end in itself."

Contrary to the conclusion in Section 8, the prestige of the Shah in the eyes of the Court and the more conservative of the "old guard" has been weakened during the 14 months of National Front domination. Whatever influence he has, has certainly not been used either to strengthen the Throne through autocratic action, as his mother and Princess Ashraf would like, or to restore the "old guard" to power, as the more conservative of the vested interests would like.

As pointed out in Section 9, the vested interests continue to hold a controlling position in the Senate and Majlis, but, as has been noted above, the vested interests are neither united nor homogeneous and, in practice, are likely to continue to contribute to instability by dividing their support, some of it going to the National Front. It also, however, appears currently to be the fact that the National Front group has enough votes in the Majlis to block legislation. If what is meant by describing the "old guard" as "more realistic" with respect to the oil controversy, is that they will accept significant British participation within Iran, there is no evidence that they have the courage or capability of achieving that at this time.

In commenting on the conclusions, I would like to refer to the use throughout the analysis of the expressions "foreign influence" and "anti-foreign" policies. We have tried to make a distinction between foreign influence which is welcome, such as Point IV aid, and foreign interference such as the Iranians oppose and almost universally believe has been characteristic of British activities in Iran. The anti-foreign attitudes of the National Front have actually been directed primarily against the British and only secondarily against the Russians, who have been regarded as presenting the lesser threat to Iranian independence at the present time.

The inference in Section 10–a that the development of "clearly defined social, political, and economic aims" must precede major changes in Iran's social and political structure overlooks the fact that improvisation is a primary characteristic of national life in Iran and that changes

are likely to occur, not according to any set pattern, but as opportunity or pressure permits. The changes are almost certain to be piecemeal. These aims have been and are now developing in spite of the predominance of anti-British (not anti-foreign) policies.

The efforts of the government to conclude barter trade agreements with the Germans, Italians, Czechs, Poles, Russians, etc., seems to contradict the alleged anti-foreign feelings referred to in Section 10–c. Furthermore, in direct contradiction to the conclusion in the same section, we believe that the alleged aimlessness with respect to internal affairs would be likely, rather than unlikely, to increase Tudeh influence significantly. The growing frustration among urban groups in the face of a drafting, direction-less government would almost certainly result in a turning toward Tudeh.

In view of the comments in the preceding paragraph, we believe that Section 10–d is inaccurate and should read "Translated into political activity, this suggests a continuing uneasy equilibrium between nationalist elements, advocating complete freedom from foreign interference and the wider distribution of political power and the traditional governing group (the vested interests), willing to accept some degree of foreign interference and striving to maintain its privileged position." It is contrary to fact to assert that only the "traditional ruling class" recognizes the need for some degree of economic and political stability.

In view of the astonishing rapidity and degree of change in urban life in Iran during the past five years, there seems little justification for the conclusion in Section 10–f–2 that the strength of the urban middle class will probably not increase greatly for many years. Any policy based upon that assumption would, in our opinion, be very hazardous.

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88. Telegram From the Embassy in Iran to the Department of State[1]

Tehran, July 19, 1952, 2 p.m.

263. 1. During my talks this morning with Qavam our conversation limited for most part to urgent need of Iran for financial aid. Nevertheless other matters were touched upon which might be of interest.

[1] Source: National Archives, RG 59, Central Files 1950–1954, 888.10/7–1952. Secret; Security Information; NIACT. Repeated to London. Received at 8:45 a.m.

2. Qavam remarked that during last two years, as result of policies of preceding govt, number of persons had been able to become members of Majlis who had no (rpt no) qualifications for parliamentary work and who depended upon methods other than those of parliamentary character in endeavoring to obtain their pol objectives. Some of the deps hiding behind their parliamentary immunities were endeavoring to break down law and order in country. Unless they shld desist from their illegal activities, he might find it necessary to dissolve parliament. What wld I think of such action his part?

3. I said that if because of unparliamentary tactics on part certain members it shld become impossible for Majlis to continue to function it seemed to me that govt wld be justified in dissolving Majlis through constitutional means. I did not (rpt not) believe that in trying situation which Iran was facing, world cld expect govt of Iran to tolerate situation in which it was paralyzed. I was not (rpt not) sufficiently well acquainted with background and customs give advice but thought Qavam shld move so far as possible along constitutional channels.

4. Qavam said that he hoped that people in US wld not (rpt not) be shocked if he wld be compelled temporarily to resort to certain strong measures. There wld be charges probably that he was acting in an undemocratic manner. Nevertheless there were times when in order to save democracy govts might find themselves compelled to take strong actions against violators of peace who while ostensibly struggling for "democracy" were in fact trying to destroy democratic institutions. I replied that I was sure Qavam wld maintain his reputation, combining his firmness with restraint.

5. I asked Qavam if govt was encountering any difficulties in various parts of country to maintain law and order. I referred particularly to Abadan where there were large groups of organized workmen who might be mobilized for purpose of creating disorder. He maintained that generally throughout country peaceful conditions prevailed altho here and there, there had been demonstrations which had been suppressed. Realizing dangers existing in Abadan, govt upon assuming power had immed taken steps which he thought wld be successful in preventing serious disturbances.[2]

Henderson

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[2] After sending this telegram, Henderson immediately transmitted follow-up telegram 264, which reads: "Qavam has just sent word to me 'in utmost confidence' that he intends see Shah this afternoon and request power dissolve Parliament. He believes it necessary have authority do so because of activities certain deputies, who, under shield of parliamentary immunity, had incited today's disturbances. If deputies continue such activities Qavam proposes dissolve Parliament and arrest offending deputies simultaneously." (Ibid.)

89. Telegram From the Embassy in Iran to the Department of State[1]

Tehran, July 19, 1952, 3 p.m.

265. 1. I opened conv with Qavam this morning by congratulating him on his appt, stating that I was sure that he was accepting it for patriotic reasons since he must be aware heavy responsibilities which he was incurring. His name was familiar to American Govt and American people as Iran statesman who had always supported coop between our respective countries and I sure I speaking for them when I wished him success in accomplishment difficult tasks awaiting him. He replied he had accepted new post reluctantly. He had been Primin so many times that position had no (rpt no) attractions for him. He had accepted in hope he might be able render some services to Iran even in old age. He had always considered US as disinterested friend of Iran. In his younger days under Qajar dynasty when Iran was in difficult position, he had appealed to US for aid and US had saved country by arranging for loan of $2 million. On occasions too numerous to list US had proved to be true friend to Iran. He therefore was encouraged again to ask for US aid. He need not (rpt not) describe finan situation of country. No (rpt no) public funds available. Past due and current govt wages and salaries as well as other urgent bills against govt must be paid at once. He hoped within few months restore Iran's credit and solvency but country must have immed foreign finan assistance if it was not (rpt not) to move into chaos. US was only country to which he cld turn. He had sent msg to me yesterday re Iran's urgent needs and he understood that I had already telegraphed Wash. He hoped that his request for help was being recd with sympathy and that he wld have favorable answer in immed future.

2. I told Qavam I quite sure US Govt fairly well informed Iran's finan situation and that his request for help wld be recd by US Govt with understanding and sympathy. I had no (rpt no) idea, however, whether US Govt wld be in position to extend such assistance urgently, particularly now that Congress was adjourned. First question to which US Govt must find answer was whether it had funds available without Congressional legis to use for aid this kind. Second question was whether it wld be possible in case such funds were available to extend

[1] Source: National Archives, RG 59, Central Files 1950–1954, 788.13/7–1952. Secret; Security Information. Repeated to London. Received at 11:53 a.m. Telegram 265 was transmitted subsequent to telegrams 263 and 264, but is a fuller report on Henderson's initial meeting with Prime Minister Qavam.

finan aid to Iran in circumstances which wld be acceptable to public opinion of three countries: US, Iran and UK.

3. I said US not (rpt not) accustomed to extending finan or budgetary aid except in emergencies. On several occasions Mosadeq had asked for Amer finan aid and it had not (rpt not) been given him. Amer Govt and public had been of opinion that kind of emergency which wld justify budgetary aid did not exist when request from Mosadeq was recd. There was widespread belief in US that if Mosadeq had taken what US Govt and public considered to be reasonable attitude resolution oil problem Iran wld have been able overcome its budgetary difficulties without finan help from US. It was clear that Amer public opinion was against giving finan aid to Iran in circumstances which wld make it appear that such aid was in fact subsidizing what it considered to be unreasonable attitude of Iran Govt. It seemed to me personally that situation at present was somewhat different. It was my understanding that present govt was anxious solve oil prob on basis which wld be fair and reasonable to all concerned and which at same time wld safeguard Iran's rights and promote welfare Iran people. Present Iran Govt moreover was in urgent need finan help during period which must elapse before oil problem cld be solved and Iran's oil resources cld begin again produce badly needed revenues. Yesterday, therefore, I had recommended to US Govt it consider request from Qavam in somewhat different light from requests heretofore recd.[2] I told Qavam that such recommendations as I had made had been for aid of limited character. I had recommended limited aid because I did not (rpt not) believe that Amer or Brit public opinion wld look with favor upon extension at this moment of financial aid to Iran in amts greater than might be needed to tide country over period longer than perhaps two months. I had, therefore, urged that US Govt give favorable consideration to extending finan aid to Iran sufficient to enable govt to function until, say, Sept 20, by which time it wld be possible reasses situation in light achievements govt and progress made in solution oil prob. It had seemed to me that by Sept 20 if Iran Govt pursued energetic measures its finan house might be in sufficiently good order, and its progress resolution oil prob might be sufficiently satisfactory to effect restoration Iran's solvency to such extent it wld be able satisfy its future finan needs thru existing internal and domestic channels.

4. I particularly stressed that if finan credit was to be extended attn must be particularly paid to Amer public opinion. US Govt had no (rpt no) desire interfere in selection members Cabinet. Primin must realize however that US public opinion wld be more favorable if Cabinet members wld so far as possible be men whose integrity and ability wld

[2] See Document 86, footnote 4.

be unquestioned. Furthermore, domestic program of govt wld also influence US opinion. It wld be helpful, for instance, if US public opinion be convinced that Iran Govt was really serious in its intention to effect certain finan and econ reform which every intelligent Iran knew was badly needed. Furthermore, it important that US public really believe that Iran Govt was sincere in its desire to settle oil prob on reasonable and fair basis. I was quite aware that govt cld not (rpt not) prove sincerity its intentions prior to US decision re granting finan aid to Iran. Nevertheless, what might happen in next few days was important and even after aid was extended it was still more important that Iran Govt follow policies which wld not (rpt not) embarrass US Govt in face US public opinion. Similar sensibilities UK Govt and UK public opinion must not (rpt not) be overlooked. It wld be harmful to US, to Iran and to free world in gen if US and UK shld have serious divergencies re Iran. It was in interest all three countries that there shld be cooperation among them on basis mutual confidence. I hoped new govt wld find it possible to convince *Brit* Govt and public opinion that *it really desired* Brit friendship. Neither shld Iran public opinion be overlooked. Any finan aid which US might be able extend to Iran must be given in such circumstances as not (rpt not) to arouse suspicions among Iran people that Iran Govt was in any way sacrificing their interest in order obtain needed funds. Also, every effort shld be made not (rpt not) to give color to charges certain to be made that US was aiding or subsidizing some particular Iran Govt rather than country of Iran. I was sure Qavam himself understood that any finan aid which US might give to Iran at this time was not (rpt not) being given to help him personally or to aid his particular govt. It was being extended for purpose of enabling Iran Governmental apparatus to carry on and for Iran to continue to exist as independent state.

5. I told Primin I hoped he was not (rpt not) disappointed at limitations which I had placed on my recommendations. Also, I wanted again to make it clear that I had no (rpt no) idea whether my govt wld find itself in position to act favorably on my recommendations. I was talking with him with extreme frankness because I believed our relations in future wld be more satisfactory if we were frank and specific and did not (rpt not) waste time in mere generalities.

6. Primin said he was appreciative my frankness, he fully agreed in that it was important that any aid which US might be able extend Iran shld be arranged in such way as to be acceptable to public opinion of US, UK and Iran, and he was anxious to cooperate. He was confident that if we cld give enough aid to permit govt function *over period* next two months, accomplishments his govt during that period wld more than satisfy American public opinion that its money had been well invested. He did not (rpt not) ask whether by end Sept his govt wld be

fully solvent; nevertheless, he believed that by that time both people of Iran and peoples of other friendly countries wld have more reason to trust in future Iran than they have at present. He intended to move just as fast as conditions wld permit in solving oil problems on reasonable fair basis. Qavam added that situation was extremely urgent and he hoped have some kind indication US Govt attitude within next two or three days.

7. It was agreed between Primin and myself that his request for help wld be maintained for time being in complete secrecy. He said, however, that he expected inform Shah of details our conversation.

Henderson

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90. Telegram From the Embassy in the United Kingdom to the Department of State[1]

London, July 19, 1952, 4 p.m.

358. In continued absence Eden and Strang, I saw Makins and Bowker this morning and made points contained Deptel 431, July 18.[2]

Their tentative reactions, which are being sent to Eden in country and to which they hope have his reaction later today, are as fols: FonOff agrees in principle it wld be desirable extend finan assistance Qavam and that US shld furnish it. They feel strongly, however, that amt of aid shld be minimum necessary to enable Qavam meet his immed finan difficulties. They feel it is desirable that aid be tied to oil settlement, but stress that it shld be connected only in genl way and not (rpt not) with Iran acceptance any specific proposals.

I said I did not (rpt not) think there was any difference between us on either of foregoing points. Dept had stressed in its instrs to me that only question at issue is extending small amt of aid as interim stop-gap measure without promise any more will be forthcoming. Re tying aid to oil settlement, I said this wld be done only in genl way by making it

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[1] Source: National Archives, RG 59, Central Files 1950–1954, 888.10/7–1952. Top Secret; Security Information; NIACT. Repeated to Tehran. Received at 1:45 p.m.

[2] The reference to telegram 431 is in error. The correct reference should be to telegram 421, July 18, in which Acheson suggested to the Embassy in London that "you also emphasize to Fonoff we consider it essential Brit Govt be prepared reopen negots early date and have ready proposals likely be acceptable to new Iran Cabinet." (Ibid.)

clear to Qavam that help was only for interim period necess for him to arrange negots.

Makins went on to say there are two points of tactics which require careful consideration. Firstly, FonOff feels there shld be public Iranian request before we announce any such aid. In this same connection, it wld probably be best from Qavam's point of view if publicity minimized. Secondly, there is question of timing of any announcement. FonOff feels these questions shld be fully discussed with Qavam in advance any announcement in order assure tactics are worked out in manner which will be most calculated help him and minimize opposition attempts exploit sitn by representing aid as indication US and UK brought him to power. FonOff will let us know later today of Eden's reactions and we shall then inform Dept. FonOff will also be notifying Brit Emb Wash.

Gifford

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91. Telegram From the Embassy in Iran to the Department of State[1]

Tehran, July 20, 1952, 3 p.m.

276. 1. Natl Front Deputies have been pursuing unparliamentary tactics in order prevent functioning of Majlis. Some of them including Kashani who has made appeal to Armed Forces not (rpt not) obey Qavam's orders and Ghanatabodi who has publicly threatened personally to kill Qavam if given opportunity, are also endeavoring promote disorder and even full-scale revolution. In Tehran members of Iran Party, one of most important components of Natl Front, has joined forces with Tudeh and new coalition is extremely active, particularly among youth. They are denouncing not only Qavam but Shah himself.

2. In view these rapid developments, Qavam insists he must have free hand to act quickly and decisively. He sent msg to me this morning that yesterday afternoon during audience with Shah, he had asked latter for authority in his discretion to dismiss Majlis at moment's notice in case it shld become clear that Majlis unable function because of obstructive tactics of opposition Deputies some whom were hiding be-

[1] Source: National Archives, RG 59, Central Files 1950–1954, 788.21/7–2052. Secret; Security Information; NIACT. Repeated to London. Received at 10:50 a.m.

hind parliamentary immunities while endeavoring disrupt public order. He told Shah that in any event he might find it necessary arrest Kashani in view latter's open incitement to rebellion. Shah had hesitated and had said he must examine constitutional aspects problem. Qavam had thereupon informed Shah that unless he cld be given free hand in this emergency by Shah, he wld be compelled to submit his resignation. He asked Shah to think matter over and give him decision earliest possible moment. Late yesterday evening Qavam was informed by some of his advisers that Shah was still hesitating and that during course day, Ala, Min Court, had had three hour conversation with Kashani. Qavam infuriated at news that Court was carrying on conversation with Kashani after latter had engaged in treasonable acts, immed sent his resignation to Shah orally through Ala, Court official who happened to be visiting Qavam at time.

3. According to emissary who brought me above info, Qavam had recd no (rpt not) reaction from Shah re his resignation and was sitting idly at his residence maintaining he no (rpt no) longer PriMin.

4. Upon receipt this info, I called immed on Ala to obtain his version. Ala astonished at news that Qavam had resigned and maintained there must be some misunderstanding. He had just talked over telephone with Shah who told him that yesterday afternoon Qavam had asked Shah for authority to arrest Kashani and that he (Shah) was hesitating whether or not (rpt not) to give authority for act which might be unconstitutional. Ala told me he had informed Shah that subversive movements were being encouraged by failure of govt to act decisively and that Shah shld not (rpt not) allow quibbles re constitution prevent Qavam from taking steps necessary to forestall general conflagration. In my presence Ala called in his Deputy Human to inquire whether latter had heard that Qavam had submitted resignation. Human also expressed astonishment at news which I had brought and said there must be some misunderstanding. Unsuccessful steps were made get in touch with Ala. Ala went at once to discuss matter with Shah and to endeavor persuade latter to agree to dissolution of Parliament or to some other measure which might give Qavam adequate powers to preserve law and order.

5. Ala also told me that he had not (rpt not) seen Kashani since early morning July 18. Ala seemed to believe that some intriguers had been trying to cause difficulties between Shah and Qavam. Ala said that he wld like to call on Qavam and come to understanding with him if he cld do so without being compelled to pass through rows of "courtiers" usually to be found in Qavam's residence. He wld appreciate it if I wld send message to Qavam and let Qavam know what he had told me. I sent this message immediately on return to Emb and un-

derstand mtg is being arranged this afternoon between Qavam and Ala.

6. We are somewhat disturbed at situation which is developing as result of inability of Qavam and Shah to cooperate fully at this critical moment. While Tudeh is strengthening its position by acquiring allies in the disgruntled Natl Front, Qavam is apparently sitting idly at his house and Shah is hesitating to take needed decisions.

7. I hope later this evening to be able to discuss new developments with Middleton who is out of town today.

8. We are hopeful that with aid Ala, Shah and Qavam will come to effective working agreement. In meantime shld not (rpt not) slacken our efforts to perfect arrangements for extending financial aid to Iran on urgent basis.

Henderson

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92. Telegram From the Embassy in Iran to the Department of State[1]

Tehran, July 21, 1952, 5 p.m.

308. 1. Nine o'clock this morn emissary from Qavam called to inform me he had good news. Qavam had recd msg last night that Shah wld like see him early this morn and Qavam had understood from msg that Shah finally prepared give him necessary powers. Emissary said he understood Qavam already on way Palace. At 11 o'clock this emissary telephoned that apparently there had been some mistake. After waiting several hours for expected call from Palace Qavam had become discouraged and had again relapsed into state of complete passivity. Since center Tehran was at time engaged in what amounted to civil war, it seemed to me fantastic that PriMin shld be sitting passively at his home as result some kind misunderstanding with court. I therefore told Ala by telephone what I had heard. Ala said Shah had decided not (rpt not) to talk to Qavam this morn but to one of Qavam's lieutenants; that Shah had told this lieutenant that he cld not (rpt not) just now (rpt now) grant powers Qavam desired; that Shah's attitude was being explained to Qavam and it was his understanding that Qavam wld accept

[1] Source: National Archives, RG 59, Central Files 1950–1954, 788.13/7–2152. Secret; Security Information; NIACT. Repeated to London. Received at 12:04 p.m.

Shah's decision on temporary basis. I told Ala that sit Tehran was very bad and asked what Shah intended do. Ala replied Shah hesitated take steps which might lead to shedding more blood and Shah was trying at moment decide what best do in circumstances.

2. At 12:30 Middleton called. He had just had long talk with Ala. Ala had told him that perhaps "all of us" had underestimated strength Mosadeq, that Mosadeq seemed have following tremendous popular appeal and that public sentiment was clearly opposed to Qavam. Shah therefore was being forced to consider whether or not (rpt not) he shld not (rpt not) request Qavam's resignation and appoint successor; he might perhaps even turn again to Mosadeq. Middleton expressed opinion to Ala that return of Mosadeq wld almost certainly mean elimination of Shah in not (rpt not) distant future. Ala agreed to existence of this danger. Ala indicated it not (rpt not) easy decide on who successor to Qavam be. Mansur was one possibility. Middleton told Ala that no (rpt no) PriMin cld succeed unless Shah wld give him in this difficult sit powers necessary preserve law and order. Ala asked Middleton whether in case govt shld come into power which desired settle oil problem on reasonable basis UK wld be willing cooperate in matter of finan aid. Middleton said that was question which might well be discussed with both Brits and Amers. He thought it might be good idea for Shah to see Amer Amb and himself jointly in order discuss this important matter. Ala said he was afraid that joint visit of Middleton and myself on Shah might be misconstrued at this juncture. Middleton renewed request which had been pending for some time that he be recd by Shah.

3. While Middleton was still in my office I succeeded in getting Ala again on telephone. I told him that according my info thousands rioters were milling thru the city streets, shouting "death to Brit and Amer imperialists, down with Shah". I did not (rpt not) believe that I, as Amer Amb, must point out that if these crowds were permitted to continue carry on demonstrations this kind passions wld be aroused which might result in death or injury to Amer citizens. I had been considering possibilities asking for taking decisive action before situation entirely out control. I was not (rpt not) making formal request see Shah at this moment since if I called on him just now my visit might be misinterpreted. Nevertheless, I might consider it necessary see him later in day unless situation wld improve. Ala said strong measures were being taken by security forces to put down rioting. Some soldiers and police had already lost their lives. I said I realized that police and army were struggling against rioters but, unfortunately, those who were stirring up passions and violence were being permitted continue their incitation. Ala said he regretted truth of what I said. He had discussed matter with me on preceding evening and I knew how he felt. I said that I was

not (rpt not) endeavoring criticize Ala or anyone else, I was merely pointing out that unless really firm measures were taken to bring halt rabble-rousing, harm cld come to one or more Amer citizens for whose safety I had responsibility. Ala said that he understood my position and wld at once tell HIM what I had said.

4. Ala added HIM was considering advisability of replacing Qavam whose unpopularity was now (rpt now) quite evident. I replied that I was not (rpt not) asking that any particular PriMin be given power to maintain order. It was my opinion however that order wld not (rpt not) be restored in country until Shah wld permit those responsible for its maintenance to make and carry out necessary decisions. Ala said that Shah wld receive Qavam soon in audience and that he, Ala, wld try pass along to Shah what I had said before audience began.

5. Ala also referred to suggestion made by Middleton that latter and I might make joint call on Shah. Ala had some doubt re wisdom joint audience this time. Enemies Shah and of Western world might convince public that US and UK were bringing pressure on Shah. I said there some problems affecting Iran, US and UK, solution to which might be advanced by joint discussions. Nevertheless, I realized there might be misinterpretation joint approach just now.

Henderson

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93. Telegram From the Embassy in Iran to the Department of State[1]

Tehran, July 21, 1952, 6 p.m.

309. 1. Emissary Qavam called on me at 3 o'clock this afternoon (Embtel 308, rptd London 99).[2] He said that Shah had sent msg to Qavam thru one of Qavam's lieutenants shortly before noon suggesting that Qavam pursue following course; (a) set up cabinet at once; (b) obtain finan aid from US; and (c) endeavor to administer country with firmness on constitutional basis. Shah promised that if it shld become clear that new Cabinet cld not (rpt not) function in present situation and if members new Cabinet wld join in recommending that

[1] Source: National Archives, RG 59, Central Files 1950–1954, 788.13/7–2152. Secret; NIACT. Repeated to London. Received at 12:47 p.m.

[2] Document 92.

Majlis be dissolved he wld give such recommendation sympathetic consideration.

2. According to my informant Qavam was disturbed at this msg. He told his advisers he cld not (rpt not) believe that Shah was serious. Shah must know that unless he cld give convincing evidence that he had power and ability maintain order and to govern country he cld obtain no (rpt no) finan assistance from US or elsewhere. Furthermore it was mockery to talk about any Cabinet attempting to function in present conditions. Qavam, therefore insisted that he immediately submit his formal resignation. His advisers, however, begged him for good of Iran not (rpt not) be precipitous. They suggested that he ask for immediate audience with Shah in order explain situation. Qavam finally yielded and asked for audience. It was not (rpt not) until 2 o'clock that reply was received from Shah that he wld receive Qavam at 5. In meantime Qavam had learned that Shah was having protracted conferences with reps of opposition. When it became clear to Qavam that his visit to Shah was being postponed while HIM was having discussions with those who shared responsibility for stirring up revolt against govt he again insisted on submitting resignation. His advisers however, begged him to wait until they cld make appeal to me.

2. Emissary of Qavam asked me if I wld not (rpt not) be willing to try to see Shah before Shah received Qavam in order to impress on Shah seriousness of situation and to persuade him before too late to give Qavam necessary powers. I replied that I had gone just as far as I properly cld to impress upon Shah seriousness of ME situation and to stress necessity for decisive action. I deemed it useless and unwise intervene at this juncture. Emissary of Qavam said that if Qavam was told no (rpt no) help coming from me he wld not (rpt not) call on Shah but wld instead send his resignation. I suggested that emissary urge Qavam not (rpt not) to resign until latter had seen Shah once more.

3. I am beginning to believe that Shah has never been really anxious for Qavam to succeed; that he has preferred Qavam to fail if success meant that Qavam shld have any considerable powers; and that for some time he has been secretly negotiating with Natl Front leaders with idea of agreeing upon successor to Qavam who wld be acceptable to them. Unless some unexpected development occurs during next two hours strong possibility Qavam will resign. Shah might however, try to keep him on temporarily until he can complete arrangements for a successor. I am afraid that Shah's hesitations and his surreptitious dealings with various opposing groups simultaneously are undermining his own prestige and may place country in great danger. My refusal to go to Shah at this moment is not (rpt not) based so much my desire not (rpt not) to intervene in Iranian internal affairs as upon my conviction that my visit wld serve no (rpt no) useful purpose; that I

wld find Shah evasive and vague and not (rpt not) responsive to appeals either to logic or patriotism.

Henderson

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94. Telegram From the Embassy in Iran to the Department of State[1]

Tehran, July 21, 1952.

316. After weighing developments in Iran and public reaction thereto during past four days it seems clear that Qavam resignation and triumph Natl Front due to two factors: 1) refusal of Shah, because of innate distrust, to grant powers to Qavam sufficient to maintain order and 2) resultant Govt impotency seized upon by Natl Front organization to play on popular fear that return Qavam meant also return foreign domination Iran.

Admittedly prestige Mosadeq and Kashani had materially declined by time Mosadeq resignation. However, as we have stated in past, successor regime to Mosadeq which wld not clearly have Natl Front blessing, wld require strong measures to establish itself and to stop political, economic, and social deterioration of Iran. For first 24 hours it appeared Qavam wld be able to do this but Front, quickly realizing he had not received and wld not receive real powers, speedily organized its forces. It proclaimed in series manifestos and political statements country in grave danger of foreign domination thru so-called "traitorous clique" as exemplified by Qavam. Deflated figures Mosadeq, Kashani and other Natl Front politicians were again inflated in popular mind to dimensions of time of oil nationalization.

Qavam had no organization in country to beat drums for him. Majlis cld not meet in absence of Front deps and those deps who originally voted for Qavam kept silent. Press after first day likewise did not have temerity to give his regime support but adopted wait and see attitude. Papers did not even dare publish excerpts from *N.Y. Times* editorial praising Qavam Govt as harbinger of changes for better in Iran.

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[1] Source: National Archives, RG 84, Tehran Embassy Files, 1950–1952, classified general records, Box 29. Secret; Security Information. Drafted by Melbourne and approved by Henderson in draft. Repeated to London. The telegram is the Embassy copy as approved and has no time of transmission.

Popular demonstrations in Tehran and certain other cities were beginning to have revolutionary flavor. Anti-foreign pro-Mosadeq movement was rapidly assuming anti-Shah, as well as anti-Qavam, attitude. As day progressed in Tehran there was increasing tendency crowds to shout anti-Shah slogans. Similar tendency reported in Abadan. This growing opposition to Shah, taking into consideration Shah's character together with Shah's refusal to grant Qavam operating powers he needed to survive, made inevitable resignation of Qavam and accommodation by Shah to wishes Natl Front.

Henderson

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95. Telegram From the Embassy in the United Kingdom to the Department of State[1]

London, July 21, 1952, 6 p.m.

382. Weekend developments Iran discussed at length with FonOff today. FonOff's reports, while less full than ours, follow same gen lines. Fol points of interest:

1. As wld be expected, FonOff concerned at renewed indications Shah's indecision and lack of courage which Middleton attributes to his fear of retaliation against throne in event National Front returns power.

2. Middleton expresses view Qavam may fall unless US and UK intervene with Shah in effort persuade him back Qavam more strongly. Working levels have drafted instructions to Middleton which have not (rpt not) yet been finally approved, authorizing him in consultation Henderson discuss problem with Shah if that course appears desirable. FonOff suggests line Middleton might take is to play on Shah's fear by pointing out way to protect himself against NFs retaliation is to support strongly those who want keep it out of power. Middleton wld also be authorized try remove one of Shah's fears re Qavam by assuring him

[1] Source: National Archives, RG 59, Central Files 1950–1954, 888.2553/7–2152. Secret; Security Information. Repeated to Tehran. Received at 6:28 p.m.

categorically there is nothing between Brit and Qavam which is not (rpt not) known to Shah.[2]

3. Middleton concerned re alarmist BBC broadcasts to area which play up unrest. He maintains sitn not (rpt not) nearly so bad as broadcasts indicate and that such reports can only have effect of weakening Qavam govt in eyes listeners in provinces. He consequently asks FonOff try persuade BBC play reports down for present. BBC has indicated willingness comply best its ability.

4. In addition instructions to Middleton re drawing Qavam out on oil negotiations (para 1, Embtel 359, July 19),[3] FonOff authorized him at same time to inform Qavam HMG wld be willing find suitable opportunity in Parl to make complimentary statement if Qavam thought it wld be helpful. Statement wld probably be tied to indications Qavam's desire settle oil controversy.

5. FonOff concerned re effect on present delicate sitn in Iran of tomorrow's Hague Court decision and anticipates it will provide opportunity for further demonstrations no (rpt no) matter which way court decides.

Holmes

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[2] An apparent reference to Foreign Office telegram 453 to the British Embassy in Tehran, July 21. In this telegram, the Foreign Office directed Middleton to assist Henderson in his efforts to persuade the Shah to support Qavam. The Foreign Office advised that "the best line might be to play on the Shah's fears . . . and make him realize that it is by letting Qavam down, not by supporting him, that he is most likely to bring about his own downfall." In addition, "in view of the Shah's suspicions of Qavam where the throne is concerned, you may also assure the Shah that we wish to see the best possible relations between H.M. and his Prime Minister and will use all our influence to that end." (British National Archives, Files of the Oriental Counselor in Tehran, FO 248/1541)

[3] In telegram 359 from London, July 19, Gifford reported that Makins had informed him that the Foreign Office had instructed Middleton to discuss with Qavam the methods whereby the United Kingdom and Iran could resolve the oil dispute. Gifford had also learned that the U.K. desired to "maintain flexibility until such time as it might know about Qavam's intentions." (National Archives, RG 59, Central Files 1950–1954, 888.2553/7–1952)

96. Memorandum for the Record by Secretary of State Acheson[1]

Washington, July 21, 1952.

Meeting with the President

1. The Iranian Situation

I described to the President the crisis which has developed in Iran over the weekend, in which the vacillation of the Shah, his refusal to give Qavam authority to dissolve the Majlis and restore order has led to various attempts by Qavam to resign to the spreading of disorder in Tehran, the joining of forces by the National Front and the Tudeh Party—in short the general disintegration of authority in Iran.

I said that Ambassador Henderson had been doing everything that was possible. He and the British Ambassador had joined in recommending that we offer financial assistance to Qavam. We have a plan ready to lay before the President and may do so later in the day, depending upon whether the latest information says that there is a government to which we can extend help.

[1] Source: Truman Library, Acheson Papers, Memoranda of Conversations, Box 71, July 1952. No classification marking.

97. Position Paper Prepared in the Bureau of Near Eastern, South Asian, and African Affairs[1]

Washington, July 22, 1952.

SUBJECT

The Iranian Situation

The Problem:

To determine the policy to be followed by the United States following the recent events in Iran.

Background:

During the course of the last two months the political position of Prime Minister Mosadeq of Iran gradually declined as a result of the growing financial crisis arising out of the protracted loss of oil revenues. It became clear to Prime Minister Mosadeq recently, following his reappointment upon the convening of the Parliament, that drastic financial measures would have to be taken if Iran were to avoid bankruptcy. Having been unable to sell Iran's oil or to obtain budgetary aid from the United States, he had no remedy but to seek internal palliatives such as relaxing the rigid note cover requirements, expanding the currency issue and enforcing tax collections. Apparently knowing that each separate measure would mean a bitter Parliamentary fight, he requested sweeping economic powers for a period of six months to, he said, enable him to balance the budget without any oil revenues.

It became clear rather rapidly that the Prime Minister did not have the political support in the Parliament necessary to obtain these powers and the enabling legislation faced almost certain defeat. While the motives behind his subsequent actions are conjectural to some extent, it seems probable that he then decided to manufacture an issue totally separate from the economic powers question which could place the responsibility for his fall on the Shah rather than on his own policies. He accordingly went to the Shah on July 17 to present his new cabinet. In his cabinet list he reserved for himself the Portfolio of Minister of War which would have given him control over Iran's armed forces, traditionally a prerogative of the Shah. As was to be expected, the Shah cate-

[1] Source: National Archives, RG 59, Central Files 1950–1954, 788.00/7–2252. Secret; Security Information. Drafted by Ferguson. The paper is attached to a covering memorandum, July 22, from Byroade, through Matthews, to Acheson. It reads: "There is attached for your information, in view of the urgency of the situation, an NEA draft of a new position paper on Iran. This paper has not been cleared with the appropriate Bureaus of the Department but is being transmitted to you so that you may see without delay the direction our thinking is taking."

gorically refused Mosadeq's request. Mosadeq thereupon resigned immediately and hoped that the Majlis would, when asked for a vote of inclination, again vote for him since the issue was now one between the Prime Minister and the Shah rather than the Prime Minister and the Parliament. The Parliament, however, with 33 pro-Mosadeq deputies abstaining, gave its vote of inclination to former Prime Minister Ahmad Qavam who was accordingly appointed by the Shah.

Qavam during the first day of his brief tenure of office proceeded vigorously and with commendable courage. There were a few disorders and the Prime Minister announced that the orders of the government must be rigorously followed. He also announced that he intended reaching an oil agreement with the British. With this announcement the nationalist forces of Prime Minister Mosadeq, agitated by the fanatical religious leader, Kashani, who appealed to the Army not to obey orders, and other National Front leaders enjoying Parliamentary immunity, began a campaign of violence against Qavam. If Qavam had been able to receive authority from the Shah at once to proceed against all disturbing elements, there were indications that he probably could have coped with the situation.

Qavam requested the Shah to dissolve the Parliament and give him full authority to arrest whomever he felt necessary to assure the maintenance of law and order. At this point the Shah began to hesitate. Long afraid of Qavam's designs against the dynasty, the Shah was unquestionably afraid to give him sweeping powers.[2] He also probably feared nationalist violence against himself personally should he permit Qavam to proceed in a ruthless manner against all nationalist elements. Whatever his motives, he did not give Qavam the required authority and the latter was unable to maintain order. Widescale rioting broke out in which a considerable number of people were killed and injured and which at points reached the proportions of a civil war. Qavam, as early as July 19, submitted his resignation to the Shah since he did not have in his opinion sufficient powers to cope with the situation. The Shah refused to accept the resignation but Qavam, assuming the attitude that he had resigned, remained at his house and did nothing.

On July 21, despite every effort on the part of moderate Iranian elements to persuade the Shah to act and despite the advice of the American Ambassador and the British Chargé, the Shah refused to give Qavam the powers he sought. Qavam accordingly again submitted his resignation and this time it was accepted. Qavam had no other course in the final analysis since he had learned that the Shah not only would not give him the requested powers but was intriguing with nationalist elements at the very moment Qavam was asking for these powers.

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[2] This sentence was highlighted, apparently by Acheson.

With the resignation of Qavam, the rioting mobs turned into victorious celebrants and it became entirely clear that mob violence had triumphed over law and order. It was learned that the Shah intended as soon as Qavam resigned to appoint a Prime Minister somewhere between the two camps, one acceptable to both nationalist and moderate elements. However, even if he so intended, before he had a chance to do so the Parliament reconvened and by an overwhelming vote gave its inclination once again to Dr. Mosadeq. The Shah immediately signed the royal decree appointing Mosadeq Prime Minister.

Discussion:

While no predictions can of course be made as to the course that Mosadeq will now follow, several factors should be mentioned:

1. No attempt was made to conceal Communist association with the nationalist rioters. The shouts and slogans of the demonstrators were anti-Western and closely resembled the usual Communist jargon.

2. Mosadeq is clearly in a stronger position now than at any time since the nationalization of Iran's oil in April 1951. The Hague Court decision that it does not have jurisdiction in the oil controversy, coinciding with Mosadeq's return to power, will further strengthen his position.

3. The Shah has been discredited.

4. The opposition to Mosadeq can be expected, for some time at least, to remain thoroughly intimidated and afraid to assert itself.

5. There is no immediate prospect for a settlement of the oil controversy with the British and in the absence of such settlement there would appear to be little hope of the early resumption of substantial oil revenues.

6. Dr. Mosadeq can unquestionably get the economic powers he had previously requested and it can therefore be expected that Iran will be able to ease its financial crisis probably until early next year.

The mere association of the Communists with the nationalists in the rioting should not necessarily be interpreted to mean that Mosadeq will follow a more lenient attitude towards the Communists than he has in the past and, indeed, there were indications during the riots that the responsible nationalist leaders were alarmed at the entry of the Communists into the picture. It is not believed, therefore, that Mosadeq can be accused at the present moment of softness towards alliance with communism.[3] The course of events during the last few days in Iran demonstrated fairly clearly the force of nationalist feeling in Iran. While

[3] This sentence was highlighted and a question mark placed in the margin, apparently by Acheson.

it is admittedly true that the mobs were deliberately stirred up by such unscrupulous persons as Kashani and that there was Communist participation, there can be no question but that deep national feeling was aroused by the appointment of Qavam and his announced intention of dealing with the British. In view of this, it is unlikely that any Iranian leaders can for a long time to come make any substantial deviation from the Mosadeq policies.

The position of the United States in the wake of these developments is not easy to determine. It is possible that everthing may revert to the status quo ante and that we may be able to continue to deal with Mosadeq about as we did previously. It is possible, however, that the depth of anti-foreign feeling that has been stirred up is so great that he will find himself obliged to take further anti-Western measures. A favorite slogan of the rioters of the past few days was that the American military advisers to Iran must be expelled. Should Dr. Mosadeq find himself obliged as a sop to nationalist feeling to remove the American Military Missions from the picture, the United States might be forced to change its policies in Iran. There are a number of ways in which he could proceed against our Military Missions which would call for varying reactions on our part. If Dr. Mosadeq should simply approach our Ambassador and say that the presence of the two Missions on contract to the Iranian Government (Armish and Genmish) was no longer politically possible and that he would like to terminate their contracts quietly and by mutual agreement, the United States might be able to live with such an arrangement. Under these circumstances our military aid would continue and the Military Assistance Advisory Group (MAAG) would remain in Iran.[4]

On the other hand should Dr. Mosadeq make a dramatic gesture and announce that he was "kicking the Americans out" and terminating military aid, it is difficult to see how the United States under the Mutual Security concept could continue any aid to Iran. Should this occur it might be necessary either at the time or at the end of the fiscal year to terminate our present Point Four Program. It is sincerely hoped that this can be avoided since what might be interpreted as complete abandonment of Iran could have most unfortunate repercussions in that country.

Consideration of our aid programs raises the whole question of our general approach to the Iranian problem. During the course of the past few years, the United States has on a number of occasions at very high levels made public statements regarding its concern for the continued independence and territorial integrity of Iran. In the case of its

[4] This sentence was highlighted and a question mark placed in the margin, apparently by Acheson.

military aid and Point Four Programs, it put great pressure on the Mosadeq Government to accept them, thus giving an appearance of great concern to many Iranians. In connection with these aid programs it has been necessary to send a greatly increased number of American officials to Iran. We have repeatedly shown our concern by open intervention in the oil controversy, and in general our line vis-à-vis the Iranians has been one that tended to give the impression that the United States would in the final analysis do anything necessary to save Iran from the Communist menace. While it is of course the United States objective in Iran to prevent the loss of that country to the free world, we should not overplay our hand. Should the Iranians remain convinced that, no matter how irresponsible they may be, the United States is always there to save them, we cannot expect any improvement in our position in the long run and, while it is not advocated that the United States adopt a policy of hostility or even coolness towards the Government of Dr. Mosadeq, it is believed that whenever possible we should design our policies with a view to convince the Iranians that they and they alone are responsible for the future of their country.

As regards the oil controversy, as indicated above there would seem to be no possibility at the moment for any settlement with the British. The Iranians unquestionably will try to sell their oil wherever they can and may be expected to sell small quantities here and there. It is not believed that they will be able to sell enough substantially to improve their financial position or to permit full-scale operation of the Abadan refinery even should they be able to engage sufficient foreign technicians for this purpose. The Department has not received any reaction to date from the British as to the recent happenings in Iran but it can be anticipated that there will be no change in the basic British policy of doing no business with Dr. Mosadeq unless he substantially reverses his well-known policies. The British unquestionably are greatly disappointed over what has happened and may be expected to be very bitter against the Shah. The British have maintained ever since the original accession of Dr. Mosadeq that he could be replaced by a Prime Minister such as Qavam and that the latter could maintain himself in power relatively easily. This thesis will probably have to be abandoned. It is believed essential therefore that the United States immediately discuss the matter further with the British.

Recommendations:

1. That the United States attitude towards the Mosadeq Government be correct but not unduly friendly lest the impression be recreated that he enjoys American support.

2. That if Dr. Mosadeq requests the termination of the two Military Missions quietly and by mutual agreement, that this be done while continuing military and Point Four aid.

3. That for the time being there be no expansion of American aid programs in Iran and that requests such as jet airplanes for the Shah be refused.

4. That if Dr. Mosadeq in a dramatic manner terminates all American military activities in Iran, including aid programs, the United States give consideration to the advisability of ceasing its economic programs under Point Four as well.

5. That the United States divest itself of its intermediary role and make no further approach to the Iranians regarding the oil controversy for the time being although possible future plans for settlement continue to be discussed with the British.

6. That the United States make no active attempt to oppose the sale of oil by Iran.

7. That immediate discussions be begun with the British covering the whole range of Iranian problems.

8. That in its informational media and in its official conduct in Iran the United States insofar as may be possible maintain an attitude of detachment, neither supporting nor opposing the Mosadeq Government.

9. That the United States avoid exhibiting undue public concern over the Iranian situation.

10. That the United States, despite the tactical variations in policy it may have to follow in the light of recent developments in Iran, keep always in mind its basic objective of preserving Iranian independence. To this end the United States must be prepared, should the loss of Iran appear imminent, to alter its policies possibly in a drastic manner to make sure that Iran is not lost.

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98. Telegram From the Embassy in Iran to the Department of State[1]

Tehran, July 24, 1952.

377. Not for discussion with officials any other govt.

1. It is still too early to make sober assessment of situation here, to make estimate which wld be of any real value of effects which events of

[1] Source: National Archives, RG 84, Tehran Embassy Files, 1950–1952, classified general records, Box 29. Secret; Security Information; Priority. Drafted by Henderson. Repeated to London. The telegram is the Embassy copy as approved and has no time of transmission.

last week may have upon future of Iran, or to make firm recommendations re policies which US shld pursue re Iran in light of recent developments.

2. Altho situation is depressing we do not believe we shld throw up our hands while Iranians rush by in mad and suicidal career like so many million lemmings. Our tentative views are that there shld be prompt and radical changes in policies of both Brit and ourselves. We do not believe even most sensitive and suspicious Britishers can say after events of last seven days that US has not supported up to hilt their policies re Iran. They can not charge that failure of these policies was due to lack US cooperation. They might say that plans miscarried because Shah failed them. If Shah shld be given chance to speak he might insist in his own defense that he cld go no further than he had gone in face of Iranian public opinion particularly when he had no idea what kind of terms Brit had in mind for oil settlement. In any event in foreseeable future Shah is likely to be negligible political factor in Iran.

3. Following resignation Qavam, Natl Front deps for at least two days acted as revolutionary committee in control of all governmental institutions including armed forces. Members of this informal committee told military and police whom to arrest; it exerted considerable authority over Natl Front gangs. What control Mosadeq in future will be able exert over these Natl Front leaders who have tasted fruits of power is not yet certain. We are also not in position as yet to judge extent to which Tudeh has been and will in future be able to ensnare and corrupt Natl Frontists at various levels. We cannot just now speak with any confidence re future armed forces. Our tentative understanding is that morale of certain groups of officers and certain units has been shattered but that armed forces as whole are not at present in state of demoralization. Altho Natl Front heretofore has in general been anti-army certain elements in Front are taking attitude that since army of future is to be "natl army" instead of "Shah's private army" it is in interest of country to reorganize it into modern effective force. We have as yet little reliable information re developments in provinces. In some of larger cities there appear to have been demonstrations resulting in violence and bloodshed. We know of no area which at present is not under control of central govt.

4. During most frenzied hours of rioting Americans were almost as great hate target as Qavam, Brit and Shah. Incitations against US and Americans were primarily work of Tudeh altho certain Natl Front leaders, bitter at what they consider to be our policy of supporting Brit and refusing to give financial aid to Iran, undoubtedly gave certain amount encouragement to anti-Americanism. Natural suspicions of Iranians re foreigners, perhaps justified by centuries of experience, contributed to cause them to believe various malicious rumors propagated

against Americans. Among slogans which assisted were "American tanks and guns are killing Iranians". Apparently more sober leaders of Natl Front are beginning to realize that creation anti-American sentiment will not be helpful to their Govt and are attempting to muffle attacks on US.

5. We do not as yet know what Mosadeq's attitude towards US will be now that Natl Front has complete power. He is not likely to be entirely free agent since he must take into consideration views of Natl Front leaders. I have not as yet called on him and I do not consider it wise to do so, unless requested by him, until after his Govt has recd vote of confidence from Majlis and Senate. He has told me on several occasions he will never again ask US for financial aid. I doubt therefore that he will make such request during our first interview. My doubt is strengthened by fact that with full financial and economic power which will now be accorded him, he shld be able print enough bank notes to finance Govt for months to come. He may however ask if after decision Hague Court US Govt will continue to work with Brit in order prevent Iran from exporting oil or whether US Govt will take attitude it will not object to purchase and transport of Iranian oil by American nationals. He may even suggest that if US is really interested in maintenance Iranian independence it shld help Iran to find markets for its oil.

6. If Mosadeq's manner shld be sufficiently friendly to permit me to talk with him frankly as I have on a number of occasions in past I might try to convince him that since Natl Front has crushed all opposition and has unchallenged control of country, and since decision Intnatl Court has removed certain legal obstacles,[2] he can now afford to approach oil problem in more conciliatory manner. I might point out if I find him in tractable mood that if Iran is to make real progress internally under his Govt it shld take attitude which will help to remove suspicions and misunderstandings which are adversely affecting close cooperation between Iranians and peoples who are their natural friends. I hope that such approach will have more effect than some of my previous efforts at persuasion.

Henderson

[2] On July 22, the International Court of Justice supported the claim of the Government of Iran that the Court was without jurisdiction in the Iranian oil nationalization case.

99. Telegram From the Department of State to the Embassy in the United Kingdom[1]

Washington, July 26, 1952, 6:07 p.m.

585. Tehran tels 387 July 25[2] and 390 July 26[3] rptd London as 136 and 138 have been considered here together with texts of two Brit msgs referred to by Henderson which give further details of Mosadeq proposals. Request you inform FonOff our views are as fols:

As a result of the events of the last week, it appears to us that Mosadeq is clearly in a stronger position vis-à-vis the Shah, the Majlis and the public now than at any time since the nationalization of Iran oil in Apr 1951. The Hague Court decision coinciding with Mosadeq's return to power will further strengthen his public position. His position with respect to more radical elements within the National Front, including Kashani, and with the Tudeh may, however, be weaker than before.

It appears that our worst fears as to the weakness of the Shah have been confirmed, that the Shah has been discredited and that it is highly unlikely that any other constructive polit elements will attempt to exercise power in Iran after what has happened to Qavam and that if they did, it is highly unlikely that they cld succeed. We therefore believe that if Mosadeq were to lose power, there is far greater risk that he wld be succeeded by a group further to the Left than by a more constructive group.

Under these circumstances, it appears to us that there are three possible courses of development which we can look forward to in Iran:

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[1] Source: National Archives, RG 59, Central Files 1950–1954, 888.2553/7–2652. Secret; Security Information; NIACT. Drafted by Byroade, cleared in draft by Acheson and Nitze, and approved by Byroade. Repeated to Tehran. Telegram 585 is also printed in *Foreign Relations,* 1952–1954, vol. X, Iran, 1951–1954, pp. 415–416 (Document 188).

[2] In telegram 387 from Tehran, July 25, Henderson reported that Middleton had shown him the texts of two telegrams he intended to send to London describing his latest conversations with Mosadeq. Mosadeq had suggested that in return for economic and financial aid, he would accept proposals for an arbitration of the compensation issue. Henderson emphasized to Middleton his view that the British Government should not reject this overture of Mosadeq's without first consulting with the U.S. Government. He pointed out that Mosadeq's proposal "represents what might well be the last chance under current conditions in Iran for Brit salvage settlement of oil problem which wld offer prospect compensation and use AIOC as distribution agency for such Iran oil as might be produced." (National Archives, RG 59, Central Files 1950–1954, 888.2553/7–2552)

[3] In telegram 390 from Tehran, July 26, Henderson reported on his instructions to Embassy staff to refrain from any suggestion that U.S. might take an active role in mediating the oil dispute, particularly as Mosadeq had approached British representatives himself. (Ibid., 888.2553/7–2652)

(a) The first wld be a settlement of the oil question somewhat along the lines outlined by Mosadeq in his most recent approach to Middleton;

(b) A gradual breakdown of the boycott on Iran oil shipments with the quantities of oil purchased by independents around the world gradually increasing and with the NIOC gradually obtaining increasing technical assistance from various engineering consulting firms. (While this course of development might eventually result in Iran being persuaded that it cld neither sell or produce sufficient oil to satisfy its financial requirements without a long term purchase arrangement with AIOC and without more definite provisions for management and engineering advice, such an eventual outcome wld probably take a long time to develop); and

(c) a continuation of present trends without any easing of the oil deadlock. It is hard to foresee how this wld end up but it wld appear that the risk of a further trend to the Left and the eventual loss of Iran wld be very great indeed.

In the light of this analysis we believe it wld be a great mistake to reject Mosadeq's overture. It seems to us plain that course (a) above is unfortunately the best; that course (c) is quite unacceptable to the West; and therefore that, if course (a) cannot be developed, course (b) becomes almost inevitable in spite of the disadvantages inherent in it.

Acheson

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100. Editorial Note

In telegram 422 from Tehran, July 28, 1952, Ambassador Henderson reported on his first meeting with Prime Minister Mosadeq since the latter's return to power on July 22. Describing the conversation as "both exhausting and depressing," Henderson endeavored to explain to Mosadeq the nature of the Embassy's relationship with Qavam during the previous weeks. Henderson denied the charge the United States had intervened illegitimately in Iran's internal affairs. Mosadeq nevertheless concluded from Henderson's account that the United States had pressured Qavam to accept British conditions for a solution to the oil dispute, that the United States had shown a "more friendly attitude to Qavam than it had Mosadeq," and that the United States "had given encouragement to Qavam by showing friendliness to him." Henderson questioned all three conclusions. Mosadeq then en-

gaged in a bitter critique of U.S. foreign policy in the Middle East and charged that the United States "in Mid-East was merely agent of Brit." Telegram 422 is printed in *Foreign Relations*, 1952–1954, volume X, Iran 1951–1954, pages 416–421 (Document 189).

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101. Memorandum From the Assistant Secretary of State for Near Eastern, South Asian, and African Affairs (Byroade) to Secretary of State Acheson[1]

Washington, July 29, 1952.

I suggest you read the attached three British messages from Middleton in Tehran. The first one gives an excellent analysis of the situation and Middleton's conclusions prior to withdrawal by Mosadeq of his arbitration offer. The second message describes how that offer was withdrawn, and the third message gives some indication of thinking of both Henderson and Middleton as to the present situation.[2]

I have agreed with the British that we would send messages from London and Washington today requesting a joint analysis of the new situation by Middleton and Henderson and their recommendations as to the course of action to be followed immediately by the US and UK, *including recommendations as to possible alternatives to Mosadeq, method of bringing such a government into power, and the type of encouragement and support that would be necessary in such circumstances.*

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[1] Source: National Archives, RG 59, Central Files 1950–1954, 888.2553/7–2952. Secret; Security Information. Drafted by Byroade. A note indicates Acheson saw this memorandum.

[2] The British messages cited by Byroade are not attached and a note indicates they were returned to GTI on August 6. They were apparently copies of cables sent to London from Tehran provided by the British Government. The first referenced message might correspond to a copy of a telegram from Middleton, no earlier than July 28, in which Middleton describes Mosadeq's arbitration offer. (Ibid., GTI Files, Lot 57 D 155, Box 44) See also footnote 2, Document 99. No message describing Mosadeq's withdrawal of the offer of arbitration was found. In telegram 416 from Tehran, July 27, Henderson reported some tentative conclusions about the situation in Iran after consultation with Middleton. Henderson wrote that although he agreed with Middleton that Mosadeq was a "particularly unsatisfactory person," a response to Mosadeq's offer of arbitration should be made in a conciliatory spirit. "Proposal advanced by Mosadeq to Brit Govt as basic step toward oil settlement shld be considered most seriously as possibly last chance for such an arrangement. If it is not accepted as basis for serious conversations and pressed in good faith, Front extremists may not give Mosadeq another opportunity." (National Archives, RG 84, Tehran Embassy Files, 1950–1952, classified general records, Box 29)

We are considering, in some cases in conjuction with CIA, every possible alternative on our part to save Iran. This includes the probable position of the British and ourselves with the local tribes, which could be a big factor in any coup d'état type of action. Another thing still to consider, and in this probably the British would not agree with us, is whether the US and UK should take the initiative with Mosadeq in offering him a much simplified settlement of the oil issue in return for our immediate assistance.

I am leaving this afternoon for a much overdue appointment with the Doctor (nothing serious). John Jernegan will clear such a cable with Matthews, and if Doc thinks necessary with you. I have informed the British that I will call them if such a cable meets with the approval here in the Department.

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102. Minutes of Director of Central Intelligence Smith's Meeting[1]

Washington, July 29, 1952.

PRESENT

General Smith, Messrs. Dulles, Wisner, Becker, Hedden, Col. White, Mr. Long

[Omitted here is discussion unrelated to Iran.]

[Mr. Dulles:] c. Raised the problem of developments in Iran. He cited a memorandum prepared by Mr. Kermit Roosevelt on our efforts to operate in the Qashqai region of Southern Iran, and noted that we were encountering difficulties in getting under way in this area. The Director mentioned the cable from Amb. Henderson which reported recent conversations with Mossadeq and expressed the view that the Communist threat was considerably enhanced by Mossadeq's present attitude and by the likelihood of a dramatic anti-western move and that the disturbed mental condition of Mossadeq makes the situation virtually unpredictable.[2] Reference was also made to a detailed situation analysis by our station in Iran.[3] The Director expressed the belief that,

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[1] Source: Central Intelligence Agency, Office of the Director of Intelligence, Job 80B01676R, Box 23, Folder 10, Minutes of Deputies' Meetings. Top Secret; Security Information. Drafted by Long.

[2] An apparent reference to Henderson's first conversation with Mosadeq following the Qavam interlude, as reported in telegram 422 from Tehran, July 28. See Document 100.

[3] Not found.

failing an attempt to get money from the West, Mossadeq would have no difficulty in getting what he sought from Russia. He stressed the importance of US-British collaboration on Iran as the key to our handling of the situation there. Mr. Dulles reported that the NSC paper on Iran is awaiting a State Department contribution and undertook to discuss developments in Iran with Undersecretary Bruce at luncheon today.

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103. Telegram From the Department of State to the Embassy in Iran[1]

Washington, July 29, 1952, 8 p.m.

255. Brit Emb reps called this morning to discuss complicated and ominous Iran situation. We here do not see the possibility at this time of a more constructive alternative to Mosadeq for the reasons outlined in our 585 July 26.[2] However, in view of Mosadeq's attitude as expressed in your 423 July 28 we believe that every possibility should be reexplored.[3] It was therefore agreed request US-Brit Emb in Tehran make joint reappraisal situation to include (A) recommendations as to possible joint courses action by US–UK; (B) possible alternatives to Mosadeq (C) methods bring such alternative to power; (D) form encouragement and support which would be necessary.

FYI Brits expressed grave concern re developments Iran and stated primary objective now is to save Iran from communism. However, at same time impression gained that Brits not yet willing capitulate entirely to Irans in oil dispute even though this position might mean loss Iran to West.

Acheson

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[1] Source: National Archives, RG 84, Tehran Embassy Files, 1950–1952, classified general records, Box 25. Secret; Security Information; Priority. Drafted by Stutesman; cleared in NEA by Jernegan, in S/P by Nitze; and approved by Matthews. Repeated to London.

[2] Document 99.

[3] Presumably a reference to telegram 422 from Tehran, July 28; see Document 100.

104. Minutes of Director of Central Intelligence Smith's Meeting[1]

Washington, July 30, 1952.

PRESENT

General Smith, Messrs. Dulles, Wisner, Becker, Hedden, Col. White, Mr. Long

[Omitted here is discussion of matters unrelated to Iran.]

[Mr. Dulles:] c. Referred to a memorandum prepared by DD/I on the British attitude on the Iran situation, noting that our intelligence people feel that the British attitude is a bit too defeatist and that in fact there is some nationalism left in the National Front.[2] Mr. Becker observed that in his view Mossadeq, far from being unbalanced, is "crazy like a fox". The Director noted that Mossadeq and the National Front are the only anti-Communist forces left in Iran. In his view, given the lack of a strong military figure around whom a coup might be engineered, the only real chance for forestalling Communist moves lay in a change in dynasty, something which might be brought about by letting the stronger tribal leaders have a whack at the royal power.

[Omitted here is discussion of matters unrelated to Iran.]

[1] Source: Central Intelligence Agency, Office of the Director of Intelligence, Job 80B01676R, Box 23, Folder 10, Minutes of Deputies' Meetings. Top Secret; Security Information. Drafted by Long.

[2] Not found.

105. Memorandum From the Director of the Office of Greek, Turkish, and Iranian Affairs (Richards) to the Assistant Secretary of State for Near Eastern, South Asian, and African Affairs (Byroade)[1]

Washington, July 30, 1952.

Suggestions Regarding Certain CIA Actions Concerning Iran

During a conversation between Mr. Kermit Roosevelt, [*name not declassified*], Mr. Jernegan and officers of GTI, certain suggestions were made regarding aspects of CIA action to prepare for possible developments in Iran.

1. In case of chaos or civil war in Iran, the United States might desire to support armed action by "friendly" tribal, army or government elements. To prepare for such possible action CIA will need to stockpile weapons and ammunition near but not in Iran. In view of the ominous course of events in Iran it seems desirable that such stockpiling be commenced urgently and a policy decision on this matter is desired.

2. [*2½ lines not declassified*] It would probably be useful for CIA to respond favorably to this offer but policy authorization from the State Department must be obtained.

[1] Source: National Archives, RG 59, GTI Files, Lot 57 D 529, Box 40. Top Secret; Security Information. Drafted by Stutesman.

106. Memorandum of Telephone Conversation[1]

Washington, July 31, 1952.

SUBJECT

Iran

PARTICIPANTS

Mr. Acheson
President Truman

I called the President at 10:30 this morning on the subject of Iran. I told him that I consider the situation to be very critical there and in an effort to save the situation I wished to take up with the British the possibility of proceeding immediately upon a plan that involved three basic points. I stated to the President that these points were as follows:

1. The US would make immediately available to Iran $10,000,000 in grant assistance.
2. The British would agree to purchase the oil presently stored in Iran at a suitable discount.
3. Mossadeq should agree that an international arbitration commission should be established to consider the question of compensation to the British.

I explained to the President that we had recently, in an effort to save the Qavam Government, considered with the various Departments the question of providing 26,000,000 in dollar assistance to Iran and recalled that I had mentioned this to him at the time. We had not proceeded upon this because Qavam fell before action could be taken. I indicated to the President that I had not had the time to clear with other interested agencies the question of the US now making available $10,000,000 and wished to know his views before I discussed the matter with the British.

The President approved proceeding with such discussions on the basis that the US Government would furnish this amount of assistance.

[1] Source: National Archives, RG 59, Central Files 1950–1954, 888.2553/7–3152. Top Secret: Security Information. Drafted by Byroade. Printed with redactions in *Foreign Relations,* 1952–1954, vol. X, Iran, 1951–1954, p. 428 (Document 193).

107. Telegram From the Embassy in Iran to the Department of State[1]

Tehran, July 31, 1952, 2 p.m.

481. I have discussed Deptel 255, London 648, July 29[2] briefly with Middleton. Recommendations requested in (A) will be subject separate telegram.[3]

Regarding (B), we were both of opinion that at present it did not (rpt not) seem likely any alternatives to Mosadeq could be brought into power except perhaps by military coup d'état; that we knew of no (rpt no) outstanding military leaders with ability who had strength, standing or intelligence necessary for assuring success of coup d'état, and for governing Iran in case such coup d'état shld be successful; that army officers who seemed to be best fitted for leadership in effecting coup d'état were General Zahedi and General Hedjazi; that these two Generals differed to extent in their political views since Zahedi sympathized with moderates of National Front whereas Hedjazi would probably be primarily interested in setting up strong government which would strengthen hand of Shah and exterminate Communists (US impression of Zahedi is that he has rather weak character—British impression seems somewhat more favorable).

Regarding (C) coup d'état, to be successful, would have to be carried out and executed entirely by Iranian military in name of Shah without knowledge of Shah since Shah would probably not (rpt not) have stamina to see it through and might at certain stage weaken and denounce leaders; it would probably be necessary for at least commander of army division stationed in Tehran to be fellow conspirator and probably at some point commander of Shah's bodyguard; it is believed that if army could gain complete control of Tehran and conspirators, in name of Shah, could appoint new chief of staff, most of provinces, except possibly Khuzistan, would recognize new government. Qashqai tribes might cause difficulty. (Such information as has come to us causes us believe trouble from Qashqais might be greater than British seem to think.)

Regarding (D) both Middleton and I agreed that neither British nor American Governments should undertake to encourage or support

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[1] Source: National Archives, RG 59, Central Files 1950–1954, 788.13/7–3152. Top Secret; Security Information; NIACT. Repeated to London. Received at 11:55 a.m. Printed with redactions in *Foreign Relations,* 1952–1954, vol. X, Iran, 1951–1954, pp. 427–428 (Document 192).

[2] Document 103.

[3] Reference is to telegram 480 from Tehran, printed in *Foreign Relations,* 1952–1954, vol. X, Iran, 1951–1954, pp. 425–426 (Document 191).

coup d'état and that our two Embassies should not (rpt not) become involved in any way.

We should also bear in mind that successful coup d'état almost certain result in Tudeh gaining control of national movement. Military dictatorship might therefore encounter increasing difficulties in controlling country and in carrying out constructive program.

Henderson

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108. Memorandum From the Assistant to the Director of Central Intelligence (Long) to the Deputy Director of Central Intelligence (Dulles)[1]

Washington, July 31, 1952.

Upon his return from the PSB luncheon, the Director asked for you and Mr. Wisner. In your absence he asked me to take notes on his remarks and to pass these on to you. As presented here they have the benefit of Mr. Wisner's recollection and are slightly expanded to include pertinent information known to him.

1. There will be a show down with the British on the Iranian question within 48 hours. The US will go ahead with a proposal to support Mossadeq on a short-term basis whether or not the British come along, on the grounds that there is no other anti-Communist force of any apparent consequence which we could support.

CIA should move forward as rapidly as possible to develop the tribal contacts and to get hardware ready for immediate distribution in Southern Iran in the event of necessity. It might be desirable to have this hardware stored at a forward point, preferably on US controlled premises.

In response to Mr. Wisner's question as to contacts with the British [*less than 1 line not declassified*], the Director indicated that these contacts should be kept on a planning basis and held there pending future developments.

[Omitted here is discussion unrelated to Iran.]

Robert E. Long[2]

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[1] Source: Central Intelligence Agency, Office of the Director of Intelligence, Job 80R01731R, Box 33, Folder 1089, DDCI/PSB. Top Secret; Security Information.

[2] Long initialed above his typed signature.

109. Memorandum for the Record[1]

Washington, July 31, 1952.

SUBJECT

State Guidance on Emergency Operations in Iran

1. Mr. Joyce called Messrs. [*name not declassified*] and [*name not declassified*] to his office this morning and subsequently took them to Mr. Jernegan's office, together with Mr. Krentz, to report on a high-level meeting held last evening in the Department. This meeting was attended by the Secretary of State, the Under Secretary, Messrs. Bohlen, Byroade, Jernegan and Joyce. The meeting decided that:

a. It is the policy of the Department of State to maintain the present government in Iran so long as this government has the authority to govern, or until it appears certain that the government will be taken over by the Communists.

b. CIA should stockpile arms and other matériel as near Iran as feasible for possible use by friendly elements in the event of deterioration or collapse of the non-Communist central government. CIA will report to State the proposed site or sites for stockpiling and receive concurrence therein.

c. CIA should be authorized to plan [*less than 1 line not declassified*] for unconventional activities in the event of the deterioration or collapse of the non-Communist central government. The thought here was to make plans and *external* preparations to work with and through the principal tribes, notably the Qashquai and the Bakhtiari, and any other friendly elements which might be available. In response to CIA's inquiry, the [*less than 1 line not declassified*] planning should relate only to the possible emergency and not to current unilateral Cold War operations. It is important to note that Mr. Jernegan made it clear that State is not at this time authorizing the actual implementation of unconventional operations but merely the planning and preparation therefor. Such plans and preparation are for the present to be conducted externally and are not to include any formal participation by the tribes. Our informal contacts with tribal elements will continue as in the past but without increased emphasis at this time.

2. Mr. Joyce said that he would like us to assume the responsibility for coordinating with the Department of Defense and the Joint Chiefs of

[1] Source: Central Intelligence Agency, DDO Files, Job 79–01228A, Box 11, Folder 14, Iran 1951–1953. Top Secret; Security Information.

Staff the guidance given to us by the Department of State, reporting any comment in turn to the State Department.[2]

3. Mr. Joyce also said that we should keep the Department of State informed of the progress of our planning.

4. Mr. Jernegan suggested that it would be a good idea for CIA also to have available an unspecified quantity of gold sovereigns at some convenient nearby location, for possible use among the tribes if needed.

[*name not declassified*][3]
Acting Chief, Division of the Near East and Africa

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[2] [*text not declassified*] accordingly met with Generals Magruder and Balmer later that day (July 31). Generals Magruder and Balmer read this memorandum and agreed that discussions [*text not declassified*] on "a program of unconventional activities for possible implementation in Iran" lay within the parameters of the CIA's charter. On the subject of the procurement of arms for use by tribes in Iran, General Balmer indicated that the JCS had directed the Department of the Army to provide the CIA "appropriate assistance." (Memorandum for the record by [*name not declassified*]; ibid., DDO–IMS Files, Job 80–01795R, Box 11, Folder 6, Office of Policy Coordination (OPC) History, 11Jul52–31Jul52)

[3] Printed from a copy with [*name not declassified*] typed signature.

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110. Memorandum From the Deputy Director for Plans, Central Intelligence Agency (Wisner) to the Director of the Policy Planning Staff (Joyce)[1]

Washington, undated.

SUBJECT

Joint US–UK Planning on Emergency Operations in Iran

1. Following a meeting held in the office of the Secretary of State, the Department of State, on 31 July 1952[2] authorized the Central Intelligence Agency to plan with the British on the service level for unconventional activities in the event of the deterioration or collapse of the non-Communist central Government of Iran.

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[1] Source: Central Intelligence Agency, DDO Files, Job 79–01228A, Box 11, Folder 14, Iran 1951–1953. Top Secret; Security Information. Copies were sent to Generals Magruder and Balmer.

[2] See Document 109.

2. This proposal was taken up with the British, and we have been advised by London that the British Foreign Office[3] feels it is premature to enter into discussions on this subject at this time.[4]

Frank G. Wisner[5]

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[3] Wisner deleted the word "Service" following "British" and added "Foreign Office."

[4] At the end of the memorandum is a handwritten note by Wisner that reads: "This memorandum not used—subject matter was fully covered orally with the three addressees at the Senior Consultants meeting of August 6, 1952. F.G. Wisner." At the "Senior Consultants meeting", i.e. a meeting with representatives from State, Defense, and the Joint Chiefs, held on August 6, Wisner "recalled that the Representatives had previously agreed on a service to service approach to the British for the purpose of developing plans for implementation if, as and when a total crisis situation developed in Iran. Mr. Wisner reported that the approach had been made to SIS and that an answer had been received to the effect that the Foreign Office felt it would be premature to enter into joint planning at this time. There was no further explanation. Speculating on the reasons for this position Mr. Wisner said it might be because we were still 'poles apart' on policy questions or that the British are in the process of developing a change in their current policy toward Iran." (Central Intelligence Agency, DDO–IMS Files, Job 80–01795R, Box 11, Folder 7, Office of Policy Coordination (OPC) History 8Aug52–29Aug52)

[5] Printed from a copy that bears Wisner's typed signature.

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111. Monthly Project Status Report Prepared in the Central Intelligence Agency[1]

Washington, July 1952.

[Omitted here are operational details.]

C. *REACTION: Political:* The political atmosphere and the practical ruling authority of Iran has been in the throes of upheaval during the last two weeks of this month. Mosadeq's resignation, Qavam's appointment, the wholesale riot in Tehran, the Shah's inability to take strong action, Qavam's resignation, and Mossadeq's re-appointment as Prime Minister has substantially changed the political picture of Iran. The Tudeh Party, with their advantage gained in joining with the National Front Party during the riots, plus the fact that loosely organized political "cliques" other than the National Front Party have been soundly defeated, is ensconced in a position similar to the one held in July 1951.

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[1] Source: Central Intelligence Agency, DDO Files, Job 59–00133R, Box 5, Folder 13, [*cryptonym not declassified*]. Secret.

At that time, the Tudeh Party offered a strong threat to the stability of the Government. Now, if economic chaos forces the failure of the Mossadeq Government and the position of the Shah, the Tudeh Party will in all probability be the only organized faction which will be in a position to "coup d'état" into power. Whether the Tudeh Party could maintain a consistent hold on the political ruling hand of Iran and whether they might possibly split into factions as a result of the Nationalism versus Communism conflict, is as yet undeterminable. The above represents a gist of opinions by the project case officer based on his knowledge gained from field and Department of State reports.

[*2 paragraphs (27 lines) not declassified*]

[Omitted here are operational details.]

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112. Telegram From the Embassy in Iran to the Department of State[1]

Tehran, August 3, 1952.

514. Estimate Iranian situation follows (Deptel 255 Jul 29):[2]

(1) *Natl Front*

As result Natl Front victory thru return Mosadeq to power, past opponents of Front, such as landowners, Royal Court, moderate clergy and moderate intellectuals, currently unable to resist any policies coalition may propose. Prestige leaders such as Mosadeq and Kashani higher than ever before. Kashani and extremist faction he represents will probably have greater influence in future on Front policy. On basis unquestioned control of Majlis, Govt can secure needed emergency fin and econ powers which will permit it to find funds needed by state admin for number mos to come.

Natl Front succeeded in overcoming Qavam because among reasons: A) Qavam had no organization with which to oppose on streets well-organized and disciplined groups of Tudeh and Natl Front, which were terrorizing city, except police and Army, and Shah wld not per-mit these law enforcement agencies to go all out to maintain order.

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[1] Source: National Archives, RG 84, Tehran Embassy Files, 1950–1952, classified general records, Box 29, Iran—July through December 1952. Secret; Security Information. Drafted by Melbourne and Henderson. Repeated to London. The telegram is the Embassy copy as approved and has no time of transmission.

[2] Document 103.

B) Qavam had no agitators to harangue population and, except for use limited facilities Radio Tehran, had no means of spreading propaganda favorable to his cause. Opponents in control of street terrorized any newspaper or person who might be suspected of favoring him. Natl Front had public leaders like Kashani, who used press, mosques, Parliament bldg, and loud speakers to agitate against Govt. C) Natl Front leaders had rec'd assurances from Shah he wld not permit law enforcement agencies to be used against them; they had well-organized plans for stirring up population; they were confident of their position, whereas Qavam, unaware of secret pledges made by Shah, was alternatively passively awaiting Shah's authorization or trying to persuade Shah to permit law enforcement agencies to clear streets, restore order, and arrest those inciting to violence. D) Natl Front, thru its various agitation channels, reinforced by Tudeh, was able to convince most of public in Tehran that Qavam was agent of Western imperialism.

Notwithstanding dramatic manner in which it regained power and its seeming solidarity, Natl Front by no means monolithic. Varied political views and personal ambitions of its leaders bode trouble for its future. Mosadeq himself is neurotic and periodically unstable. His decisions are not accepted passively by other leaders. Frequently, in order maintain unity he is obliged against his own wishes or judgment to yield to pressures other leaders' coalition, particularly Kashani. Kashani not fully satisfied with his present already powerful position and is clearly trying undermine influence other rival leaders and make himself complete master of Natl Front and Iran. In his efforts strengthen his own organization he accepts in it Communist activists, confident he can handle them. It looks as tho he intends eventually effect replacement of Mosadeq, whom he finds too popular and at same time stubborn, with more pliable, less appealing PriMin such as Dep PriMin Kazemi. Maki, altho personally popular, has no organization of street fighters except possibly in Abadan. Bagai has effective group street fighters within his Workers Party but lacks intelligence and popular appeal. Iran Party is Tudeh infiltrated. Some its most influential mbrs favorable toward and cooperating with Tudeh. In case circumstances shld make it appear momentarily advantageous to them, right and left extremists of Front wld probably not hesitate to force Front again into coalition with Tudeh. Front is faced by same econ deterioration of country with which it attempted to deal during first term of office. Now that it in effective control of country, Front may dare present more clear internal program but will encounter great difficulties in maintaining unity in carrying out any constructive reforms because of varying objectives its leaders. Furthermore, it cannot succeed in improving economic and social conditions country without external moral and material support.

(2) *The Shah*

For immediate future Shah virtual prisoner of Natl Front. His public prestige seriously lowered as result indecisiveness he displayed during recent turbulent period. Control armed forces, which have been source his authority, being transferred to Natl Front thru Mosadeq as Min Natl Defense. Altho for time Front may need Shah as symbol, it not impossible that as extremists gain further control Front he will be discarded. Shah does still have certain symbolic standing with public thruout country and Army. For this reason elimination of Shah must be one of Tudeh's most immediate objectives.

(3) *The Armed Forces*

Discipline and morale lower echelons armed forces thruout country not known but not believed greatly impaired. Recent events created uncertainties in higher levels, which do not know what Mosadeq, who has never been friendly to Army, will do. There still considerable sentiment among general officers that only Shah can prevent Army from becoming prey to politicians. Altho possibility mil coup may not be completely dismissed, it not likely. No mil leaders in sight possessing necessary organizational ability, intelligence and strength. Coup by Army and later accretion public support might require tacit assent of Shah, who wld probably take fright at very idea of coup. Both Natl Front and Tudeh are concerned about Army as source potential trouble to them. Mosadeq taking steps place his adherents in key positions, such as Chief of Staff, Chief of Gendarmérie, and Chief of Police. He intends on grounds economy reduce Army in size, eliminate many genl officers and select for key positions younger men who will look to Natl Front for support. In order prevent Army from resisting these changes Natl Front endeavoring break down its unity by creating suspicion and friction between senior and junior officers. Tudeh, which naturally desires weak Army, is also trying weaken Army's unity and agitating for its reduction.

(4) *Tudeh*

Tudeh has fully exploited recent events. Since many of its immediate internal aims parallel generally those of Front, Tudeh will continue strong efforts to acquire some working arrangement with Front and to infiltrate latter on broader scale than in past. Present offers better opportunity than previously for Tudeh infiltration state administration and armed forces. Party believed fully prepared exploit Natl Front future difficulties, hesitancies and future dissensions.

Tudeh activists, with their superior training, were important factor during recent street demonstrations against Qavam. It is not believed, however, Tudeh was prepared at that time to make bid for power. It wld appear Tudeh preferred strengthen itself, weaken authority security forces, and further penetrate natl movement before openly chal-

lenging Natl Front. Tudeh probably wld be reluctant try take over until it convinced that risks wld be small. It will not desire take action which might lead to destruction of party structure which has been created with great difficulty. However, if it shld appear there is cessation of internal deterioration or that economic and social situation of country is beginning to improve, Tudeh may, without further delay, try seize power even tho it incurs risks in so doing. Tudeh of course acting under instructions Moscow which undoubtedly takes world as well as Iranian situation into consideration when issuing orders.

(5) *Possible developments provided no changes in US and UK policies re Iran*

Most Natl Front leaders are coming to opinion US is supporting basic UK policies re Iran. US judge's vote for Brit position at Hague Court and willingness US to deal with Qavam have strengthened this view. As Front encounters increased difficulties in carrying out its econ and social policies there will be increased tendencies to blame West, particularly US, for all of Iran's ills. Tudeh will of course do its utmost to exploit anti-Western prejudices and disappointment of Iranians at failure US to render financial or massive econ aid. Mosadeq may at any time request withdrawal of US mil missions. As resentment against US increases there may be progressive harassment of Pt 4 activities. If mil missions depart Tudeh will probably turn more attention to Pt 4. There will be tendency to take measures against US institutions and natls similar to those already taken against Brits. As agitation against West increases Iranians with Western background and sympathies will be compelled to hide their real feelings or be gradually eliminated from public life. During immediate future natl extremists will preach neutrality in cold war and support efforts form third force bloc of states Middle East. Nationalists may realize that they are leading Iran into Communist camp in time to shift their policies and rally country against Tudeh infiltration and Soviet pressures. It is more likely, however, this realization would come too late.

(6) *Possible developments provided there certain changes in US and UK policies re Iran*

It is possible that certain changes in policies on part US and UK might result in reversal of trend of events in Iran. Such changes might include (a) decision on part UK to come oil settlement on basis which wld be acceptable not only to Iran Govt but to Iranian people; (b) decision on part US to extend fin aid to Iran to tide it over present crisis and also to accord significant aid for economic development. It may be however that such shifts in policies will not be successful in saving Iran. Antagonism toward West tinged with jealousy is so deep among articulate natl and religious extremists that most conciliatory and friendly gestures on part West may not be able to prevent Iran from

proceeding along its suicidal course. Furthermore, even if, as result of future developments, including shifts in policies of UK and US, Mosadeq shld personally become convinced that energies shld be concentrated on saving country from internatl communism rather than on attacks upon West, there no guarantee that he might not at any time become incapacitated by illness or assassination. Elimination Mosadeq likely result in struggle for power among various elements of Front which wld give Tudeh chance further to strengthen self at Front's expense.

(7) Copy of above has been given to Brit Emb which in general agreement altho Middleton says there may be certain minor differences of emphasis.

Henderson

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113. Telegram From the Embassy in Iran to the Department of State[1]

Tehran, August 11, 1952.

614. No distribution personal for Byroade NEA and Richards GTI.

1. It will be recalled that shortly after collapse Qavam Govt Kashani sent message to me alleging that he had proof that Brit and Shah had agreed to bring Qavam into power and that American Govt had subsequently approved plan and that I sent message to Kashani denying that US was involved in any way in accession of Qavam to power. Kashani sent back reply that despite my statements he knew that Brit and American Embassies and Shah had conspired to make Qavam PriMin. In discussing this matter with Ala I told latter that if Mosadeq and other members of Govt shld choose to believe Kashani rather than myself I saw no alternative other than for me to tell my Govt that it wld be preferable for it to recall me. Ala, considerably disturbed, without my authority repeated what I had said to Mosadeq and Mosadeq sent back message thru Ala that in no circumstances shld I become discouraged and ask for my recall.

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[1] Source: National Archives, RG 84, Tehran Embassy Files, 1950–1952, classified general records, Box 25. Secret; Security Information. Drafted by Henderson. The telegram is the Embassy copy as approved and has no time of transmission.

2. Whether above is basis for stories which are now circulating that (a) I have asked to be withdrawn from Iran and (b) Iranian Govt has asked for my recall, I do not know. Polowetzky of AP told Melbourne this morning that stories this kind were in circulation and if they shld appear even in irresponsible Iranian press, he wld have no choice other than to report them. He asked Melbourne if Embassy cld give him something to use in story in case he shld write one. I authorized Melbourne to tell Polowetzky that relations between members Govt and myself were cordial and on basis of mutual confidence and that I had not suggested that Washington recall me.

It is difficult for me to believe that Mosadeq has asked for my recall unless he is under great pressure from extreme elements cooperating with Tudeh. My popularity with Internatl Communism has been low during last ten years and Internatl Communism wld probably regard my recall as even more noteworthy victory in prevailing circumstances than recall of mil missions. I do not know whether American correspondents here will report these stories and if so whether they will have wide circulation. I leave to Dept decision in case stories are published as to whether or not it shld issue denial. Iranian Govt in its present confusion not likely deny anything.

Henderson

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114. Telegram From the Embassy in Iran to the Department of State[1]

Tehran, August 12, 1952, 1 p.m.

636. Joint Emb, CAS and Service Atts estimate recent Tudeh activities fols:

After disturbances attendant on Qavam Premiership, Tudeh attempted capitalize on and inflate its role in events and strove unsuccessfully consolidate informal working arrangement reached with NF during crisis. Once Mosadeq returned to power Front leaders repudiated tacit understanding and minimized Tudeh role in demonstrations. Altho Tudeh not (rpt not) able form open partnership with NF, it emerged from crisis with only NF remaining as effective organized

[1] Source: National Archives, RG 59, Central Files 1950–1954, 788.00/8–1252. Secret; Security Information. Received at 1:43 p.m.

polit opponent. Tudeh gains included: (1) Increase in popular prestige; (2) Seriously weakening opposition forces such as conservative "old guard," Shah and Army; (3) Partial success in diverting popular emotions against US.

Tudeh also being aided by dissensions which have developed in NF leadership. It believed thru influence Iran party on Mosadeq that PM made fol cabinet appointments: (1) Abdol Ali Lotfi as Min Justice. He prominent leader "Society For Combatting Illiteracy" and "Society For Combatting Imperialists", both Tudeh–Front orgs. (2) Mehdiwazar, Min Health. His brother deserted Iran Army to join Pishevari and now (rpt now) in USSR. Azar brought to Min 3 men incl under secy who served under Tudeh leader Keshavarz in Qavam's 1946 cabinet. (3) Farman-Farmayan, acting Min Health, who noted for strong leftist tendencies. Composition Cabinet increased Mosadeq's estrangement from Kashani, Maki and Baqai which in turn may induce him depend further on Iran party. Certain leaders this party not (rpt not) adverse to collaboration with Tudeh. Hence such development likely facilitate Tudeh penetration govt.

Chief Staff Air Force Gen Guilanshah informed Air Att fol re conv with Mosadeq Aug 9. Guilanshah inquire whether he should continue his anti-Tudeh campaign within Air Force. Mosadeq replied he did not (rpt not) wish anti-Tudeh measures intensified or slowed down since wished avoid any indication his govt leaning toward either West powers or USSR. Guilanshah believes order will in effect curtail action against Tudeh elements in Air Force.

Cons Meshed and Tabriz report Tudeh attempted small mtgs Aug 5 on occasion Constitution Day which easily suppressed by security forces. Press states Tudeh-sponsored mtgs held various towns Caspian Sea region on same occasion. Summarizing Tudeh sitn Meshed Cons reports: "Altho there evidence increasing effort by Tudeh to build effective org this area, party still relatively weak and forced operate under cover". Support stems from small nbr industrial workers, medical college students and left-wing faction in govt depts, principally Min Education.

Henderson

115. Memorandum From the Director of the U.S. Technical Cooperation Administration Mission in Iran (Warne) to the Ambassador to Iran (Henderson)[1]

Tehran, August 12, 1952.

My visit with Seyed Abdol Ayatollah Kashani

At his request brought to me by one of his sons and after discussing the matter with you, I went to a home in Shimron at 11 a.m. on August 11 to meet Ayatollah Kashani. Present at most of the conference also was Mr. Shams Ghanat-Abadi, a mullah, reported son-in-law, and close follower of Kashani, who is a deputy from Shahrod, and two sons of Kashani, one a mullah named Khashanizahed Kashani, and the other named Mostafa Kashani.

After waiting some 30 minutes while Kashani completed a conference with mullahs in another room, I was joined by Ayatollah Kashani. He appeared most interested in our conference; to the point indeed of keeping me there past 1 o'clock, which is his lunch time, through luncheon, and until his siesta period at 2 p.m. The conference, of course, was slower than those we might hold where only one language is spoken because of the necessity of translating carefully everything that was said. I was accompanied by Mr. Ardeshir Zahedi, of Point 4, who acted as interpreter for the conference.

At the outset, I congratulated Kashani on his election as President of the Majlis. I said this was a great honor but also a great responsibility in these times. He replied that he considered it as a very small matter since long before he had been spiritual leader of most of the Middle East. I said I recognized the responsibilities he had carried as spiritual leader of millions but I did not think one could over-emphasize the importance of being President of the Majlis in Iran at a time when Iran held such a fateful position in the world. He then said that his position as spiritual leader gave him great power as the events of last month had clearly shown. He said he would give his life for his country and was motivated only by its best interests. He said when Great Britain and the United States brought in Qavam as Prime Minister his displeasure was based on the fact that it was not in the interests of Iran and his displeasure was reflected in the demonstrations that overthrew Qavam. He said some people thought the communists had joined him but he assured me that he was even more against the communists.

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[1] Source: National Archives, RG 469, Records of U.S. Foreign Assistance Agencies 1948–1961, Mission to Iran, Executive Office Subject Files (Central Files) 1951–1961, Box 6, Folder 7, Travel Development—Political 1952. Confidential.

Kashani said long ago he was visited by a Mr. Dooher who asked his help in bringing Razmara to power. He said he told Mr. Dooher the United States would be making a mistake to bring Razmara forward and this had proved to be so. He said that 20 days before Qavam came in he had evidence of Anglo-American joint action to that end and that such action had been a mistake, too.

At this point I said it was not true that the United States had assisted in bringing Qavam into power and that I could assure him that the United States did not interfere in the internal affairs of Iran. I said we had no advance information of Qavam's coming to power. I said, however, if he wanted to discuss political and diplomatic questions they should be brought up with you, the United States Ambassador, and these were not my field of responsibility.

When this was translated to Kashani, he dropped the subject (a little to my surprise) and political matters were not again discussed. The conference turned completely to a discussion of the Point 4 program and plans for the economic development of Iran. Several things stand out as very pointed impressions of this conference. These are:

(1) Ayatollah Kashani, though elderly, is vigorous and alert.

(2) Ayatollah Kashani seems to be isolated. He is surrounded by his own relatives and a few mullahs, and almost no one else seems to be on intimate terms with him.

(3) Ayatollah Kashani has sublime faith in his religious leadership. He believes that this gives him extraordinary power of leadership in Iran. I believe that he has no doubt that he could rally the people for or against almost any other institution or influence.

(4) Ayatollah Kashani and his intimate followers have little conception of what goes on outside relatively narrow circles. They know little of the Western world or of the Eastern world outside their homeland.

(5) Ayatollah Kashani does not seem to be an unfriendly person or lacking in warmth and seems to have an underlying compassion for the poor peoples of Iran.

As we talked, Ayatollah Kashani said he hoped that Point 4, the programs of which I had carefully explained to him from A to Z, would do something "Really substantial" for Iran. He thought a big dam in the river near Isfahan and a dam on the Karun would be good ideas and would meet his specifications. He asked me how much I thought such dams would cost. I told him I could give him only the barest horseback opinion but through familiarity with the work of the Bureau of Reclamation of the United States, in which I had served for many years, and as a result of a fairly good reconnaissance of the Karun River made earlier this year, I thought 200 to 250 million dollars would be required to

develop a satisfactory project on the Karun involving storage of water, generation of electric power, irrigation by pumps and by direct diversion, and the possibility of navigation on the lower river and through large canals to Bandarshapur. He appeared amazed and said he thought 100 dams could be built for 200 million dollars. I said one could not generalize about the cost for dams but that good engineering work had to precede the design and construction of any such project to provide sound estimates. I said I knew costs in the United States, however, and big dams cost big money anywhere.

Ayatollah Kashani again urged me to advocate "substantial work" by the United States in Iran and suggested that I should go to the United States immediately to present the case for such works. I told him that I was in agreement as to the need for projects to develop and utilize resources of Iran and that I had given a great deal of thought to such projects. I said that Point 4 had directed a part of its work into those areas and that I thought we might be able to bring forward specific designs and specifications of projects that could be adopted by the International Bank or Export-Import Bank or some other agency that might provide the necessary capital. I said it seemed to me that Iran would need a stable flow of foreign exchange before such works could be prosecuted which indicated the need for a settlement of the oil issue and a resumption of oil sales.

I said that Point 4 would be very happy to work with the Iranian Government agencies in attempting to prepare substantial programs for internal improvements in Iran though I doubted that the present program would be able to finance the large capital requirements of any such improvements. I asked whether he or Mr. Ghanat-Abadi had suggestions as to programs that might be taken up. I said that I thought responsible leaders of the government ought to assist in the development of plans. No other suggestion than the two dams mentioned above were made. Instead I was asked for some suggestions.

I mentioned the discovery of oil at Qum and the possibility of developing a project for low cost kerosene as a substitute fuel in the rural areas. This seemed to interest and excite them. They said if I could not go to the United States to present the requirements of Iran for substantial development they hoped I would write. I said I had been reporting the needs of the country and would try to continue to do so.

Throughout the conference reference to communist activities and the threat of communism were made by Mr. Kashani and Mr. Ghanat-Abadi. They always spoke of the communist activities as something deleterious to the country and antagonistic to their positions.

At one point Ayatollah Kashani said the misery of the people alone could turn them away from their faith and to communism. He said he did not fear his ability to rally the people to patriotic action unless the

people became more desperately hungry when he feared they would turn to communism. The notes of my interpreter at this point contain "Mr. Kashani added that communism was the worst enemy of Iran and that to stop communism the present deplorable condition of the people should be improved. A hungry person will not go after moral values and religion."

At another point Mr. Kashani referred to his dislike of the British and his equal dislike of the Russians. He said he would like to see the friendship between Iran and the United States strengthened in order that Iran might be better able to resist communism.

I said that our program was not "anti-communistic" but was a constructive program to help Iran help herself. I said I did not wake up each morning thinking, "How can I fight communism?" but I woke up each morning thinking, "How can I assist in fighting the diseases, hunger, and poverty that plague the people of Iran?" I said that if this was an attack on the roots of communism then communism was a diseased plant and ought to be rooted out.

Kashani said he was devoted to the welfare of the people, and he thought substantial programs of improvement were needed because the people were sick and hungry.

One time when Mr. Kashani mentioned substantial programs he said something that deprecated a bit the Point 4 deep water well program. Mr. Ghanat-Abadi interrupted him and said "do not under estimate the well program. Do not say anything against it. I need a Point 4 well at Shahrod or I may not be reelected."

Unlike many Iranians, Kashani had no pet or personal projects to put forward. The only time he mentioned a specific project for our consideration was in connection with a discussion of the plight of some of the poor people south of Tehran. He said some of these people, perhaps communist-led, had been squatting on land belonging to the government or others. He said he thought it would be appropriate for Point 4 to consider putting in a couple of wells to serve these people since they were needy and their lot was indeed hard. He thought that might keep them from desperate actions.

Near the close of the conference, Mr. Kashani said he appreciated the efforts of Point 4 to assist Iran but he wanted me to inform my countrymen of the conditions and needs of this country. He expressed his hope for the success of this American mission "Inshallah"—God willing.

Before the conference closed, Mr. Ghanat-Abadi asked permission to take up a matter or two with me. He said that some people had come to him and attacked Point 4 on the grounds that we did all our trucking business with Levant Express which was run by Armenians. He said that he did not mean that we should avoid Armenians because of reli-

gious differences with the Moslems but that we should take into consideration that as a minority group they have for centuries acted as spies against the country and they welcomed the Russians with wreaths and they welcomed the British with wreaths. He thought Iranian enterprises should not be rejected in favor of Armenians. I said I hoped he understood that religious and racial differences were not taken into consideration in public matters in the United States and that our government attempted to maintain consistent policy of non-discrimination and that I was trying to do the same in the work of Point 4 here. I said that whenever anyone could show that he could do our transportation business cheaper and better than Levant he would get the business. I said, further, that we had endeavored to maintain a local employment policy that would keep Moslems and Armenians at the relative proportion in our organization that they had throughout the country.

After the luncheon for which I had no previous intention to stay but to which I was urgently and repeatedly invited, I made my adieus and left with the thanks of Mr. Kashani for a pleasant conference and his expressed hope again for the success of the mission. As I left, he again mentioned the need of the people of Javadeyeh, which is close to the railroad station south of Tehran, for drinking water.

William E. Warne[2]

[2] Printed from a copy that bears this typed signature with an indication that Warne signed the original.

116. Memorandum of Conversation Between Max Thornburg and the Director of the Psychological Strategy Board (Allen)[1]

Washington, August 20, 1952.

By appointment I met Ray Allen and two of his staff, later joined by Ned Bayne. We met at 3:30 P.M. I left at 5:45.

[1] Source: Central Intelligence Agency, Office of the Director of Intelligence, Job 80R01731R, Box 12, Folder 526, Middle East. Drafted by Thornburg. No classification marking.

Ray opened with several questions concerning the Persian oil situation: did I think that it could be settled soon? mustn't it be, in order to avoid a collapse of the country? etc.

I answered these questions briefly, according to my opinions, but parried details on the ground that the oil question could not be settled until there were a government in Persia that wanted to settle it, and that until there were such a government to make effective use of the revenues it wouldn't matter in any case. As for collapsing, the Persian economy had been flat on the ground for 500 years and there was nothing to collapse. I doubted that the Persians had a word in their language for "collapse", any more than they have for "development" (which they don't have, in our sense).

Other questions were asked about the Communists in various Middle East countries, and my ideas as to what might be expected when Ibn Saud dies, when Mossedegh gets out, when Noury Pasha retires, etc.

After about a half hour of such discussion I asked Ray if I might outline my own approach to the Middle East situation and indicate what I considered to be the key problems so we could focus our attention upon them. This, I felt, would bring all these other questions into a proper relationship. Ray said go ahead.

We can understand all these problems better if we approach them from the general toward the particular. This guards against seeking a remedy for some particular case within its own apparent circumstances, when in fact its causes lie elsewhere.

The unrest in the ME is part of the unrest among backward peoples all over the world, but modified in the ME by its own history, religion etc. Similarly in any ME country we find the general causes at work, but modified by local circumstances. Thus if we describe the ME situation we find that we have gone a long way toward describing the conditions in any one country, and have only to adjust it for a few local factors to understand the particular case. On the other hand, if we begin with the analysis of a particular case we can't always distinguish between aspects which are peculiar to it and those which are deeper and more general.

I then outlined the pattern of my own reasoning about the ME and the special cases presented by the several countries. (This is described in detail in other memos and will not be repeated here except in bare outline.)

The problem can be entered at any one of several points, but since it has finally to be intergrated in any case, let's start with the "people" and carry it along from there.

General movement among backward peoples to awaken and rebel against (1) foreign domination, (2) corruption of own governments, (3) misery of their own way of living.

This rebellion is essentially a *reaction,* hence psychological, emotional and unreasoning.

This mass condition places a powerful instrument i.e. mass power of hundreds of millions of people, say 100 million in the ME, 18 million in Persia, etc. in the hands of rabble rousing leaders, either Communist or other extremists, which they can subvert or overthrow governments, block betterment programs, assassinate leaders, drive out foreigners, etc.

As long as this psychological climate remains hostile to us and to our (or other) constructive efforts, our aid programs which are based upon the assumption that behaviour is determined by *reason*, will continue to fail.

Our first objective, therefore, must be to change this psychological climate, as far as possible—and as quickly as possible—replacing distrust with confidence, hostility with friendliness, despair with hope, and unreason with reason.

Such an objective requires criteria quite different from those governing a program based upon logically reasoned economic considerations.

Our new criteria, belonging to the psychological objective, will show that many of the things we have been doing are quite useless in this first stage and belong to some later objective when its time comes.

The program of action indicated by the psychological objective consists of two parts: (1) a widespread program of *small* works which are tangible and visible to a very large part of the population (village, tribal and urban) and which show them that a turn for the better has come into their lives; and (2), a well designed program of propaganda that will (a) publicize and explain the works program, (b) relate it to their own government's new attitude toward their welfare and to U.S. and British intentions to help them, and (c) counter adverse propaganda originating in various sources that are opposed to what we are trying to do.

As to time schedule, this first objective should be reached not later than the end of 1953, i.e. the predominating sentiment throughout the Middle East should by that time be favorable for proceeding toward other and longer range objectives. Emphasis must of course be placed upon the most critical areas, such as Persia and Egypt, ahead of the rest.

The types of material works must be small and intimately associated with daily conditions of living (eg DDT, typhoid control, insecticides, dirt roads, simple schools, rural clinics, visiting nurses, famine or other distress relief, etc) combined with visible changes in local government activities to indicate new interest in popular welfare, such as local councils, tax relief, formation of local cooperatives etc.

Generally speaking each village (or other social group) need get only *one* of the foregoing evidences to begin with, but through the propaganda program and by the normal spread of news (rapid in these countries) must know that other villages (groups) are getting other kinds of benefits which, in due course, will come to it also.

The requirement that this program be *widespread* throughout the country (and region), touching a majority of the villages or other groups during 1953 (there are about 40,000 villages in Persia alone), discloses at once that the program must be executed through *institutions* which are capable of reaching vast numbers of people. (i.e. this is not to be confused with a Near East Foundation, Rockefeller Foundation type of endeavour, nor is it "demonstration" projects, which belong to a later stage, that are required for this first objective.)

Examples of such institutions are Ministries of Health, Agriculture, Public Works, etc; Government Development Plan organizations, Agricultural (or other) Development Banks, cooperatives, and regional development banks and other agencies such as might be provided under United Nations auspices.

However, for such institutions to be effective in carrying these first tangible evidences of changed conditions to a vast number of people within a short time, it is imperative that the governments of the countries *want* such a program to succeed. It is obvious that *unless* they do, we have little chance of bringing about such changes.

Nevertheless, there is little evidence that any Middle East government, with the sole exception of Turkey (since its 1950 elections), has any real desire or intention of this kind.

Thus we are faced with a choice between continuing to use inadequate and non-determining measures which are nothing more than a sop (though an expensive one) to world public opinion, while actually watching the Middle East deteriorate until it slides into the Communist orbit or until we can turn the job over to our soldiers, or, on the other hand, taking such steps as are necessary to encourage and support such changes in these governments as are required by our own sense of national and world security.

The question of establishing a "democratic" form of government has no place here. What is necessary is that each of these countries have a stable government dedicated to the welfare of its people and capable of responsible behaviour in relation to other governments of the world. Conditions among these countries vary widely, and so must the types of government.

If our choice is to exercise a positive influence upon the evolution of responsible governments within these countries, we must revise our (alleged) historical policy of "non-intervention" in the political affairs of others. (This actually requires only that we stop trying to fool our-

selves about that legendary "principle", which we always drag out when we want something to hide behind.)

Generally speaking, and certainly in all important cases, there is a responsible segment of the governing class in each of these countries that wants the same things that we do. From time to time these responsible and progressive groups actually take the leadership, though perhaps only for a short time. Our statesmanship should be capable of placing and supporting them in permanent tenure.

Coming from the general to the particular, everything said up to this point applies to Persia, equally with the others.

In Persia, which is the most critical case facing us now, the unreasoning reaction of the "masses" against past oppressions and misery has been whipped up by (a) Mossedegh's Nationalists, (b) Kashani's religious fanatics, and (c) Tudeh Party Communists—each leader with a different ultimate objective in mind—to a state of virtual anarchy.

Both the Right (Kashani) and the Left (Tudeh) "support" Mossedegh only in his chest beating and rabble rousing antics.

Mossedegh himself is powerless to convert the prevailing condition from one ruled by unreason to one ruled by reason. Hence the futility of Averell's New York business man approach to the oil controversy, even assuming Mossedegh's personal approval.

The most promising figure around whom a responsible government can be built in Persia today is the Shah himself. He has at least the potential advantages of traditional position (powerful in that country), loyalty of the army (if he calls for it), broad constitutional powers, and the desire on his own part for the kinds of reforms which we believe are needed in his country. He lacks personal strength and resolution, which, fortunately, is the one deficiency which we can help make up.

Twice we have refused to support the Shah, once with Razmara (despite the Shah's urgent appeal to Washington) and once with Qavam. We will have one more chance, presumably, when Mossedegh goes, if we can make up our minds in time and reach the necessary understandings with the British (essential) and with the Shah.

If we do this, we can then begin the program outlined earlier in this discussion, toward our psychological objective.

Then, also, we may be able to save the rest of the Middle East from going the same route as Persia. We are doing nothing to stop it now.

117. Memorandum From the Deputy Director for Plans (Wisner) to Director of Central Intelligence Smith[1]

Washington, August 20, 1952.

SUBJECT

Plan for Arming Iranian Tribal Groups

1. Pursuant to your instructions of two weeks ago,[2] the attached plan for arming Iranian tribal groups has been developed by the Near East Division with the assistance of other appropriate elements of the Agency. This is an emergency plan which is for implementation only in case of the collapse or Communist take-over of the Iranian central government. However, in order to be in a position to carry the plan into effect certain additional physical preparations, over and above those already taken, will be necessary. Because of the critical situation presently prevailing in Iran we are continuing with these preparations, including procurement of weapons and ammunition and the forward stockpiling of additional quantities thereof, but I should nevertheless appreciate receiving your guidance as to whether you desire to have this plan submitted to either the Project Review Committee or the Psychological Strategy Board. Certain basic features of the plan have already been extensively coordinated with the Departments of State and Defense and the Joint Chiefs of Staff, but in view of the size and amount of effort and facilities involved in this program, it has occurred to me that you may wish to have a further review of the plan by one or both of the bodies indicated.

2. You will recall that, at the suggestion of the State Department and with the concurrence of the Department of Defense and the Joint Chiefs of Staff, we approached the British Service with a proposal that a joint plan should be developed. The only reply which we have received as yet is to the effect that the Foreign Office considers that it is "premature" for the British Service to engage in any joint planning effort with us.[3] We are still uncertain as to the underlying significance of this position of the British Foreign Office, but the fact remains that we are presently unable to coordinate our planning with any plans which the British Service may have in being or in contemplation for this eventuality.

Frank G. Wisner

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[1] Source: Central Intelligence Agency, DDO Files, Job 79–01228A, Box 11 Folder 14, Iran 1951–1953. Secret; Security Information. Noted by the DCI on August 27.

[2] See footnote 2, Document 109.

[3] See Document 110.

Attachment

August 8, 1952.

PLAN FOR ARMING IRANIAN TRIBAL GROUPS

I. *General*

A. *Purpose*

To store arms and allied matériel at an overseas base as close as feasible to Iran for possible use by anti-Communist elements in southern Iran in the event of the deterioration or collapse of the non-Communist central government.

B. *Period Covered by the Plan*

August 1952–June 1953

C. *Area of Responsibility*

Geographic area of Near East-Africa

D. *Policy*

1. Oral instructions by DD/P to DCNEA/O on 30 July 1952.

2. Conversation between DCI and Mr. Frank Pace, Secretary, Department of the Army, on 30 July 1952.[4]

3. Memorandum for the Record by DCNEA/O, Subject: "State Guidance on Emergency Operations in Iran", dated 31 July 1952.[5]

4. Further oral instructions by DD/P to DCNEA/O on 31 July 1952.

5. Memorandum for the Record by DCNEA/O, Subject: "Meeting with General Balmer and General Magruder on Emergency Operations in Iran", dated 31 July 1952.[6]

6. Iran Country Plan—Part II, Cold War, Annex D, Guerrilla Warfare Program, particularly the objective, which is to "Develop guerrilla

[4] Not further identified.

[5] Document 109.

[6] See footnote 2, Document 109.

warfare organizations and resources for activation in support of United States political and military aims".[7]

7. The following restrictions on the scope of this plan are imposed by the Department of State in the above referenced Memorandum for the Record:

a. That the tribes be given no indication of this plan before the emergency arises and that there should be no change in pace or emphasis in our liaison with them.

b. That the weapons and other matériel not be delivered to the intended users in advance of the emergency.

c. That the weapons and other matériel not be delivered to the intended users without concurrence of the Department of State.

E. *Factors Bearing on the Situation*

1. In the event of civil war between Communist and non-Communist groups for control of the central government, it is believed that certain tribal groups in southern Iran would prove the most effective opponents of a Communist regime.

2. Since the major tribal group, the Qashqai, have been closely associated with American agencies for several years and are strongly motivated against Communism, they are assessed by this Agency as America's strongest potential weapon against possible communist seizure of all Iran.

3. In event of a successful Tudeh (Communist) Party coup against the central government, there appears little prospect of any effective armed intervention other than in the southern tribal areas.

4. The Qashqai, as the strongest and best armed tribal group, would be expected to lead such opposition in an attempt to hold the southern part of the country against the Communists and to prevent all Iran from falling behind the Iron Curtain.

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[7] Apparent reference to Annex D to the Iran Country Plan as of June 10, 1952. The "Country Plan for Iran" is undated, but in its final form probably dates from late December 1951. Drafted in the Office of Policy Coordination in the Directorate of Plans, a Country Plan aimed to describe OPC objectives and activities within a given country. The introductory remarks of "Operational Annex D" established the need for the United States Government to prepare for the contingency in which Communists might take control of the Iranian Government. It assumed that "in the event of general war, resistance to communist occupation of Iran will be conducted by the Qashqais and perhaps other tribes which are strongly antipathetic to communism and the Russians." Therefore, the United States, through OPC, must provide enough assistance to the Qashqais to enable them to "sustain an effective guerrilla warfare campaign." It behooved the United States to provide such assistance since it was rapidly becoming the only Western country capable to doing so. (Central Intelligence Agency, DDO–IMS Files, Job 80–01795R, Box 8, Folder 2, Office of Policy Coordination (OPC) History 21Dec51–27Dec51)

F. *Summary of the Situation*

1. The July 1952 political upheavals in Iran have produced extreme internal instability and some strengthening of the Tudeh position.

2. The Tudeh Party is the most closely organized political group in Iran and stands to profit most by the present chaotic situation.

3. As a result of the July riots, the position of the Shah and the morale of the Army have been considerably weakened. The National Front under Prime Minister Mossadegh, because of its acceptance of Tudeh support in the riots, is now plagued by a series of splits in its leadership which provides the Tudeh with opportunities to infiltrate certain factions and increase its influence in government affairs.

4. The people in the north, confused by the temporary cooperation of National Front and Tudeh elements and with little voice in their government, could be expected to do little in the way of preventing a political upheaval.

5. Currently CIA capabilities in Iran are insufficient to prevent a Tudeh coup should such be attempted. Following such an event, however, a foothold might be gained in Iran through support of selected tribes. The Qashqai are the only such group which we are considering supporting at the present time. Their organization, orientation, leadership [*less than 1 line not declassified*] make their selection obvious. Also, they have indicated in the past that they would be receptive to our support, and have claimed that they could bring other tribal groups into an armed alliance against a Communist central government.

II. *Mission*

To make preparations for combating, by paramilitary methods, the efforts of Communist elements to seize control in Iran.[8]

[Omitted here are 25 pages of operational details of the plan.]

[8] In a covering note, Helms wrote: "Meeting with Director was held 28 August 1952 at which time he approved this plan. He gave certain oral instructions with regard to the arms to be acquired. The program is now being implemented by the NE Division."

118. Memorandum Prepared by Max Thornburg[1]

August 22, 1952.

What would we have to do?

Make up our own minds, promptly, concerning three things:

(1) Our own readiness to back the Shah in establishing a "responsible" government, by which we would mean, among other things, one loyal to the Shah, dedicated to necessary reforms within the country, willing to collaborate with us in such aids as we offer (economic, technical, military training, etc.), disposed to accept a reasonable settlement of the oil dispute (when the time comes), and opposed to Communism.

(2) The kind of a proposition we are prepared to make to the British: i.e. what we have decided to do on our own whether they come along or not; what we would like to have them do; what position we would take concerning the oil settlement if the British join us in the program—and if they do not.

(3) The kind of a proposition we are prepared to make to the Shah: i.e. what we think he should do; what kind of support he could expect from us, and from the British insofar as we act as "guarantors" for them; the principles upon which the oil dispute must be settled when the time comes.

Having reached decisions in principle concerning these points insofar as it is possible to do so at this early stage, and assuming that our decision is to go ahead, the staff selected to detail and carry out the next phase must include one or two who know the Shah personally and command his confidence. Presumably the British contact would be between very high officials. Depending upon the nature of the British participation, they might add their own representative to contact the Shah.

From here on, we must work back from what the Shah would have to do, and what opposition might be expected.

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[1] Source: Central Intelligence Agency, Office of the Director of Intelligence, Job 80B01676R, Box 41, Folder 20, Shah of Iran Operations. Confidential. The memorandum is attached to a letter from Dulles to Bruce, September 3, which is itself attached to a memorandum from Dulles to Roosevelt, also September 3. In his letter to Bruce, Dulles commented about Thornburg's memorandum: "I would point out that the memorandum of 22 August 1952 and very possibly the section on Iran in his memorandum enclosed with his letter of 28 August were prepared before he had information regarding the latest developments resulting from Mossadegh's attitude to the joint proposals." In the Deputies' Meeting held on August 20 at the Central Intelligence Agency and chaired by DCI Smith, Dulles reported "that (1) Max Thornburg, an expert on Iran, was in the city and he expected to seem him today; (2) he would furnish a report of his conversation with Thornburg to the Director; (3) Thornburg had submitted a plan for Iran which has been sent to NE for study." (Ibid., Folder 10, Minutes of Deputies' Meetings)

What would the Shah have to do?

The Shah's basic program probably still remains what was outlined in our Embassy's dispatch of 21 June, 1952,[2] which outlined his situation and intentions as of that date, based upon personal discussions between members of the Embassy (and myself) and both the Shah and General Razmara (immediately before he became Prime Minister).

The significant change since then is that Mossedegh is now Prime Minister, which introduces an unpredictable factor at the outset of any operation which depends upon his actions.

This has more to do with the *timing* of the Shah's action than with the program itself, since the essence of the plan is that the *Shah* take control from the outset and thereafter determine the course of events, regardless of who is his Prime Minister.

The Shah must be ready to act instantly when circumstances favor the proposed action. He can be expected to have his own ideas on this, and perhaps will know best because of his own knowledge of the top military officers and other key men upon whom he must rely.

It might be expected, however, that such situations as the following would provide the circumstances most favorable for him:

(a) Mossedegh's retirement as Prime Minister, for any reason; i.e. death, illness, resignation, deposition.

(b) Severe rioting or other outbreak of violence which would furnish ostensible justification for declaring martial law.

(c) Refusal, with conspicuous demonstrations, of any group to comply with an official and legitimate decree or proclamation, again as an ostensible justification for declaring martial law.

(d) *Possibly*, although this must depend upon conditions which we cannot be sure of and which the Shah himself might best appraise, Mossedegh's own decision or willingness to collaborate with the Shah

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[2] Presumably a reference to telegram 1168 from Tehran, June 21, 1950, describing Prime Minister Razmara's reform program. Richards, Counselor of Embassy, commented favorably and wrote that "the achievement of stability in Iran with restoration faith in Government would be in US interests and is essential if our military and economic aid is to be effective." (National Archives, RG 59, Central Files 1950–1954, 788.00/6–2150) In a memorandum to Jernegan on September 10, 1952, Richards wrote that the Razmara program "was idealistic and was proved to be utterly impracticable. There has even been suspicion that Razmara, who could play the game of intrigue as well as Thornburg or better, deliberately allowed this Utopian plan to be created in order to impress the Americans that he was a good man to support." In connection with Thornburg's proposals of August 1952, Richards commented that "his reliance on the Shah as the 'key' to the situation seems to me ill-informed and unrealistic. The Shah's inability or unwillingness to act forcefully during the July 21 riots provides to our mind a good example of his weakness which would probably appear again in any similar situation." (Ibid., 788.00/9–1052)

to save himself and whatever he stands for, from Kashani and the Tudeh forces.

In any event the decision as to whether Mossedegh would remain as Prime Minister or be replaced, must depend upon his importance as a leader at the time of the Shah's action, and upon his own readiness to support the Shah's program. It is readily conceivable that Mossedegh might accept such a course as a way out with honor, perhaps remaining as Prime Minister only long enough to insure that his own personal followers will support the Shah, initially at least.

In the event that Mossedegh neither disappears as Prime Minister nor can be relied upon with certainty to collaborate with the Shah, when other circumstances furnish a favorable opportunity for the Shah to take over, he and his principal lieutenants would have to be regarded as in the same category with other "leaders" whose actions threaten the national security.

For the Shah's success the first requirement is that he have his own resolution to succeed fortified by our assurances, and preferably those of the British, that we will approve and defend the propriety and necessity of his actions before world opinion, and that we are prepared to assist his new government economically and technically in carrying out agreed upon reforms.

These assurances on our part should be supplemented, in private and realistic conversations, with any helpful advice that we can give both as to the initial conduct of his program and as to the probable consequences if he should fail to establish responsible rule within his country.

Our part would be limited to our private contact with the Shah prior to the establishment of his government, and normal channels thereafter.

The steps which the Shah might and probably would have to take within the first twenty four hours of his program are as follows:

(1) Declare martial law, subject to his orders. (This would include use not only of the army but also the National Police and the Gendarmérie, which are in effect part of the country's armed forces.)

(2) Arrest and hold in safe confinement a certain list of group leaders and others of subversive influence, subject to trial in appropriate courts.

(3) Dissolve the Majlis and exercise his right to rule by Royal Decree pending the installation of a new Majlis, in due course, elected under new (decreed) election laws.

(4) Forbid and prevent subversive mass meetings.

(5) Close subversive newspapers and arrest their editors.

(6) Appoint Ministers to essential cabinet posts.

(7) Decree certain high priority reform laws (e.g. relating to the judiciary, taxes, public elections, etc.)

(8) Arrest for orderly trial a considerable number of government officials or ex-officials who have been conspicuous for misappropriation of public funds, and against whom there is substantial ground for indictment.

(9) Make known through all available propaganda channels that it is his intention to exercise his constitutional powers and Royal prerogatives to establish responsible government within the country, aimed at the security and well being of the people.

Immediately following these initial acts by the Shah must come our own public statement, from the President or Secretary of State, in the effect that the Shah's democratic views and sincere interest in the welfare of his people have long been known, and that after a considerable period of admirable restraint while allowing the politicians and government officials an opportunity—which they had failed to take—to meet the recurring crises threatening the country, he had at last exercised his constitutional powers and his responsibilities as Sovereign in a manner that earns the commendation of all freedom loving peoples. . . . or equivalent).

A corresponding statement by the British would be desirable.

The Shah and his new Government must then actively undertake the program discussed elsewhere, aimed at changing the psychological climate from despair and hostility to hope and confidence, in preparation for the material economic reforms in which we would aid.

The first few months would be devoted to extensive organizational work in administrative, and executive agencies, and to the prosecution of the program aimed at our first "psycological" objective. Substantial progress must be made toward this objective before we can shift from "psychologic" to "economic" criteria to guide our efforts (or those of the Shah).

Until emotional hysteria has subsided to a point where it no longer determines national behaviour, and no longer provides subversive interests with a powerful instrument in opposition to orderly government (and to our own aid efforts), it will be futile to attempt a reasonable settlement of the oil dispute and unwise to endanger the broader program by raising the issue.

If the British are prepared to accept the program outlined here (or a generally equivalent one) they may be prepared also to extend financial assistance as necessary to carry the Shah's program along to a point which makes an oil settlement possible, provided of course that this intention on the Shah's part (and our own) from the beginning.

Whether the British contribute financially or not, we would have to help the Shah restore a reasonable measure of financial stability within his country, pending the resumption of oil revenues.

Since the intention, by all concerned, to resurrect the oil industry on some reasonable basis is taken as a premise in this argument, it should be possible to make certain moves in that direction in part solution to financial problems, as soon as it becomes evident (or probable) that the Shah's program will succeed. Thus sales of crude oil might be started, perhaps under the trusteeship of the World Bank, even before—and without prejudice to—subsequent negotiations aimed at settlement of the major dispute. This would be practicable only if the British agreed, in which case the major oil companies would be almost certain to comply with any reasonable requests made upon them by our or the British governments. Their cooperation would greatly facilitate such an operation.

It is probable that the resumption of oil dispute negotiations on a rational basis will subject the popular temper to its severest test, hence this should not be done until there is a basis for assurance that the population is psychologically prepared. Even then a step by step solution may be necessary.

Broadly, the following "principles" might have a part in determining the ultimate oil settlement: (1) Substitution of private for HMG ownership in Company operations within Persia; (2) Recognition of legality of nationalization with compensation; (3) Offset compensation due Company by rentals due Government under an operating contract between them which provides for operation by Company and preserves its equities, arranging division of profile and other terms conformably with recent oil agreements elsewhere; (4) Create new Company corporation to operate within Persia under foregoing contract, to separate old Company from new picture. This might mean separate new corporations for producing and for refining, to provide for different degrees of Persian control.

119. Memorandum From the Deputy Director for Plans (Wisner) to the Chief of the Near East and Africa Division, Directorate of Plans, Central Intelligence Agency (Roosevelt)[1]

Washington, undated.

SUBJECT

Views of Mr. Max Thornburg

1. Submitted herewith for your information and comment is a copy of a Memorandum of Conversation between Mr. Thornburg and Dr. Raymond Allen of the PSB.[2] During a conversation with Mr. Thornburg in the office of Mr. Dulles on Friday morning,[3] I gathered that Mr. Thornburg has also had some conversations with officials of the State Department, including Mr. David Bruce. I further understood that Mr. Thornburg had been requested to put down in writing a further expression of his views and recommendations with regard to the situation in the Middle East,[4] and return to Washington sometime during the course of next week for a further presentation and discussion of his views.

2. Mr. Thornburg was somewhat diffident regarding his ability to prepare alone a paper that would be really useful from the standpoint of the State Department and CIA. He said that it would be much more profitable if he were able to sit down with certain other Near Eastern experts and exchange views, on the theory that while he might be able to make a contribution of some value, not he nor any other single person could be expected to produce a well-rounded and entirely well-grounded appreciation of the situation. He said, for example, that he did not even know what you thought of the last paper which he produced[5] and he felt sure that you would be able to pick loopholes and find soft spots in portions of it. This Agency and the State Department would be sure to have information which, in some instances, would entirely reverse his own opinion, such as might be based on inaccurate or out-of-date factual information.

3. Mr. Dulles, nevertheless, encouraged him to put something down in writing in the form of a "think piece" which might serve as a

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[1] Source: Central Intelligence Agency, Office of the Director of Intelligence, Job 80B01676R, Box 41, Folder 20, Shah of Iran Operations. Secret; Security Information.

[2] Dated August 24; attached but not printed. Thornburg's memorandum of this conversation is Document 116.

[3] August 22.

[4] See Document 118.

[5] Not further identified.

basis for further discussions with us and with Messrs. Bruce and Byroade of the Department of State. Mr. Thornburg undertook to do this and states that he would return about Wednesday of next week and hoped at that time to have the opportunity of participating in a round table discussion.

4. Accordingly, I recommend that you hold yourself in readiness for such a meeting; that you inform Mr. Dulles that you are expecting to participate; and that you give thought to what other persons from this Agency—including ONE, OCI and ORR—would be the most suitable additional participants.

Frank G. Wisner

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120. Telegram From the Station in Iran to the Central Intelligence Agency[1]

Tehran, September 5, 1952, 1143Z.

TEHE 061. Ref TEHE 060 (IN 33256).[2] Source: [*less than 1 line not declassified*]. Eval: F–3. Dissem: [*less than 1 line not declassified*].

1. During latter part August source was told separately by [*1½ lines not declassified*] that Kashani definitely planning Mossadegh overthrow. These [*less than 1 line not declassified*] individuals who currently cooperating with Kashani are themselves involved in plan.

2. Timing of plan not known by source although it believed to be scheduled shortly after Kashani's return to Iran. Immediately prior Kashani's departure for Mecca he sent word to PriMin via Deputy Majlis President Razavi warning PriMin to expect his opposition, if something were not done to alleviate situation Iran.

3. Kashani is relying heavily on his Majlis support to cause Mossadegh overthrow. It source opinion Kashani will also have Tudeh street support.

4. For Wash only: [*less than 1 line not declassified*].

A. [*less than 1 line not declassified*] [*1 paragraph (2½ lines) not declassified*]

B. [*1 paragraph (5 lines) not declassified*]

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[1] Source: Central Intelligence Agency, DDO Files, Job 89–00176R, Box 1, Folder 15, Political Activities—Iran. Secret; Security Information; Routine.

[2] Not found.

C. Station feels that above info could be true in view confirmation per ref, and should be taken seriously [*less than 1 line not declassified*].

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121. Memorandum From the Assistant Secretary of State for Near Eastern, South Asian, and African Affairs (Byroade) to Secretary of State Acheson[1]

Washington, September 10, 1952.

SUBJECT

Recommended Change in United States Policy Towards Iran

The Problem

To determine the policy to be followed by the United States in the light of recent developments in the Iranian situation.

Background

On August 30, 1952 there was formally delivered to Dr. Mosadeq a joint message from President Truman and Prime Minister Churchill containing proposals for action by all three governments to bring about an "early and equitable solution" of the oil dispute (Enclosure No. 1).[2] These proposals were based upon British and American reappraisals of the situation in Iran and represented certain basic changes in British and American attitudes towards solving the oil dispute which is the prime factor for instability in Iran.

British policy had previously been based on assumptions that economic and political pressures on Iran, following the nationalization of the AIOC concession, would bring to power a conservative government which would then reverse the policies of Dr. Mosadeq. After nearly a year and a half of waiting, the first of these assumptions was proved to be correct. The Mosadeq government fell and the conservative Ahmad Qavam was appointed Prime Minister. The second assumption, however, proved to be less sound. Qavam's first and only public declaration expressed hostility to previous nationalist policies in

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[1] Source: National Archives, RG 59, GTI Files, Lot 57 D 155, Box 44. Secret; Security Information. Drafted by Stutesman and sent through Matthews. Printed from an uninitialed copy.

[2] See *Foreign Relations*, 1952–1954, vol. X, Iran, 1951–1954, pp. 455–458, 461–469 (Documents 207 and 209–214).

Iran and assured the world that the oil dispute would soon be ended on reasonable terms. There was an immediate public reaction to this announcement which approximated a revolt in Tehran. The Shah's indecisiveness and communist agitators contributed measurably to the violent outbreak of July 21 against Qavam but reflective reports from the Embassy ascribe to nationalist, predominantly middle-class, organizations the main force in the anti-Qavam demonstrations. The utter failure of the Qavam government has been taken as evidence that no Iranian politician can hope in present circumstances successfully to moderate extreme nationalist demands. Apparently the British Government, observing the rise and fall of the Qavam government, realized that its policy should no longer be based upon the expectation that a "more reasonable" government would arise to settle the oil dispute.

American policy toward Iran was also reviewed following the restoration of Dr. Mosadeq and his nationalist colleagues to unquestioned dominance in Iranian affairs. It had been generally assumed that Dr. Mosadeq would welcome settlement of the oil dispute if certain legitimate Iranian national aspirations were taken into consideration. The United States had maintained, since nationalization of the British oil concession in Iran, a position as moderator, constantly seeking to bring both disputants forward to some middle ground. After the events of July 21, it was recognized that the Iranians could not realistically be expected to move far forward from their rigid adherence to the terms of the Iranian nationalization law. The U.S. Government, therefore, felt it advisable to join the British who were willing to make substantial concessions in the dispute to present proposals which appeared to meet the outstanding objections of the other side.

On July 31, an Aide-Mémoire[3] was handed by the Secretary of State to the British Ambassador suggesting that the United States Government would be willing to join in a joint approach to settle the oil dispute along the following lines:

1. The United States will make an immediate grant of $10 million to the Iranian Government.

2. The AIOC or some other agency designated by the British Government will purchase from Iran all of the oil products presently held in storage by the NIOC at commercial Persian Gulf prices less an appropriate discount.

3. On the basis of the proposal discussed between Dr. Mosadeq and the British Chargé in Tehran on July 25, it would be agreed that an arbitral commission consisting of three persons should be set up immediately to consider the question of compensation. Neither the American

[3] Ibid., p. 429–430 (Document 194).

grant of $10 million nor the start of British oil purchases would be held up pending the commencement of the arbitral procedure.

4. Negotiations looking toward a more permanent arrangement for the distribution of Iranian oil should be undertaken promptly.

Before a British reply could be received to this Aide-Mémoire another element was injected into the situation by the publication of an Iranian Government Note to the British Government, dated August 7. In this provocatively phrased document the Iranians demanded immediate payment of certain funds which they claimed were owed them by the British Government and the AIOC and declared a readiness "to enter into discussions with the representatives of the former AIOC . . . to look into the legitimate claims of the company within the nationalization law and also to look into the claims of the Iranian Government." The note added that if direct discussions were not satisfactory to the AIOC, the company could "present its case in the competent Iranian courts."

The British reaction to our Aide-Mémoire was, at first, not very encouraging and revealed a continuing unwillingness to face what we considered to be the realities of the Iranian situation. A message from the Secretary to Mr. Eden on August 12 reviewed in some detail the United States understanding of the Iranian situation, emphasizing the necessity for meeting the psychological and political issues of the dispute.

On August 20 a message was received by the President directly from Prime Minister Churchill, then acting as Foreign Secretary in the temporary absence of Mr. Eden.[4] Mr. Churchill proposed that a joint message from him and President Truman be sent to Prime Minister Mosadeq suggesting that "If you Musaddiq will do (A), (B), and (C), we two will do (X), (Y), and (Z)." The subsequent conditions for settlement which the British Government put forward were carefully studied and were found to meet generally the United States view that Dr. Mosadeq might find it possible to accept a simple but rather vague basis for negotiations to settle the oil dispute. In their essence, the proposals provided for international arbitration of all claims and counter-claims and required the AIOC to open discussions on a purely commercial basis for the purchase and marketing of Iranian oil. Furthermore, immediate sums were to be made available to the Iranian Government to cover its budgetary expenses for the interim period until Iranian oil began to flow again to world markets. It was believed that the three fundamental Iranian demands were met (a) through the imposition of no conditions for the return of foreign technicians to Iran or foreign man-

[4] See ibid., pp. 447–449 (Document 203).

agement, of the oil industry, (b) by the recognition of the fact of nationalization, and (c) providing that AIOC should not be the sole purchaser of Iranian oil.

The reaction of the Iranian Government has not yet been finally and officially determined. Prime Minister Mosadeq in his private conversation with United States Ambassador Henderson and British Chargé d'Affaires Middleton declared the proposals flatly unacceptable. During the week which followed delivery of this message, Dr. Mosadeq became more moderate in his view of these proposals. It is believed that the public clarification of certain aspects of the proposals by the Secretary and Mr. Harriman helped to create growing feeling among Iranian leaders that the proposals should be given more careful consideration. In face of this weight of opinion, Dr. Mosadeq issued a press statement (Attachment No. 2)[5] which attempted again to cloud the issues in the dispute and placed him in his usual position so that he could assert his sponsorship of almost any resolution which Parliament passes in response to the joint US–UK proposals.

In attempting to understand the reasons for Dr. Mosadeq's immediate emotional revulsion when presented with the joint message it is useful to keep the following points in mind:

1. Dr. Mosadeq has long enjoyed the advantages of confidential bedroom diplomacy. During his Premiership he has on numerous occasions privately given vague assurance of a willingness to settle the oil dispute on reasonable terms but, when confronted with British willingness to attempt to meet his demands as understood, he has either flatly denied his previous assurances or has asserted that he could make no commitment without Parliamentary approval. Publication of the joint US–UK proposals forced Dr. Mosadeq into the open. In rejecting the proposals he must publicly describe his reasons and his true position.

2. Dr. Mosadeq and most Iranians believe that the United States and the United Kingdom are at odds in Iran and that Americans have even encouraged, secretly of course, Dr. Mosadeq's policies of driving out the British from Iran. There are numerous indications that Dr. Mosadeq has long had the belief that whether he settles the oil dispute with the British or not, the United States Government, for strategic considerations, will break with the British rather than allow Iran to fall into communist hands. The fact that President Truman joined with Prime Minister Churchill in public support of the proposals of August 30 must have disabused Dr. Mosadeq of his belief that the US and UK were on the point of splitting on the Iranian issue.

[5] Attached but not printed.

3. Dr. Mosadeq has continually declared to the world that the only factor preventing an early settlement of the oil dispute was British insistence on forcing Iran to accept a British oil concession in contravention of Iran's legitimate national rights. By keeping secret most of the previous negotiations to achieve settlement of the oil dispute, Dr. Mosadeq has been able to maintain a position in Iran and before much of world opinion that he is a sort of George Washington fighting in the cause of independence to keep the British imperialists out of Iran. The proposals of August 30 clearly contain nothing which would reflect on Iran's independence or limit its freedom of action. The oil dispute, therefore, has been removed from the fanciful realm of a "war of independence" to the status of a commercial squabble. It has now become publicly apparent that Iranian bargaining for the maximum benefit to be gained from nationalization of the oil industry has been a major element in preventing settlement of the oil dispute.

4. The search for "middle ground" in the oil controversy was based on an assumption that both sides ultimately would welcome settlement of the dispute on equitable terms. There is now real doubt whether Dr. Mosadeq has any real intention of settling this dispute with the British. The political advantages to be derived from the anti-British emotions inflamed by the dispute and Mosadeq's personal satisfaction of thwarting the British may keep him from ever settling on any terms with the AIOC.

Attachment

Paper Prepared in the Office of Greek, Turkish, and Iranian Affairs, Bureau of Near Eastern, South Asian, and African Affairs[6]

Washington, undated.

General Situation

Iranian Nationalist Leadership

Although Nationalist leaders are in power in Iran and there is no sound basis for expectation that an anti-nationalist government could survive, there is evidence that the leaders in the National Front are increasingly at odds. The major struggle which seems to be developing is between Dr. Mosadeq and Mullah Kashani. Ambassador Henderson has reported his observation of Prime Minister Mosadeq's dismay

[6] Drafted September 10 by Stutesman.

when he heard that Kashani had been elected President of the Majlis. In the Parliamentary debates concerning continuation of martial law after the July 21 riots, there was a definite split in nationalist ranks as the newly created pro-Kashani national movement faction of approximately thirty deputies directly opposed the smaller group of National Front politicians. There are rumors that Mullah Kashani, on his way to Mecca, recently sent a message to Dr. Mosadeq that he expected to assume control of the situation upon his return to Tehran unless Dr. Mosadeq had successfully improved conditions. In the past few days Ambassador Henderson has been informed by high Iranian sources of intrigues to replace Mosadeq with another leader who has not been described but obviously will depend upon the support of Mullah Kashani.

A combination of Mullah Kashani's personal prestige, his forceful organization of street rioters, anti-Mosadeq conservatives, and nationalist politicians such as Khosro Qashqai could wield very important influence in Iranian affairs. These groups would lead to dangers of demoralizing the Army and joining with the communists. Almost certainly a government dependent upon these elements would be even more unreasonable and difficult to deal with than Dr. Mosadeq.

Iranian Communist Organization

The communist organization in Iran is not strong in numbers but it has shown ability to take advantage of widening opportunities for agitation. Over the past few years the communists have concentrated on developing a disciplined nucleus of leaders with a comparatively numerous screen of front organizations. Agitators are known to be circulating among the peasants and there are believed to be communist cells in every Iranian industry and most dangerously among the unemployed oil workers in Abadan. The Embassy has reported that the communist organization will probably not attempt to stage a violent outbreak against the nationalist government but will, on the contrary, look for opportunities to infiltrate and pervert the nationalist movement. However, if public confidence in the nationalist government weakens and if the armed forces become demoralized, it is entirely possible that the communists may consider it advisable to attempt direct action to gain control of the central government. Observers differ as to the time when the communists may win dominant influence in Iranian affairs but all agree that if the economic and social conditions of Iran worsen hopelessly, a communist coup must eventually be expected.

Questionable British Military Responsibilities for Iran

United States policy toward Iran has been influenced by an understanding that the United Kingdom is responsible for the initiative in military support of Iran in the event of communist subversion or ag-

gression. This understanding was based on United States inability to extend its military responsibilities at the present time and upon the extensive influence which the British had in Iran before nationalization of the oil industry. The first of these considerations should now be subject to review because British influence in Iran has been so completely destroyed that it is now very doubtful whether any legitimate Iranian Government would or even could request British assistance in the event of a communist seizure of power. Even such pro-western figures as the Shah have lately been so reduced in power and prestige that they cannot be expected to act independently of nationalist sentiments even in the face of a communist coup. Anti-British feeling has, in fact, reached such a point that many Iranian leaders are sincere in believing as Nasser Khan Qashqai said to Department of State officials on September 4, "We would prefer the Russians to the British".

Social Unrest

The ancient social structure of Iran is cracking visibly. Nationalist propaganda has reached into the most isolated communities inflaming anti-foreign sentiments and encouraging hopes for social and economic benefits. In the early days of the oil nationalization struggle, Dr. Mosadeq and his supporters geared their demagoguery to the thesis that British imperialists were responsible for the misery of most Iranians and expulsion of the British from the oil concession would bring immediate benefits. Disillusionment with this propaganda was one of the important factors in the weakening of Dr. Mosadeq's position during the first half of 1952. The Prime Minister recognized this popular disaffection immediately upon his return to power on July 21 and announced a program of vast social reform, particularly on the problem of land tenure. While these propaganda influences were in operation, economic factors also created feelings of dissatisfaction. Even the primitive agricultural economy of the majority of Iranians has been affected to some extent by the effects of the oil dispute. Although the impact of the loss of oil revenues on Iran's economy has been comparatively less serious than the effect of such a loss on a more industrial economy, nevertheless there is a sense of hopelessness and frustration in Iran today which rises directly from the deteriorating economic situation.

Loosening of political and military control of the provinces has resulted from political developments in Tehran and the nationalist attempts to decrease the Army's prestige and power. The figure of the Shah which was significant in keeping some concept of central government before all Iranians has been somewhat diminished by recent events and the spread of anti-monarchial sentiments. United States representatives in Iran report increasing social unrest in every area observed.

Iran's Military Potential

While reportedly Iran's military forces are not demoralized and are still being paid, there is little doubt that the Army's old political influence has been greatly diminished. The Shah, who still reportedly holds the loyalty of the majority of Army officers, has become a shadowy and generally uninfluential figure in the background of political affairs. Scrutiny of Army ranks gives little reason to hope that a strong military leader will arise like Naguib Bey in Egypt. However, the Army is still a potent force for maintaining internal security in Iran and so far the Mosadeq Government has not taken measures which would destroy the Army's effectiveness to meet internal situations.

Amid rumors and counter-rumors of British intrigue, the tribes in Iran continue generally in the old pattern of life and retain about the same political significance. In their local areas they are regaining some of their old dominance as the Army's influence wanes. However, except for the Qashqais and to a lesser extent the Bakhtiaris, the tribes wield only slight political influence on the central government. As yet no tribal leader has appeared who could be depended upon to maintain stability throughout the nation in a situation of chaos.

Economic Situation

Before Iran can achieve any measure of political stability, its economy must be restored to some measure of health. The loss of oil income can be replaced either by resumed sales of oil abroad or by foreign budgetary aid. Such a dole would obviously make political blackmail and commercial unrealism pay. It would not salve the constant irritation of the oil dispute nor win friends for the United States in a country where generosity is regarded with great suspicion. This would be particularly true if any strings were attached to such a dole either to control disbursements of the funds or to bring the Iranians to a settlement of the oil dispute. It is far more sound to base a healthy Iranian economy on sales of Iran's petroleum resources. Enclosure No. 3 is a considered review of Iran's economic situation.

The so-called "blockade" of Iranian oil sales has been largely the product of (a) commercial concern regarding the price, specifications, and guaranteed flow of Iranian oil, (b) AIOC legal claims to ownership of oil products presently stored in Abadan, (c) major oil companies' cooperation in refusal to take advantage of the AIOC's misfortunes, (d) United States Government discouragement of private American companies who have shown an interest in purchasing Iranian oil or assisting in operation of the Iranian oil industry. Since the decision of the ICJ that it had no competence over a dispute between the Iranian sovereign government and a private foreign oil company on Iranian territory, the AIOC legal claim against Iranian oil products is in consider-

able question and according to informal Department legal opinion might well not stand up in the courts. Although major oil companies have made no effort to purchase Iranian oil, interest has been shown by numerous independents of varying reputation and nationality and by the Argentine and Brazilian Governments. [1 page missing in original] British Embassies in Tehran both report that they see little hope of a "more reasonable" successor to Mosadeq in the foreseeable future.[7]

The communist organization in Iran is growing stronger. Communist agitation among the unemployed oil workers and communist incitement of peasant dissatisfaction against landlords furnish explosive opportunities for sudden outbreaks of violence. Recent government land reform decrees have given hope of increased prosperity to masses of Iranian peasants but Iranian inefficiency and resistance by landlords will probably prevent for some time any actual effect of this reform upon the peasants' prosperity. Although factors for social revolution are rapidly developing in Iran, the Embassy has reported that the communist organization will probably not attempt an open revolt at this time but rather will seek to take advantage of a deteriorating situation by developing their association with left-wing nationalists and by gradually capturing the leadership of the nationalist movement.

These are political factors but their development is based in the current situation primarily on economic factors. Iran's deteriorating economic situation is a problem which must be met before any stability or any direction of social evolution can be found. Observers differ as to the time when the communists might take control of the Iranian Government but all agree that if the economic situation continues to deteriorate hopelessly, a communist coup must eventually be expected.

The leaders in the National Front are increasingly at odds. Mullah Kashani's ascendency to power has undoubtedly fed his known ambitions to be sole authority in Iran. His position in Parliament is such that he could lead a strong Parliamentary group against Dr. Mosadeq or any other target he chose. His street organization has been one of the most important elements in recent nationalist successes. His alliance with the communist organization during the anti-Qavam riots has apparently not been lasting but Kashani's over ____?____[8] has led him to declare on various occasions that he could "swallow up" the communists in any alliance. He has joined hands with the Qashqais in destroying the old clique of top army officers. Upon his return from

[7] Although there is no indication in the source text, the portion of the document from this point, until "Conclusions," appears to be an earlier draft of the preceding three paragraphs.

[8] Underscore and query in the original.

Mecca, Kashani can exert a very forceful influence in Iranian affairs in any direction he desires.

While reportedly Iran's military forces are not demoralized and are still being paid, there is little doubt that the Army's old political influence has been destroyed. The Shah is now a shadowy and uninfluential figure very much in the background. Scrutiny of military ranks gives little reason to hope for a strong military leader like Naguib Bay in Egypt. Amid rumors and counter-rumors of unrest and British intrigue, the tribes in Iran continue generally in the same position as before. They are strong in their local areas but except possibly for the Qashqais they wield comparatively little political influence in Tehran. Certainly no tribal leader has appeared who could be depended upon to maintain stability throughout the nation in a situation of chaos.

According to information from top officials in the Bank Melli, inflation of the note issue is about to begin. Economic analysis has been that pessimism regarding failure to end the oil dispute and consternation at the expanded note issue will mean increased financial difficulties to Iran's economy.

Conclusions:

1. Whether political developments in Iran break up the National Front or in some way change the individuals in positions of power, nationalist policies as previously enunciated will be maintained. It is even likely that any successor to Dr. Mosadeq would be a more extreme nationalist than he is and would possibly be more difficult for the West to support against communist agitation.

2. It is expected that the Iranian Parliament will support the general line of response which Dr. Mosadeq has made publicly to the joint US–UK proposals. It is unlikely although the possibility cannot be discounted that the British will be willing or even able to come much farther forward from the position taken in the proposals delivered to Dr. Mosadeq on August 30. Such a development would bring about an almost complete deadlock in the oil dispute with a large gap still existing between the British and the Iranian positions. In this eventuality it will be hardly useful for the United States to continue to press both sides to come to a mutually satisfactory agreement in the oil dispute, particularly since the United States publicly gave up its position as moderator when it joined with the British in the joint message of August 30.[9]

3. Before Iran can achieve any measure of political stability, its economy must be restored to some measure of health by receipt of oil income. There is of course an alternative of providing Iran with a

[9] See footnote 2 above.

United States Government dole of monthly budgetary aid. Such a dole would obviously make political blackmail and commercial stubbornness pay well and would not salve the constant irritation of the oil dispute nor would such a dole be likely to win friends for the United States in Iran since generosity of this nature is regarded with great suspicion in the Middle East, particularly if any attempt is made to control disbursements of these funds. National income must be increased in Iran but it should be based upon exploitation of Iran's own natural resources.

4. United States policy toward Iran has been influenced by an understanding that the United Kingdom is responsible for the initiative in military support of Iran in the event of communist subversion or aggression. This understanding is very questionable in the present situation. The extensive British organization[10] in Iran which was based primarily upon British commercial installations and interests has been totally destroyed. Public antagonism to the British has been so inflamed over the past two years by nationalist propaganda that it is very doubtful whether any legitimate Iranian Government could request British assistance in the event of a communist seizure of power. Even such previously independent pro-western figures as the Shah have been so reduced in power and prestige that they should not be expected to act independently of nationalist sentiments even in the face of a communist coup. Anti-British feeling has, in fact, reached such a point that many Iranian leaders believe themselves to be sincere in saying, as Nasser Khan Qashqai said in Washington on September 4, "We would prefer the Russians to the British". Other developments in the Middle East have also strongly affected the British military position in that area so that it is doubtful that British military intervention in Iran could be effective even if an Iranian Government were to request British support.

5. The so-called "blockade" of Iranian oil sales has been based upon the legal claim of the AIOC to ownership of the oil products presently stored in Abadan. Legal opinion in the Department of State informally holds that the decision of the ICJ that it had no jurisdiction over the Anglo-Iranian oil dispute was based upon a decision that the dispute was not between two nations but between the Iranian sovereign and a private company on Iranian territory. It is held that a court, deciding upon the AIOC's claim to ownership of oil lifted by any tanker from Iran, would be required to discuss the validity of the 1933 oil concession and Iran's sovereign right to abrogate a contract with a private company. It is entirely possible, therefore, that many courts would re-

[10] This word is struck through in the original.

ject the British claim should a tanker be willing to take the legal risk of lifting Iranian oil.

6. The question of compensation due the AIOC is far from settled. The gap between the joint US–UK proposals and Dr. Mosadeq's unofficial counter-proposals is very wide. It is the conclusion of NEA political observers that Dr. Mosadeq will not come forward from his position enunciated on September 7 unless he is so instructed definitely by Parliament. It may even be that he does not wish to settle the oil dispute with the British except on terms of absolute capitulation by the British to his extreme terms. Therefore, if the British hope to gain any compensation or desire to remain in the market for Iranian oil they will have capitulated. It is quite true that they have a legal position to maintain, but there would seem to be little satisfaction in maintaining a legal position at the expense of losing Iran or at least Iranian oil.

7. It is pertinent here to make an estimate as to the danger and imminence of a communist rise to power in Iran. The communist organization is growing stronger and its natural opponents are growing weaker. The Shah, who above all else has been anti-communist has lost most of his political influence. The Army is to some extent demoralized and was thoroughly cowed in the July 21 riots, at least in Tehran. The old line senior officers in the Army have recently been purged by Dr. Mosadeq and it is not yet apparent what type of officers will appear in senior positions, whether political appointees under Kashani–Qashqai influence or officers of military quality and forceful character definitely anti-communist or at least essentially nationalist in motivation. Social unrest is increasing as are economic difficulties in Iran. Opportunities for successful action by the communist organization are widening and if the nationalist leadership splits into antagonistic factions or if the communists can establish some form of popular front, with leftist nationalists, Iran may have passed a point of no return in its relations with the communist world. In the estimation of NEA officers, the communists will probably move slowly, consolidating newly acquired positions as they move forward. In all likelihood they would prefer to infiltrate and pervert the nationalist movement rather than risk a head-on collision. Time, therefore, plays into communist hands so long as the economic situation continues to deteriorate without oil revenue and so long as there is continued political instability in Iran. Therefore it is a conclusion of NEA observers that so long as Mosadeq does not dispair of selling his oil to the West in some way and so long as he can squeeze money out of the National Bank, currency inflation and from recently imposed taxes to pay his civil servants and armed forces, neither he nor his nationalist colleagues will deliberately bring the communists into an alliance. Based upon these psychological, political and financial assumptions, it can be estimated that a nationalist government will nei-

ther bring in the communists nor fall victim to a communist revolt before next March as a very general date.

8. The above conclusion does not allow us to sit idly by for the next few months. On the contrary now that the deadlock of the oil dispute has been publicly exposed and the previous United States policy as moderator has been abandoned, it is time to develop a new policy for action to meet the Iranian situation.

Recommendations:

It is recommended that the British Government be informed that the United States Government considers the oil dispute to have reached a deadlock which can only be broken if the British set aside or somehow make an arrangement with the Iranians to settle claims for compensation and initiate arrangements to buy Iranian oil. It should be pointed out that strategic considerations which must include reappraisal of military responsibilities in the Persian Gulf area have brought the United States Government to the belief that consideration of maintaining Iran independent from the communist world must override legal considerations in the oil dispute. It should be pointed out that the "blockade" which has been maintained by major oil companies in deference to the AIOC's legal claim to Iranian oil is breaking and that the United States Government considers it necessary for the strategic considerations described above to assist and encourage sales of Iranian oil setting aside the British legal claim.

2. It is recommended that the Department of State consult with officers of important American oil companies to explore any possibilities of American or other companies buying Iranian oil if the British are unable or unwilling to meet Iranian demands. It has been reported by the Director of PED that even if the major oil companies do not purchase Iranian oil and assuming that British claim to Iranian oil has been set aside or is disregarded by the purchasers, Iran could sell between 100,000 and 150,000 barrels of oil per day. Such sales would probably be made to Argentina, China (Formosa), Belgium, Spain, Italy and Yugoslavia who are not bound by any permanent tie-ups with the international oil industry. The market would have to be built up gradually over a period of time and the Iranians would probably not be able to sell a maximum 150,000 barrels per day immediately. Some sales would probably also be made to the International Cooperative Petroleum Association which supplies oil to a number of European countries. Finally, industries such as City Service and brokers with unknown backing such as Denver, Consolidated have indicated definite interest in purchasing Iranian oil.

It would also seem that the market for Iranian oil probably could be expanded. Brazil has already expressed an interest in purchasing

Iranian crude for its refineries and tankers presently being constructed. These would be owned by private Brazilian interests and by the Brazilian Government. In regard to availability of tankers, the Department's experts have concluded that there are sufficient independent tankers available to move 100,000 to 150,000 barrels per day of Iranian oil.

3. It is recommended that the United States Ambassador in Tehran be instructed to inform Dr. Mosadeq that the United States Government is not in the oil business but that it stands ready if requested to encourage private U.S. firms to assist Iran to produce and sell its oil. He should be authorized to state that the United States, if requested, will explore with major and independent oil companies various means of buying and marketing Iranian oil in substantial quantities. He should state that independent American technicians will be encouraged to assist in the production and refining of Iranian oil although the U.S. Government will not contract for them. In this connection it is noted that Drilexo has already been asked by the Iranian Government to handle the drilling and pipe-line operations for the NIOC and a reputable American engineering consultant has been asked to assist in the management of the oil industry.

4. It is recommended that simultaneously or immediately after Ambassador Henderson's démarche, the United States should publish a statement of its attitude toward the Iranian situation, briefly reviewing in general terms the numerous U.S. efforts to bring the parties in the oil dispute together and declaring that it seems impossible at the moment to go farther in this role of moderator. Ambassador Henderson's instructions should be publicized with the statement that the United States Government hopes that Iran will utilize its natural resources by making commercial arrangements with oil companies, assuming that the products of the Iranian oil industry would be available for purchase on reasonable terms by the AIOC as well as others in such a path as to minimize the disruption of normal commercial flows in the international oil trade. The statement could contain a declaration that this United States action does not imply judgment on the merits of British claims in the oil dispute and reference could be made to the provision in the Iranian nationalization law which sets aside a percentage of oil revenue on the assumption that an eventual settlement of British and Iranian claims arising out of the oil dispute will be reached through amicable negotiation.

5. It is recommended that the U.S. go slowly in the situation regarding the question of budgetary aid to the Mosadeq Government. Dr. Mosadeq's relations with the free world have been characterized by an assumption that strategic dangers implied in the loss of Iran to the free world can be used to cloud any issue of a primarily commercial nature.

Iran should be made to realize that it is responsible for its own budgetary position and that the world expects Iran to utilize its great petroleum assets. However, Ambassador Henderson should be informed that if he considers the situation requires immediate financial aid to the Iranian Government, such money may be available. Furthermore, the Export-Import Bank will probably be willing to complete arrangements for a $25 million loan if there is hope of a resumption of oil sales. Iran might also be able to draw a sizeable sum from the International Monetary Fund before it would be necessary for the United States to provide grant or other aid.

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122. Memorandum From the Chief of the Iran Branch, Near East and Africa Division (Leavitt) to the Chief of the Near East and Africa Division, Directorate of Plans, Central Intelligence Agency (Roosevelt)[1]

Washington, September 22, 1952.

SUBJECT

Program to Support the Shah

1. *The Objective:* The establishment by the Shah of an Iranian Government willing and able to: (a) undertake necessary reforms; (b) effectively oppose Communism and extreme nationalism; (c) collaborate with the U.S. in such aids as we offer; and (d) accept a reasonable settlement of the oil controversy.

2. *The Thornburg Program:* Mr. Thornburg has recommended an early, direct approach to the Shah for the purpose of inducing him to lead and carry out what in effect would be a military coup.[2] The Shah would be assured by the U.S. and U.K. of full moral support, sufficient material assistance to tide Iran over until the oil issue was amicably settled, and detailed advice with respect to: (a) the implementation of the coup; (b) the formation of a new Government; (c) the carrying out of necessary reforms; and (d) the settlement of the oil controversy.

3. From what we know of the Shah's character, and particularly in view of his attitude during the July crisis, it seems to me extremely un-

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[1] Source: Central Intelligence Agency, Office of the Director of Intelligence, Job 80B01676R, Box 41, Folder 20, Shah of Iran Operations. Secret.

[2] See Documents 117 and 118.

likely that he would seriously consider leading a military coup, no matter what inducements in the way of economic and military aid were held out to him. It also seems very probable that, if attempted in the present political situation, such a coup would arouse such bitter opposition that the new Shah-appointed Government would have to employ extreme dictatorial methods in order to continue to survive. Even in the unlikely event that the Shah could be induced to adopt strong-arm methods initially, I find it difficult to believe that he would be willing to continue to sanction such methods indefinitely.

4. A further weakness in Thornburg's program, it seems to me, is the role assigned to the U.S. and the U.K. Official U.S., and particularly U.K., support of the Shah's new Government would lay the Shah open to charges of being a Western puppet, and would greatly increase rather than reduce opposition to him. Detailed U.S. and/or U.K. advice to the Shah or members of the new Government would have the same effect and could not safely be done, except on an extremely secure covert basis, until some time after the new Government had come to power.

5. *Basic Assumptions:* In attempting to devise a course of action to achieve the objective stated in paragraph 1, I think we must plan on the basis of the following assumptions:

(a) The Shah must necessarily play a key role in the establishment of a new Government.

(b) The Shah will consent to play a key role only on condition that more or less constitutional means are adopted and that he is convinced the contemplated action will have wide popular support.

(c) The course of action must have the support of significant elements in the National Front and among conservative political groups.

(d) The course of action must have the whole-hearted support of the Army, which, because of the Shah's characteristic indecision, may have to assume the responsibility of initiating the action which will overthrow the old and bring in the new Government.

Recommended Action:

6. *Initial Approach to the Shah*:

(a) Send Ambassador Allen to Iran in the near future[3] under cover of a Middle East Inspection tour to induce the Shah to undertake a care-

[3] There might be considerable advantage in delaying Allen's visit until after 4 November, coordinate and obtain approval for the entire program from the President-elect, and provide Allen with a letter to the Shah from the latter. Allen might then indicate to the Shah that the new administration would be fully prepared, when it took office in January, to provide generous assistance to Iran provided the Shah effectively carried out the following program. [Footnote is in the original.]

fully planned program to increase his popularity and prestige. The Shah would be told that it is our hope that by increasing his influence he will be able, by constitutional means, to offset the dangerous influence of such extremists as Kashani and thereby not only increase the Government's stability but also strengthen the Pahlevi dynasty.

(b) The program to increase the Shah's popularity and prestige should be conducted in such a way as to convince the Iranian public that the Shah is as strongly motivated with respect to reform, oil nationalization, and the elimination of British influence as any Iranian political leader. The objective would be to condition the Iranian public in such a way that in the event of a crisis the public would be as willing to accept the leadership of the Shah as to accept the leadership of Mossadeq, Kashani, or any other leader.

(c) The program would require the following action by the Shah:

(1) A greatly increased number of public appearances and public statements.

(2) Unreserved identification with nationalist aims.

(3) Widely publicized visits to the oil areas, factories, villages, experimental farms, tribal groups, etc.

(4) Determined action to obtain cooperation from other members of royal family in the program and to curb all activity by them impairing the prestige of the dynasty.

(5) While fully supporting Mossadeq (at least initially), determined efforts to cultivate conservative religious, and moderate political, leaders and to strengthen his ties with the Army.

(6) Insofar as possible, avoidance of actions which would give rise to charges of political meddling. However, he should not be intimidated by such charges into abandoning any of the above-listed main features of the program.

7. *Covert Support for the Shah's Program:*

(a) The foregoing program conducted by the Shah should be supplemented by a *covert* CIA program. Every effort should be made [*1½ lines not declassified*] to increase the Shah's popularity and prestige and to reduce the influence of such leaders as Kashani, Makki, and Mossadeq. Part of this program will have to be carefully timed since it would be dangerous to reduce influence of Mossadeq before making fairly certain that the Shah's program was proving successful.

(b) [*2 lines not declassified*]

8. *Official U.S. Policy:*

(a) Unless there were real prospects of an oil settlement, every effort should be made on the official level to de-emphasize the oil issue and thus remove the international spot-light from Mossadeq. It is suggested, for instance, that the U.S. and U.K. insist that any further oil discussions be held in London or Washington rather than in Teheran. At the same time it might be advisable for Ambassador Henderson to at-

tempt to see more of the Shah and less of Mossadeq, although here again (as in paragraph 7(a) timing would be all-important. Moreover, nothing should be done by U.S. officials, after Allen's visit, to suggest that the U.S. is in any way responsible for the Shah's actions.

(b) The U.K. should be induced by all possible means to remain as inconspicuous as possible. At the same time an attempt should be made to draw up with the British proposals for an oil settlement which the Shah would be likely to approve.

9. *Covert Contact with Army:* The Teheran Field Station should establish contact with influential Army leaders. The initial purpose of this operation would be to develop a network within the Army dedicated to maintaining the loyalty of the Army to the Shah. [*3 lines not declassified*]

10. *Intermediate Approach to the Shah:*

(a) This approach should be made only after the earlier phases of the program had developed according to plan.

(b) The Shah should be secretly informed what the U.S. and U.K. would be prepared to do in the event a "responsible" Government came to power. He should be informed of the "reasonable" oil settlement already agreed to by the U.S. and U.K., but that the proposals would be communicated only to a "responsible" Government.

(c) He should be informed that in the event a "responsible" Government came to power, it would be provided with emergency aid until an oil settlement could be negotiated.

11. *Decisive Action to Establish New Government:*

(a) The Shah should be urged to use constitutional prerogative to establish a new Government.

(b) If under suitable circumstances the Shah fails to act, military leaders should be induced to carry out a coup in the Shah's name, even if they do not have his authority for such action.

(c) As soon as the situation is under control, the Army should turn back to the Shah the responsibility of forming a new Government and directing its policies.

(d) The U.S. and U.K. should scrupulously avoid giving any indication that: (1) they had anything to do with the coup; or (2) they considered the coup a development favoring their interests.

(e) After some weeks a U.S.–Iran loan of substantial proportion should be negotiated and the first installment paid. While the Shah would understand that further installments would be contingent on a satisfactory solution of the oil issue, there should be no public indication that the loan and the oil controversy were in any way connected.

(f) An oil settlement should be negotiated secretly and implemented only after reform and development programs (as outlined by Mr. Thornburg) were well under way.

John H. Leavitt

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123. Memorandum for the Record by Donald Wilber of the Iran Branch, Near East and Africa Division, Directorate of Plans, Central Intelligence Agency[1]

Washington, September 23, 1952.

1. Let me get the negative comments out of the way first.[2] As follows, they are so numerous and important as to cast serious doubt on the practicality of the program:

a. Shah's reaction to proposals that he be built up and that he eventually take some decisive steps.

The Shah's record for indecision, then deciding to take a positive stand and at the last minute failing to go thru with it, has a stronger impact to observers in the field than those here. I believe the field feels that he cannot be counted on in any positive way. If headquarters agrees with this position then the program is out before it is started.

b. Assumption that eventually Iran and the U.K. will reach an agreement on the oil issue.

Your program requires this assumption and I wonder if this is correct. Will there ever be a negotiated solution? Will not Iran simply make an arrangement with Jones or others and not really care whether any solution is reached?

c. Assumption that the Army may be used in support of the Shah's efforts or in an actual coup.

Certainly up to a few months ago there were highly placed elements in the Army who would support the Shah and—given the opportunity—oppose extreme nationalism. These were largely generals who had been the mainstay of the Army under Razmara and who had been removed from their positions after his murder. However, although we seem to lack the facts, it is most probable that the current

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[1] Source: Central Intelligence Agency, Office of the Director of Intelligence, Job 80B01676R, Box 41, Folder 20, Shah of Iran Operations. Secret; Security Information.

[2] Wilber is commenting on Document 122.

Mossadeq purge of the Army will get rid of all of them. And in addition, the known pro-British officers. This being the case, who will be left to contact or influence?

2. Positive approach.

I don't believe the program to support the Shah will work. What then do we do?

Assume, first of all, that Mossadeq is mortal. That a heart attack, or his own decision to retire, or a shift in popular sentiment will remove him from power within a year at the most. Who takes his place? We have to consider several possibilities:

a. Some figure conspicuous in his entourage, such as Saleh, Baghai, Makki, etc.

b. Kashani

c. An old line politician

d. A conservative collaborator of Mossadeq.

Which possibility is most likely? Not a. for no one of the entourage has personal following and political astuteness to follow Mossadeq. Probably not b. as he is thoroughly hated and distrusted by elements whose support he would have to have. Not c., following fiasco of Qavam. Probably d. with Kasemi most likely successor.

It is possible that key to future lies in position taken by Iran party which I believe to be much more powerful than is realized here. The key to Iran party is Allahyer Saleh and the treatment given to him in Washington may well determine the future of the Government of Iran. I believe we should know whether State has a firm and consistent line of approach to Saleh. If not, we should take a hand in drafting one and should also attempt to find out what he believes will be the course of events in replacing Mossadeq.

This proposal does not take us very far nor is it a concrete plan for action, but all the paper plans made to date seem to me much too ambitious. We should realize we cannot effect immediate solutions to anything and try to build more firmly and slowly.

Don Wilber[3]

[3] Printed from a copy that bears this typed signature.

124. Telegram From the Embassy in Iran to the Department of State[1]

Tehran, September 28, 1952.

1309. 1. Rumors unconfirmed but nevertheless disquieting since some of them appear fairly circumstantial continue to circulate re growing cooperation between Kashani and Tudeh. Yesterday afternoon we were informed by one source that 90 minutes previously long negotiation between Kashani–Tudeh had come successful conclusion. Tudeh promised give Kashani full support (perhaps including monetary). Kashani would within near future endeavor by parliamentary methods to become Primin. In such capacity he would expel US military advisers, close US Consulates, and curtail activities of other Americans at least in North Iran. He would also endeavor organize anti-western front in Moslem world along lines of "anti-imperialist leagues" of bygone days in which many prominent Asian leaders, including Nehru, had participated. This source not thoroughly tested and its info may be incorrect. Nevertheless in view Kashani's recent activities and statements we cannot dismiss this story entirely. We are therefore seeking confirmation.[2]

2. Arab Minister told me last night that several days ago Kashani in presence visiting religious leader from Minister's country had strongly defended Tudeh as loyal Moslem organization; Kashani had maintained he would not be happy until he had rid Iran and other ME Moslem countries of westerners who had been interfering too long in Moslem affairs; and that he had assurances that if necessary he could obtain aid of thirty million Moslems in Soviet Union to help him in this work.

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[1] Source: National Archives, RG 84, Tehran Embassy Files, 1950–1952, classified general records, Box 42. Secret; Security Information. Drafted by Henderson. Repeated to London and Karachi. The telegram is the Embassy copy as approved and has no time of transmission.

[2] In telegram TEHE 152 to CIA, September 26, the Station in Tehran reported that Kashani now planned to attempt the overthrow of Mosadeq and to replace him with General Fazlullah Zahedi. The Station reported further that "Kashani since return from Mecca has met frequently with Mossadeq opposition leaders and has been successful in getting their backing against Mossadeq. Kashani has given certain promises to them that he will not adopt hostile attitude toward them or Shah. In source opinion, Mossadeq opposition motivated mainly by desperation and following reasoning. (1) Kashani only person capable ousting Mossadeq. (2) They can either do business with Kashani or at least latter would represent force easier to cope with than that of Mossadeq." The Station made no mention of the Tudeh until later in the telegram, when it commented that "in Field opinion that whether or not any secret agreement between Kashani and Tudeh, latter would not be adverse to Kashanis replacement of Mossadeq. De facto Tudeh support of Kashani at least until latter in power is strong possibility." (Central Intelligence Agency, DDO Files, Job 89–00176R, Box 1, Folder 15, Political Activities—Iran)

3. Pak Amb who is ardent Shiah continues postpone leaving Iran for his new post at Ankara. He is showing tendencies to become progressively fanatical in support of Kashani. Two evenings ago in conversation with Yugoslav Min and myself he maintained Tudeh was composed Moslems; therefore could never be under communist control; US and UK responsible for present situation Iran and had only themselves to blame if Kashani would find it necessary look north for support. When I raised question re US responsibility he said US had not made sufficient efforts to change attitude UK. He insisted his Govt fully supported his views re partial responsibility US for situation here and, becoming more excited, he said he prepared issue public statement at once to that effect. He expressed pleasure Zafrullah had welcomed invitation Kashani to ME Moslem Conference and said all Moslems must stand together during this trying period.

4. My impression is that Arab diplomats here in general have no admiration for Kashani but fear that in their various countries there might be anti-western or leftist Moslem groups who will support and attend his projected conference despite attitude their respective govts.

Dept please rpt Moscow.

Henderson

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125. Monthly Report Prepared in the Office of Policy Coordination, Directorate of Plans, Central Intelligence Agency[1]

Washington, September 1952.

[Omitted here is part of the report unrelated to Iran.]

IRAN

The possibility of the rise to power by the politically ambitious Kashani increased during September. Kashani returned from Mecca and began to organize various anti-Mossadeq political, military and religious factions. [*4 lines not declassified*] Efforts to induce Kashani to take a strong anti-Soviet stand have failed, although Moslem clerics in Is-

[1] Source: Central Intelligence Agency, DDO–IMS Files, Job 80–01795R, Box 2, Folder 5, Office of Policy Coordination (OPC) History. Top Secret.

fahan have obtained a statement from him denouncing "worshipers of foreigners."

[*1½ lines not declassified*] This development satisfies a long-standing need in the anti-Soviet campaign. [*2 lines not declassified*]

Muzaffar Baghai, an important leader in the National Front, attempted [*less than 1 line not declassified*] to contact the CIA Senior Representative in Tehran. [*3½ lines not declassified*] Baghai controls a political party, the National Workers Party, a newspaper, *Shahed,* and both he and his deputy have seats in the Majlis. Furthermore, Baghai is a national figure in Iran, and control of him would be a very valuable asset.[2]

[*2 paragraphs (10 lines) not declassified*]

The station reports that the results of its dissemination program are difficult to measure, but an increasing anti-Tudeh line is evident in the local papers, pamphlets, and broadsheets. [*1 line not declassified*] Although there has been no noticable decrease in anti-U.S. articles, a somewhat more conciliatory tone is apparent.

[*1 paragraph (8 lines) not declassified*]

[2] [*text not declassified*]

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126. Memorandum From the Chief of the Political Action Division, Directorate of Plans ([*name not declassified*]) to the Acting Chief of the Political and Psychological Warfare Division, Directorate of Plans, Central Intelligence Agency ([*name not declassified*])[1]

Washington, October 1, 1952.

SUBJECT

Attached Program to Support the Shah, from NE–4

1. If the briefing on Thornburg in our last meeting with NEA was inadequate, [*name not declassified*] will forward a brief biography at your request. As you will see from the attachments to the main paper,

[1] Source: Central Intelligence Agency, Office of the Director of Intelligence, Job 80B01676R, Box 41, Folder 20, Shah of Iran Operations. Secret; Security Information.

Thornburg is full of ideas if occasionally vague as to their implementation and not always aware of area problems.[2]

2. As for the program, I find it basically sound but "sensitive" and, with due regard for proper operational security, most difficult to phase.

3. The appearance of George Allen on a general Middle Eastern tour is bound to draw Soviet fire from the onset which, however, ought to dissipate to some extent by the time he gets to Iran. What Allen can do with the willy-nilly Shah is the moot question.

4. Other problems that you undoubtedly will be interested in are:

a. The question of the British. It seems to me that we cannot take unilateral action in Iran without, at least, their concurrence. It will certainly require considerable diplomacy in winning them over to this plan.

b. [*1 paragraph (3½ lines) not declassified*]

c. Timing will be a vital problem once the program is translated into a project.

5. Once you have reviewed this program, the obvious next step is to get Byroade or Jernegan in State to study it.[3]

[*name not declassified*]

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[2] See Documents 117 and 118. In the margin is a handwritten note by [*name not declassified*] to Kermit Roosevelt that reads: "Kim—will appreciate your keeping me informed of the progress of the proposal."

[3] On October 24, [*name not declassified*], Special Assistant for Liaison with the Department of State, wrote a memorandum to NEA/CPP stating, "I discussed this matter in State with Mr. Berry, who said you would find one hundred per cent support in the Department of State for the premise that Mr. Thornburg's program, based as it is on strong action by the Shah of Iran, is completely unrealistic. He said that he had discussed this problem with Mr. Joyce, who concurred. If the Shah were such a man as his father had been, Thornburg's suggestions might prove of value. As it is, there is a universal acceptance in the Department of State of the view that the personality of the Shah is such that he would be incapable of carrying out the action suggested by Mr. Thornburg." (Central Intelligence Agency, Office of the Director of Intelligence, Job 80B01676R, Box 41, Folder 20, Shah of Iran Operations)

Attachment

Memorandum From a Consultant to the Near East and Africa Division ([*name not declassified*]) to the Chief of the Near East and Africa Division, Directorate of Plans, Central Intelligence Agency (Roosevelt)

October 9, 1952.

SUBJECT

Comments on Suggested NE–4 Program to Support the Shah

I agree with NE–4's estimate of the Shah's character, which is the key to the success or failure of such a program. [*2½ lines not declassified*] Accordingly, it would appear that a one-shot approach by Ambassador Allen would have at best an ephemeral effect on the Shah's morale and determination. There seems to be some possibility, however, that Allen's appointment as chief of mission, with the opportunity of renewing his close and influential friendship with the Shah, might provide a continuing stimulus and incentive to the latter. The State Department has in the past given some unenthusiastic thought to the reassignment of Allen to Tehran, but NEA thought there were strong disadvantages in returning an ambassador to a post which he had previously held. The implied disapproval of Amb. Henderson which such an appointment would entail would probably also be a serious deterrent from the Department's point of view.

In any event, at the present time and for the foreseeable future, it seems doubtful in the extreme that any action by the Shah could go beyond the excellent suggestions on p. 3 (para. 6.c). Even the possibility of these limited actions gives rise to some doubt, in view of the Prime Minister's attitude towards the Shah who, at least for a time, was virtually a prisoner who was discouraged from contacts with foreign chiefs of mission. Nevertheless, there would certainly be advantages in urging the Shah to undertake the tasks set forth in para. 6.c, both as a means of diluting the influence of the other contenders for power and as a means of gauging realistically the prospects for more positive action by him at some future time.

[*2 lines not declassified*] In particular, however, our efforts should be directed towards establishing contacts with Army elements, since the Army's capabilities for taking positive action are wholly unclear and these require careful examination as a prerequisite to appraising the real prospects of the program. Such examination would necessarily be a time-consuming operation, but an essential one.

It is felt that the formal presentation of the program in question should leave no doubts in the minds of higher authority that it should be undertaken solely as an exploratory operation offering little assurance of success, in view of the many intangibles and the absence of flexible instrumentalities which could be utilized in support of the program.

[***name not declassified***]

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127. Telegram From the Station in Iran to the Central Intelligence Agency[1]

Tehran, October 2, 1952, 0824Z.

TEHE 170. Source: [*1 line not declassified*]. Eval: C–3. Date Info: Last week September. Dissem: [*less than 1 line not declassified*].

1. It is being rumored Tehran that an agreement has been reached between Kashani and Tudeh to bring in Kashani or Kashani puppet as premier in place Mohammed Mossadegh possibly within next 30 days.[2]

2. Mossadegh fully aware above but to date has taken no measure to forestall.

3. Faced with threat Kashani Tudeh coalition, Baqai's newspaper *Shahed* has taken unequivocal stand support Mossadegh which represents reversal Baqai policy which in past several weeks has been closer aligned with Kashani than with Mossadegh.

4. [*less than 1 line not declassified*] believes rumor para 1 well founded and is seriously concerned. However also believes other

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[1] Source: Central Intelligence Agency, DDO Files, Job 89–00176R, Box 1, Folder 15, Political Activities—Iran. Secret; Security Information.

[2] In telegram TEHE 167, September 29, but transmitted on October 2, the Station commented that "Growing wave of rumors on replacement Mossadeq all link Kashani as prime mover in ouster Mossadeq. While Zahedi most frequently cited as Kashani choice for Prime Minister, Busheri, Kazemi and Baghai also mentioned. While Station not discounting possibility military junta might ultimately make unconstitutional bid seize power it still considered highly unlikely such an attempt would succeed." It went on to say: "(A) Shah would not cooperate, in fact would work prevent coup and (B) None of present military leaders are considered to have courage to try or stature to rally enough support. . . . Station believes Mossadeq may not be on the way out. Mossadeq is still the most powerful political figure in Iran." (Ibid.)

prominent political figures national front will follow Baqai lead and that army and Shah are firmly committed to Mossadegh.

5. For Wash only: Source above [*less than 1 line not declassified*].

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128. Draft Paper Prepared in the Department of Defense[1]

Washington, undated.

MODIFICATIONS OF NSC 107/2

PROPOSED BY THE SENIOR DEFENSE MEMBER

Paragraph 2 a.

In the first sentence strike the clause "primarily to the Shah as the only present source of continuity of leadership".

Paragraph 2 b.

Strike the present paragraph and substitute the following:

"Take the necessary measures to help Iran to start up her oil industry and to secure markets for her oil under arrangements which provide for reasonable compensation to the British for the loss of their oil properties. Such measures should include substantial, immediate, economic assistance to Iran in the form of a loan secured by oil or through the purchase of oil, on condition that the Iranian Government provide satisfactory assurances that the amount of compensation to be paid to the British for the properties which were nationalized would be settled by international arbitration."

Paragraph 4

Strike this paragraph and substitute the following:

"In the light of the importance of Middle Eastern oil, the present dangerous situation in Iran, the failure of British policy and lack of British capabilities in Iran, increasing United States influence in the

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[1] Source: National Archives, RG 273, Records of the National Security Council, Policy Papers, Box 213, NSC 136—US Pol re Iran. Top Secret; Security Information; For NSC Staff Consideration Only. Lay circulated the paper with suggested revisions of NSC 107/2 to the NSC Senior Staff on October 1 and stated that "the Senior Defense Member recommended that in view of recent events in Iran the Senior Staff undertake an immediate review of the subject report and as a matter of urgency prepare appropriate amendments thereto for consideration by the National Security Council." (Ibid.) NSC 107/2 is Document 35.

Middle East and increasing United States strength, the United States should take action to prevent Iran from falling to communism, even if this involves acting independently of the United Kingdom and the risk of damaging our close relations with the United Kingdom. The United States should be prepared, if necessary, to accept primary responsibility for Iran, and for taking the initiative in the military support of Iran in the event of communist aggression or attempted subversion."

Paragraphs 5 and 5–a.

These paragraphs should be revised as follows:

"5. The United States should be prepared, wherever possible in conjunction with the United Kingdom and other allies, to counter possible communist subversion in Iran, and in event of either attempted or actual communist seizure of power in one or more of the provinces, or in Teheran, to take, at the request of the legal Iranian Government, political, economic, and, if necessary, military action, including the dispatch of United States forces, to prevent such seizure. Plans and preparations should include:

"*a*. Correlation of plans, where appropriate, with the United Kingdom and other allies."

Paragraph 7–e

Strike this paragraph and substitute the following:

"*e*. Provide such military matériel and deploy such forces to the general area as can appropriately be made available without jeopardizing the security of the United States or areas of greater strategic importance to the United States in the light of the recommendations of the Joint Chiefs of Staff at the time."

129. Memorandum From the Chief of the Near East and Africa Division, Directorate of Plans (Roosevelt) to the Deputy Director for Intelligence, Central Intelligence Agency (Becker)[1]

Washington, October 6, 1952.

SUBJECT

Proposed Modifications of NSC 107/2[2]

1. As you requested in our conversation on Friday, 3 October, I am forwarding this comment on the proposed modifications.

2. Generally speaking we would strongly favor the changes suggested by the Defense Department *if* the United States is actually in a position to back the position it would take. We are inclined to be dubious, however, as to the effect locally of assignment of United States token forces to the region. Such assignment might make the Soviet Union even more reluctant to intervene openly in the Middle East, but I believe similar reluctance could be instilled by other means, such as a declaration that the United States feels that the continued independence of Iran is essential to its own security, and interference therewith would be regarded as a causus belli. I am very much afraid that United States forces, even small forces, in the region would provide added fuel to Communist and other anti-Western propagandists.

3. So far as the effect upon our own capabilities is concerned, it is probably safe to say that we would be able to arm, equip and direct the activities of substantially larger guerrilla forces if we were able to count upon the presence nearby of regular American forces. Thus our paramilitary capabilities might be increased. It is possible, however, that our PW activities would be hampered for the reasons indicated in the last section of paragraph 2 above.

Kermit Roosevelt

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[1] Source: Central Intelligence Agency, DDI Files, Job 33R00601A, Box 17, Folder 4, National Security Council 107 Series. Secret; Security Information. The memorandum was sent through Wisner.

[2] Document 128.

130. Memorandum From the Chief of the Inspection and Review Branch, Directorate of Plans ([*name not declassified*]) to the Assistant Chief of Political and Psychological Warfare, Directorate of Plans, Central Intelligence Agency ([*name not declassified*])

Washington, October 7, 1952.

[Source: Central Intelligence Agency, DDO Files, Job 59–00133R, Box 5, Folder 13, [*text not declassified*]. Secret; Security Information. 8 pages not declassified.]

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131. Memorandum From the Chief of the Near East and Africa Division, Directorate of Plans (Roosevelt) to the Deputy Director for Intelligence, Central Intelligence Agency (Becker)[1]

Washington, October 9, 1952.

SUBJECT

Proposed Revision of NSC 107/2[2]

1. The most notable aspect of this draft is the emphasis it places on "special political measures". It seems to me that we have taken the place of the token forces contemplated in Defense's proposal.

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[1] Source: Central Intelligence Agency, DDI Files, Job 33R00601A, Box 17, Folder 4, National Security Council 107 Series. Secret; Security Information. The memorandum was sent through Wisner.

[2] In the proposed revision prepared by State and circulated on October 7, paragraph 5 stated that if an attempted or actual Communist seizure of power took place in Iran, "the United States should be prepared to support a legal Iranian Government, if requested to do so." To prepare for such a contingency, the U.S. Government should a) seek prior agreement with the British Government as to military responsibility, b) consider "measures necessary for the implementation of special political operations by the United States and the United Kingdom in Iran and adjacent Middle Eastern areas," and c) consider how to handle the matter in the United Nations. Paragraph 6 stated that if no legal Iranian Government could request such assistance, the United States, while discussing the situation with the United Kingdom, would nevertheless "make every feasible effort, particularly through special political operations, to endeavor to develop or maintain localized centers of resistance and to harass, undermine, and if possible, to bring about the overthrow of the communist government." (National Archives, RG 273, Records of the National Security Council, Policy Papers, Box 210, NSC 136—US Pol re Iran)

2. This is very flattering but it seems to me that if the NSC proposes to depend heavily upon our operations, they had better have a clear understanding of what our operational capabilities are. I would suggest, therefore, the appointment of an ad hoc committee with representation from State, Defense and this Agency to assess U.S. capabilities for action in the face of eventualities contemplated in paragraphs 5 and 6 of the draft paper. You might also wish to consider the desirability of having a member of the DD/P staff accompany you in discussion of this paper.

Kermit Roosevelt

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132. Special Estimate[1]

SE–33 Washington, October 14, 1952.

PROSPECTS FOR SURVIVAL OF MOSSADEQ REGIME IN IRAN[2]

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

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[1] Source: Central Intelligence Agency, NIC Files, Job 79S01011A, Box 8, Folder 2, SE–33 Prospects for Survival of Mossadeq Regime in Iran. Secret. 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 October 8.

[2] 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. [Footnote is in the original.]

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.

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 intransigeance 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 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.

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.

133. Memorandum From the Assistant Secretary of State for Near Eastern, South Asian, and African Affairs (Byroade) to the Deputy Under Secretary of State (Matthews)[1]

Washington, October 15, 1952.

SUBJECT

Comments on the British Paper entitled "The Communist Danger in Persia"[2]

Summary:

Although the British paper under reference appears generally factually correct and its basic conclusions are not unsound, there is a distinct impression in NEA that the paper does not come to grips with the true nature of the Iranian problem nor are the solutions proposed always realistic.

I. *Analysis*

1. *Present Situation*—Although this section is somewhat oversimplified, there is no point of fact or conclusion with which NEA does not agree.

2. *Possible Openings for the Tudeh*—NEA has no reason to dispute the facts presented or the conclusion, but suggests that the wording of the penultimate paragraph should be clarified.

3. *Persian Action to Forestall these Developments*—It is NEA's opinion that this section suffers from oversimplification and can be confused with section 4 as regards possible eventualities and possible courses of action. In this connection, it would be useful to review the six contingencies foreseen and studied in the Annex to NSC 107/1 dated June 20, 1951 and the existing Statement of Policy, 107/2, which is under current revision.[3]

II. *Possible Courses of Action*

4(a) There is real question whether "whatever course of action is chosen, absolute Anglo-United States solidarity is essential". If this is taken to mean that prior consultation, general agreement and mutual

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[1] Source: National Archives, RG 59, Central Files 1950–1954, 888.2553/10–1552. Top Secret; Security Information. Drafted by Stutesman and cleared by Jernegan. Copies were sent to Joyce, Nitze, Bonbright, and Roosevelt. A handwritten note in the upper right-hand corner of the memorandum reads: "Comments passed on to Mr. Jernegan, 10/17/52—F.E.W." All of the handwritten comments on the memorandum are in an unknown hand.

[2] The undated paper and its annex are attached below. It was conveyed to the Department on October 8 by the British Embassy; see Document 134.

[3] See Document 35 and footnote 2 thereto.

understanding between the United States and United Kingdom are essential, NEA has no objection. However, if the sentence means that there is no circumstance in which the United States or the United Kingdom should carry out a course of action alone in Iran, there is ground for much discussion. It is entirely possible that the Anglo-Iranian dispute might reach such a phase of deadlock and animosity that it would be in the interest of the free world for the United States to remain capable of independent action vis-à-vis Iran.

4(b) If there is no implication that an anti-nationalist dictator could be successful, NEA has no objection to this statement. A "suitable figure" in NEA's opinion must be someone capable of identifying himself with nationalist issues and emotions although he might gradually deflect the present course of nationalist fanaticism.

4(c) There is a tendency today utterly to disregard the Shah's importance in the Iranian political scene. As a matter of fact, although he certainly does not exert any independent influence, he is of considerable usefulness to Dr. Mosadeq at this time as an ally. There is still reportedly considerable loyalty to the Shah in the armed forces, and, throughout Iran, there remains the ancient identification of the Central Government with the figure of the Great King. The Shah does not exert independent influence on the course of events but he is and will continue to be an important pawn in any political maneuvers.

4(d) NEA concurs in the belief that a tribal revolt prior to the establishment of a Tudeh regime would only create further chaos and would probably end only by serving communist interests in Iran.

4(e) It has been NEA's understanding that a campaign of "covert propaganda aimed at stiffening the government and increasing its anti-Tudeh activities" has been in progress for some time. Certainly this course of action should be continued.

4(f) The British paper appears to avoid a fundamental problem in the Iranian situation which, in summary, is that any foreign financial aid to Iran necessarily affects the course of the Anglo-Iranian oil dispute. While the paper admits that Iran "will certainly eventually need external help" it insists "it is essential that there should be complete Anglo-United States solidarity". If this "solidarity" supports a policy which resists giving "external help", there is a paradox which should be pointed out in any discussions with the British. It is suggested that the British be asked to explain exactly what they mean in Paragraph 4(f).

There are possible courses of action which are not listed in the British paper, because they could not develop from a position of obvious and absolute Anglo-United States solidarity. Two such courses of action are listed below:

A. Without requiring commitments from Mosadeq regarding a settlement of the Anglo-Iranian oil dispute, the United States could support the Mosadeq Government with substantial financial aid and a program of economic development.

B. The United States Government could take a position that American or other concerns should no longer be discouraged from assisting in the operation of the Iranian oil industry or from purchasing Iranian oil products. This could be based upon a decision that government negotiation has failed to break a deadlock in the Anglo-Iranian oil dispute and free enterprise alone can bring commercial forces to bear upon both parties to the dispute, eventually proving that it is in the interest of both the Iranians and the British to make some arrangements whereby Iranian oil is sold to a large oil company, preferably the Anglo-Iranian Oil Company.

Another possible difficulty in maintaining solidarity could arise out of the fact that there is a quantity of evidence that many British officials believe that Mosadeq is the worst possible Premier Iran could have and that his ability to resist the Tudeh Party is nil. This is in complete contrast to a United States view that the nationalist Mosadeq Government constitutes at least a chance, perhaps the last one, to combat Tudeh rule and that although Mosadeq is admittedly very weak, there is no better alternative presently in sight.

5. *Persian-Soviet Relations*

5(a) NEA concurs.

5(b) It does not seem to be useful in this fluid and vague situation to reassert "western interest in Persia's independence". On the contrary, this does not seem a good time to wring our hands publicly over Iranian developments, a move which would support Iranian vanity and irresponsibility and would not measurably affect Soviet decisions about aggression in Iran. In no circumstances, however, should the United States allow the Soviets to obtain an impression that communist pressure upon Iran would not produce dangerous reactions.

5(c) Since NEA does not believe that Soviet interests in Iran derive primarily from Russian suspicions of "aggressive western influence", it seems naive to assume that the Russians would lessen their support of the Tudeh if the West showed an inclination also to restrict its interest in Iran. In fact, NEA considers that western withdrawal from Iran would only strengthen Soviet pressures there.

6. *Possible Action After the Establishment of a Tudeh Regime*

6(a) NEA concurs and adds a qualification that, at present, neither the United States nor the United Kingdom is willing to assume military

responsibility for intervention in Iran in the event of communist aggression.[4]

6(b) It has always been a part of United States planning that in the event of a Tudeh coup, the United States and United Kingdom would respond militarily to a call for help by a legitimate Iranian Government. There is little doubt that the Shah, if extracted from Tehran and preferably Iran, would welcome an opportunity to call for such support and would be only too willing to establish a government-in-exile with a claim to legitimacy. The British paper does not explore this contingency nor the desirability of providing such a framework for action among the southern tribes of Iran. While a tribal rising might not "seriously embarrass" a central Tudeh government, it might prevent the communists from reaching the Persian Gulf and the oil fields.

7. *General Conclusion*

NEA questions whether there is any validity in the use of the verb "compel" in discussing means of influencing the Iranian Government "to prevent a further expansion of communist influence in Persia". We know of no practicable way to "compel" the Iranian Government to do anything. Furthermore, it is not entirely certain that the *best* way to prevent a Tudeh coup is to urge the Iranian Government to take action. The *best* way in NEA's view would be to negotiate an oil settlement and the next best would be to provide financial assistance.

8. The arguments against the statements of section 8(a) have been made above and NEA suggests a substitute paragraph:

8(a) "Whether to inform Dr. Mosadeq that we believe his government represents a nationalist bulwark against communism and that without requiring commitments regarding the oil dispute, financial aid will be forthcoming so long as he maintains control of the communists."

8(b) If the tribes are to be used at all, it is our opinion that it should be done immediately after a Tudeh coup, before the new regime has time to consolidate its power. Otherwise, it is to be expected that the Tudeh will take effective steps to destroy the power of the tribes to resist. "Use" does not necessarily mean an attempt to overthrow the new government; it might merely mean denying certain southern regions to the Tudeh authorities and preserving the tribal organization and fighting potential against attempts to destroy them.

[4] In the left margin next to this paragraph is a handwritten question mark.

ANNEX

Covert Activities

The opening paragraph of the Annex summarizes the main paper and therefore includes the major points which have already been discussed. Sub-paragraph (d) is particularly in question in NEA, although, so far as it relates to liaison and collaboration [*less than 1 line not declassified*] it would obviously be very difficult to attempt such liaison in the absence of basic agreement on policies.

3. *Suggestions for Covert Activity*

In general, NEA has no objection to the points raised in this section of the British annex, except that for the reasons stated previously it would seem most unwise to allow "leakage" to reach the Russians indicating that the United States [*less than 1 line not declassified*] were prepared to "write off Persia".[5] This could easily set in movement events which would far out-weigh the dubious advantage to be gained from the impact of such "leakage" upon Mosadeq's policies.

4. Since officers of NEA are not fully aware of the type of covert activity presently carried on in Iran, they are not in a position to decide whether any of these activities could be interpreted as "support to elements likely to provoke anarchy". This is a point we should clarify with CIA.

5. NEA holds the view that the tribes of Iran should be stirred to activity by the United States and the United Kingdom only after a Tudeh coup, but without waiting for a general war, on the ground that if the Tudeh were given time to consolidate it could eliminate the tribes as a factor in the picture.[6] Another point which is pertinent to section 5 concerns the United States Consulate at Isfahan where there is no CIA representative, a lack which could be made up if it is found desirable. [*5½ lines not declassified*]

5(b) *Big Bluff*

NEA holds considerable reservation regarding the advisability of the "big bluff", not only for the reasons listed in the British paper but also because planning along this line leads logically to a conclusion that there is a solution to the Iranian problem in dividing Iran territorially between a Russian and a Western camp. This is a particularly dangerous basis for planning in view of both British and American reluctance, if not unwillingness, to accept military responsibility for the area.[7]

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[5] In the left margin next to this sentence is a handwritten note that reads: "I agree."

[6] In the left margin next to this sentence is a handwritten note that reads: "Yes."

[7] In the left margin next to this paragraph is a handwritten note that reads: "Big Bluff should *not* be played."

Attachment

THE COMMUNIST DANGER IN PERSIA

London, undated.

I. *Analysis.*

1. *Present Situation.*

(a) The events of the last 18 months in Persia have seriously undermined the authority of the Government as a whole and particularly of the Shah and the army.

(b) The Tudeh Party have profited by this to extend their influence, which is now considerable.

(c) The Government itself shows signs of dividing into two or more factions competing for power.

Conclusion

This situation carries a serious danger of a bid by the Tudeh to attain power.

2. *Possible Openings for the Tudeh.*

(a) A *coup* planned in advance and aimed at the seizure of vital points in Tehran.

(b) An extemporised *coup* following a breakdown in the discipline of the armed forces.

(c) The exploitation of a tactical defeat of the armed forces to secure the legalisation of the party and other measures desired by them; to be followed by their accession to power.

(d) A tactical alliance between one faction of the National Front and the Tudeh, leading to increased penetration by, and the ultimate predominance of, the latter.

Not all the provinces would follow the lead of Tehran, particularly if the Tudeh had come to power after a coup d'état: but the loss of the areas of resistance might not seriously damage Persia's political and economic structure.

Conclusion

It seems likely that the Tudeh would come to power as a result of a tactical alliance with one section of the National Front.

3. *Persian Action to Forestall these developments.*

(a) A re-establishment of the authority of the Government and the armed forces and a reduction in Tudeh influence by the suppression of the party's cover organisations etc. Such a policy would have to be accompanied by a convincing attempt to carry out social reforms.

(b) A *coup d'état* using the army and led either by a military or a National Front leader. There is little sign that any such leader can be found at present.

(c) A tribal outbreak (like that in 1946) in opposition to growing Communist influence in Tehran.

II. *Possible Courses of Action.*

4. (a) Whatever course is chosen absolute Anglo-United States solidarity is essential.

(b) The Western Powers could support and encourage a dictator, but no suitable figure has yet appeared.

(c) They could bring pressure to bear on the Shah but this is unlikely to be effective.

(d) They could encourage a tribal revolt. This would run counter to a policy of re-establishing the Government's authority.

(e) They could launch a campaign of covert propaganda etc. aimed at stiffening the Government and increasing its anti-Tudeh activities.

(f) They could bring economic pressure, (since whatever the present state of Persia's finances, she will certainly eventually need external help) in the following ways:—

i) By negotiating an oil settlement,
ii) By arranging financial assistance.

For either i) or ii) it is essential that there should be complete Anglo-United States solidarity. Otherwise the Persians will continue to attempt playing off one power against another, with loss of precious time.

Conclusion

Our most useful means of pressure is financial, (but depends on complete Anglo-United States solidarity and on making no offer of help in haste or without exacting conditions) accompanied by covert propaganda.

5. *Persian-Soviet Relations.*

(a) The Russians have shown no signs of wishing to intervene in the Persian crisis. Nevertheless they are vitally interested in the outcome and dispose a powerful instrument in the Tudeh party.

(b) In an attempt to prevent their intervening by force it might be desirable to reiterate the Western interest in Persia's independence.

(c) Alternatively it might be possible to 'neutralise' Persia. This might weaken Russian support for the Tudeh, on the assumption that the prime Soviet interest in Persia is to prevent the spread of what is seen as aggressive western influence.

6. *Possible action after the establishment of a Tudeh régime.*

(a) Overt military intervention; under present circumstances this would be difficult to justify in the eyes of the world and might be very difficult from a military point of view.

(b) Action to encourage the southern tribes to revolt, thus denying large areas of Persia to Tudeh control. Such a revolt would not necessarily seriously embarrass the Central Government.

7. *General Conclusion.*

It is clear that there would be comparatively little hope of overturning a Tudeh régime once it had been established. It is therefore important to prevent its establishment and it is considered that the best way of so doing would be to urge and if possible to compel the present Persian Government to prevent a further expansion of Communist influence in Persia.

8. There are two controversial points upon which some decision is needed.

(a) Whether to attempt to forestall possible Soviet pressure on Persia by some formal gesture of support for Persian independence: or on the contrary to take such action as is compatible with our desire to see Persia remain outside the Soviet orbit, to allay Soviet suspicions of Western designs in Persia.

(b) Whether to make use of the centrifugal tendency of the Southern tribes, either before or after the establishment of a Tudeh or Tudeh-dominated régime. This idea seems at present to have more disadvantages than advantages. It should be emphasized that this analysis does not consider what action might be desirable in case of general war. In that case, use of the tribes might be very desirable, and would be more effective if it had not been previously tried.

Annex

Covert Activities

[*4 pages not declassified*]

134. Memorandum From the Deputy Assistant Secretary of State for Near Eastern, South Asian, and African Affairs (Jernegan) to the Deputy Under Secretary of State (Matthews)[1]

Washington, October 23, 1952.

SUBJECT

Discussion of British Paper on "The Communist Danger in Persia"[2]

The first discussion with the British Embassy of the paper which they handed in on October 8 was held yesterday. Those participating on the British side were Mr. Burrows, Mr. Adam Watson, and Mr. Ronald Bailey. The Americans were Mr. Kermit Roosevelt and [*name not declassified*] of CIA, Mr. Beale of BNA, Mr. Lampton Berry of S/P, Mr. Richards of GTI and myself.

Mr. Burrows provided a certain amount of background as to the British thinking behind the paper, which did not however do very much to fill out the bare bones of the document itself. The main points brought out in the course of the discussion may be summarized as follows:

1. The paper is to be regarded merely as a tentative compilation of thoughts and suggestions and not as an approved statement by the Foreign Office.

2. It seemed apparent that, at least so far as the British Embassy here is aware, the paper does not represent a first step toward revision of British policy toward Iran. So far as we could determine, all of the suggestions in the document must be read within the context of the existing British attitude toward the oil problem.

3. The suggestion in Paragraph 4(f) of the British paper that Mosadeq should be influenced by economic pressure through "negotiating an oil settlement" and "arranging financial assistance" merely means, according to Burrows, that if and when a settlement is negotiated or financial assistance is extended, conditions should be attached to require the Iranian Government to take suitable anti-communist measures. Burrows does not believe the Foreign Office is in fact considering the extension of financial assistance to Iran under any circumstances. He suggests that this item was included in the paper merely in order to list all possibilities, and he reminded us that for the past year

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[1] Source: National Archives, RG 59, Central Files 1950–1954, 888.2553/10–2352. Top Secret; Security Information. Drafted by Jernegan. Copies were sent to Richards, Beale, Berry, and Roosevelt.

[2] Attached to Document 133.

the Department has had in mind the possibility that we might be forced to give financial aid to Iran even if an oil settlement were not reached. Since this possibility existed in the American mind, the Foreign Office had thought it well to mention it. (I confess I do not find this explanation very satisfying but I suppose we must accept it in view of the fact that Burrows could give no other.)

I commented that it seemed unrealistic to suggest that conditions regarding anti-communist moves should be attached to the negotiation of an oil settlement when it had so far been impossible to arrive at a settlement even without attaching conditions. After some discussion, however, both the British and we ourselves agreed that if he achieved a satisfactory oil settlement Dr. Mosadeq might be disposed to move against the Tudeh of his own volition, since he would be relieved of the Western pressure and would no longer need to be so cautious about antagonizing the Russians and their stooges. He would also no longer need the Tudeh as a "bogie" with which to scare the Western Powers.

4. There was some discussion of the British emphasis on "absolute Anglo-United States solidarity". It appeared from what Burrows said that this meant in their minds just what it said. We did not belabor the point but I suggested there might be tactical advantages in maintaining at least the appearance of independent action in certain cases. No attempt was made, however, to arrive at a definition of the degree of solidarity which would be desirable. This is a point which I think should have further attention in the Department if we are to avoid (a) upsetting the British by rejecting their appeal for solidarity, or (b) tying ourselves hand and foot by agreement to a document which speaks of "absolute" or "monolithic" solidarity.

5. We stated our opposition to the ideas of (a) "neutralizing" Iran, (b) making a new statement of our interest in Iran's independence, and (c) causing the Russians to believe that a Tudeh coup would be the signal for a British counter-coup in the south (the "big bluff"). I gathered that the British representatives were disposed to agree with us on all three points, although Burrows seemed attracted by the idea of neutralizing Iran. On this particular point I took the line that we would probably be very happy to see Iran neutralized, including the withdrawal of American aid missions, if it could be done but that we did not think it was feasible. We thought the Russians would simply seize the opportunity to step in and grab Iran for themselves. We also feared that neutralization, if successful, would encourage other Near Eastern and South Asian states to adopt a neutral position and, if unsuccessful, would be regarded as a betrayal of Iran and discourage other countries from standing firm against the Russians.

6. With regard to the suggestions of military intervention or tribal revolt after a Tudeh coup, we advanced the idea that such measures

would be politically more feasible if there were a legitimate Iranian authority, some remnant of the former legal government, which would ask our assistance and call on the tribes to defend it. We also suggested the tribes should be encouraged and assisted to maintain control of their own territory against the assumed Tudeh central government as soon as such a government came into power, since otherwise the government would probably take steps to destroy their ability to resist and their future usefulness to us in the event of a general war would be destroyed. We emphasized that we did not at any time advocate aggressive action by the tribes, as they did not have the military capability to operate outside their own territory.

7. We also emphasized that we did not favor any movement by the tribes prior to the coming into power of a Tudeh government. Such a movement we argued would give the communists a good excuse to stage a coup and would risk the loss of all of Iran in return for the very uncertain prospect of holding only a portion of it.

8. The British put forward very strongly the view that the greatest danger of a communist take-over in Iran does not arise out of the country's bad financial situation but rather Dr. Mosadeq's unwillingness to take measures to check the growth of communist strength. Burrows argued that there are many things within the power of the Government to do which do not depend on money and which are simply not being done. Our objective, they said, should be to induce Mosadeq to take these measures, utilizing whatever means of persuasion or pressure we can find. On the American side, we agreed that money alone would not be the solution to the Iranian problem and that we should in fact do everything possible to create a more positive anti-communist attitude in the Iranian Government. However, we did think that finances have a very important effect on the situation. We pointed out that if the army were not paid it would in time disintegrate and thus destroy the last concrete barrier against the Tudeh.

Burrows said he would like to report our observations to London and get the Foreign Office reaction. [2 *lines not declassified*] It was agreed that in the meantime the Department would try to put down on paper some of its views on the more important points and to draft new paragraphs for insertion in the British paper, as a step toward a sort of "agreed text". No time was set for the next meeting.

135. Despatch From the Embassy in Iran to the Department of State[1]

No. 314 Tehran, October 27, 1952.

SUBJECT

Conversation with a Prominent Leader of the National Front

The Labor Attaché recently met with Dr. Mosafar Bagai, leader of the Iranian Workers' Party and prominent member of the National Front. Dr. Bagai was interviewed at his home, in a district of unlighted back streets, in an atmosphere of considerable secrecy. This was the fifth conversation of the Labor Attaché with Dr. Bagai. He looked tired and his pallor properly reflected his recent, and serious, illness.

The common denominator of the conversation, so far as the reporting officer was concerned, was the complete absence, at this date in the deteriorating Iranian economy, of a plan. The conversation followed these lines:

1. The break-up of the Iranian Workers' Party is based on issues long buried, but early recognized by Bagai. The beginning was in 1948 when Bagai believed that he could make a strong labor party, based on socialist convictions, if he could unite with him in a middle-of-the-road policy the anti-communist socialists led by Maleki and the largely leaderless religious elements. He found the Maleki-men to be hard and efficient workers but not good socialists and too ambitious to attempt to dominate the party through their own faction. Dr. Bagai alleged that Mr. Maleki supported a change of government from a monarchy to a republic. When Dr. Bagai left on his trip to Europe and to the United States (and more lately) when he was ill, he left the power of the party in their hands. On his return to active participation in party affairs he found that although they paid lip service to socialist principles, they were in fact communist agitators, and not loyal to Dr. Mosadeq.

Bagai therefore forced the issue and said that unless the party was purged of those elements, he would resign. Asked if he would return if the Maleki faction were forced out he agreed, and (having witnessed the discrediting of Maleki) he had no alternative but to keep his word and resume active participation, as leader, of the party. During this part of the conversation Dr. Bagai seemed abstracted and warmed up during the second phase of the talk.

[1] Source: National Archives, RG 59, Central Files 1950–1954, 788.00/10–2752. Confidential; Security Information. Drafted by Finch. Received November 18.

2. The Government believes that once the British have gone that the spying and attempts by the British Government to control Iran will be reduced, but hardly eliminated. Bagai ascribed to pro-British officers of the Iranian Government the failure of the Government to collect income or duty taxes. He coupled a combination of those men and the premature Mosadeq demand for rural reform as the basis for the refusal of the large landowners to pay the taxes levied on them.

3. He professed to believe quite sincerely that the American Government has been the tool of the British in Iran (and the whole of the Middle East). He sees as the only succor to Iran either tankers sent from the United States (despite any legal actions which the British might take) or cash help. He at once discounted my estimate of the unemployment in Tehran at 40,000–50,000 (halving it), and yet said that Tudeh was growing daily, especially among the "great numbers" of unemployed.

4. He said that although it was true that his party was founded on the concept of raising the standards of living for the poor, that the development of such a program would not be possible without the preliminary step of ridding the country of the British. He claimed to agree with the Government that it must prepare an oil-less economy, but stated that the Government (and he) have no plans for the gradual movement away from the concentration of unemployed workers in Khuzistan. He said that earlier he had proposed to the Government that it use the unskilled labor to build irrigation canals in the south and roads in the north but the Government did not favor it.

5. He believes that his split with Maleki will go on indefinitely, with Maleki gradually losing the intellectuals' support he now has; that no worker does, or will, support Maleki. He pictures a withering away of Maleki as a Titoist communist element and symbol.

6. He contends that with the departure of the British that America will have an opportunity to have a new, independent and enlightened oil policy for Iran. He spells that out in terms of distribution and marketing facilities. Failing that he believes that America will be under deserved attack, not only by the leftist people and papers, but also by Iranian patriots who will realize that the Tehran Declaration was without meaning.

7. He apparently hinges a part of his hope on the coming American election, believing that a Republican President would at least act independently of (if not in open opposition to) the British. On this score he linked the American Democratic and British Conservative Parties in their international relations. He thought that Point IV was doing some good work, but that Iran not only did not need the Military Missions, but that they were dangerous to Iranian neutrality. He suggested, in an involved way, that Iran could hardly count on military defense from

the United States, a country which would stand idly by, thus permitting the continuance of the British blockade, while Iranian nationals were starving.

8. His only comment on the reported infiltration of Tudeh elements in the Party and Government was that the greater danger of the moment was the retention of British elements in positions of power.

9. When questioned concerning the need to alleviate the desperate conditions of the workers, Dr. Bagai stated that the present labor law does not have adequate provisions for enforcement. He ascribed this to the machinations of the AIOC influence with the government just after the Second World War (when the labor law was passed). He stated that the proof of his allegations were in the documents captured by the Workers' Party from the AIOC information office. Dr. Bagai stated that it should be a primary responsibility of the deputies of the Parliament to pass a new, and enforceable, labor law. He personally believes that the only hope for effective enforcement is in the control by the government not only of labor wages but also of factory production and distribution.

In short, Bagai has an exaggerated idea of the strength of his own Party, of the readiness of Maleki's branch to fade quietly away. He is unwilling to recognize that the Tudeh Party has become a more important political agency than his by far. He has no plan for financing the Government deficit, no plan to reduce the concentration of dependent National Iranian Oil Company workers, nor for feeding or housing the unemployed, no plans to meet the economic crisis which winter is certain to bring.

He is waiting for the American election in the hope that the Republicans will be elected, that their election will mean the solution either of the oil question, or that it will generate an American urge to underwrite whatever budget deficits might exist.

For the Ambassador:
Roy M. Melbourne
First Secretary of Embassy

136. Telegram From the Embassy in Iran to the Department of State[1]

Tehran, October 30, 1952, 3 p.m.

1765. On occasion Iran break in diplomatic relations with United Kingdom,[2] following general estimate Iran situation made by Embassy, Svc Attachés and CAS:

1. General: Events since accession second Mosadeq NF government have impressed us with fact that political and social revolution in progress here. We believe it improbable, except under aegis dictatorship, that former Iran ruling class will have power name any future government. Varied political factors remain highly volatile, with Tudeh Party still only predictable factor. This very certainty in face deteriorating Iran conditions and crumbling internal institutions makes Tudeh (Commie) Party formidable danger. Present government for all practical purposes continues along same road as Tudeh and has thus far failed take any serious action against Tudeh. Should trend continue, duration of which we cannot estimate, it possible that there would be no dramatic moment or precise date which would signalize Iran Government had reached point of no return, had become pro-Tudeh regime or that Tudeh had become dominant political influence. Unexpected developments could of course radically change political picture, but we have no current evidence other than facts herein. These point in only one direction.

2. National Front: As ruling coalition, Front outside its ranks faces organized challenge only in Tudeh Party. Other political opposition has been effectively disrupted, cowed, or has joined Front. Majlis remains in its unrelaxed grip and government apparently intends it be mere echo. This position strength we consider transitory, since internal coalition rivalries may be expected develop to point of schism. If Mosadeq should disappear from political scene, result would probably be still weaker government. There not believed any recognized NF leader with prestige sufficient replace Mosadeq and keep in check personal ambitions other NF chiefs. For moment, Mosadeq, apparently with Fatemi as chief adviser, has temporarily rebuffed Kashani's intrigues by repressive measures against so called General Zahedi plot and thru

[1] Source: National Archives, RG 84, London Embassy Files, Lot 59 F 59, classified general records, Box 274. Secret; Security Information. Received at 6:21 p.m. Repeated to London and pouched to Moscow, Ankara, Baghdad, Kabul, Karachi, Cairo, Beirut, Damascus, Amman, Tel Aviv, Jidda, Dhahran, Rome for Unger, Isfahan, Meshed, and Tabriz.

[2] Iran severed diplomatic relations with the United Kingdom on October 22.

striking action in breaking relations with U.K. There is real division within Front over feasibility internal reforms on basis oilless economy and no Front leader can answer how miracle can be accomplished. This looms as possible future cause of dissension. However in view broad political base of coalition there are some influential elements of Front which appear be demonstrating increased awareness of dangers inherent in any attempted short term coop with Tudeh. Their strength and real capacity cannot as yet be practically assessed, altho believed presently inadequate for meeting this formidable challenge effectively.

3. Shah: His prestige and symbolic value declining and he under complete control of Mosadeq. As political balance of power factor, Shah being eliminated. This strikingly illustrated by recent government inspired action dissolving Senate, which once stronghold of Shah's influence. Shah has successively alienated groups of supporters thru course he had followed so that one embittered Senator has called him "most dangerous man in Iran". While armed forces still ostensibly loyal to him, time and NF administration will progressively weaken this tie. We believe Front considers him useful as symbol so long as he concurs with their purposes.

4. Landowners and Merchants: No organized nor unified opposition to Front found in these elements and constructive leadership conspicuously lacking. Such persons appear be thinking only of today and what personal accommodation may be necessary to events of tomorrow. There little idea of seeking to influence such events. We remark growing tendency for these elements to think in terms of Front today and Tudeh tomorrow.

5. Peasants: Effective mullah and Tudeh agitation has helped increase peasant unrest. This has shown itself in violent outbreaks of peasants against landlords. Resentments over division share of annual product and tendency some areas for peasants try claim land as own have been heightened by confusion over government's agrarian reform intentions.

6. Labor: Trade Union movement divided seriously, with further divisions expected, so that Commie Central United Council Trade Unions (CUCTU) presently has dominant position. Labor Minister has been unable stem trend. Within Front, Baghai's anti Commie Workers Party has split, while new trade union projected by Under Secretary Labor expected have little success. CUCTU only labor organization efficiently run, possessing zeal and with available funds. Recently CUCTU overcame long ministry opposition and secured legal registration Commie dominated Telephone and Telegraph Workers Union.

7. Religious Influences: Altho religious elements of extremist character appear be gaining influence in political and social affairs of country, they thus far provide no real reason believe they would be

practical obstruction to Tudeh control or that they could not be manipulated by Commies. Conservative intellectual leaders being neutralized by demagogic types such as Kashani, who, despite any conflicting statements, we consider not averse coop with Tudeh if in immediate interests.

8. State Administration: Government thus far unable stem disorganization state administration and unwilling attempt curb its infiltration by Tudeh. Education Ministry reportedly dominated by Tudeh sympathizers with resultant strong effect on teachers and students. Tehran University and various medical and professional faculties elsewhere have effective Tudeh organizations. Justice Ministry strongly infiltrated by Tudeh and this partially reflected in measures adopted toward arrested party members. Posts and Tel Ministries infiltrated and Tudeh organized, particularly radio facilities, which reportedly used for party communications and possibly would figure in sabotaged plans if required. Other ministries altho less infiltrated have Tudeh or subsidiary cells. Significantly, Int Ministry as direct arm of government shows less Tudeh influence altho police thru bribes known to temper conduct toward Tudeh and to give information party requests.

9. Armed Forces: Mosadeq apparently believes he can control armed forces and that their existence under such control essential to maintenance his regime. He arranged series arbitrary shifts among senior officers for political reasons, notably in general staff with appointment Chief of Staff Baharmast. He further reduced possibility military coup by decentralizing command of Tehran garrison. Prime Minister avoids serious damage morale by still resisting pressure to punish certain officers for attempts maintain order at time July riots.

However mediocre Chief Staff, combined with new political influences, undoubtedly has bisected potential capabilities of armed forces thruout country. Local commanders with weakened direction from Tehran may find themselves under greater local political pressure and tend be more inactive. While air force remains only major military organization in Tehran area retaining identity, it deteriorating in effectiveness. If General Staff does not provide air force with added funds within next few months it expected cease exist as operational force. Reports from ranking officers show Tudeh agitators in provinces attempting indoctrinate youths subject to conscription.

There appears little chance in view lack leadership for armed forces be employed in military coup against government. In fact, as Shah's position declines, forces may be expected veer toward Front and not oppose government of day. Hence forces could even be source of support for some subsequent pro Tudeh government, if political transition proceeds as current tendency indicates.

10. Tribes: It axiomatic in Iran as government authority wanes tribes become restive. Responsible reports show Kurds at moment most dissatisfied of all in view neglect by central government and dissatisfied by chiefs over recent and proposed land reforms. From south reports being received of Qashqai and Bakhti arms collection and growing political intrigues. Tribes would be important factor in any countrywide unrest.

11. Tudeh: Membership figures of little value in appraising party's potential since this primarily determined by vital fact party unquestionably well organized and disciplined in contrast other political factors in country. As only organized rival to Front, altho technically illegal party, it carries ever increasing potential to gain leadership. Its activity currently has little effective hindrance from government; party operates thru numerous subsidiary organizations which blend into clandestine party components. Its activities in various strata Iran society have been discussed. In event present government disintegrates and Tudeh believes it in position cope with any opposition forces remaining, party prepared telescope long term objective of securing Iran into immediate effort. We believe general internal conditions could determine timing for this altho staged transition thru pro Tudeh government and thence to outright Tudeh control appears more likely.

12. Foreign Relations: Significance for U.S. of Iran's break in diplomatic relations with U.K. lies in fact U.S. for all practical purposes sole bulwark West influence in Iran. U.S. with departure British also looms as logical target for right and left extremists. This might encourage USSR play more open role than in past. Latter has been content maintain silent, ostensibly passive political role while conditions work in its favor. However USSR may resort to diplomatic pressure in endeavor reduce U.S. influence and prestige and at same time to strengthen Soviet position. USSR might, for instance, insist on elimination all U.S. officials from north Iran. At same time it could contrive to keep Soviet technicians and sales organization in Iran Caspian fisheries.

National Front concept of foreign relations as neutralism between West and East blocs expected be reflected in further government acts. Government may consider U.S. military missions presently here as incompatible with this concept. Trend toward further restricting official U.S. travel in country may be strengthened. Extremists may be expected encourage impatience and hostility toward U.S., both as scapegoat for internal governmental failures and as withholder of massive financial and economic aid to which most Iranians believe Iran entitled.

We believe Front's intransigence toward foreigners has reached state that, if large financial and economic aid accorded Iran (and it desperately needs such assistance) government would be inclined depict such aid as its due. However, there basic if unreasoned hope that U.S.

will in some manner provide political support and economic assistance which will enable Iran cope with its internal problems.

Henderson

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137. Telegram From the Embassy in Iran to the Department of State[1]

Tehran, October 30, 1952.

1771. 1. At Mosadeq's request Warne and I called on him this morning. He opened conversation by expressing deepest appreciation of work which Point IV under Warne's direction was accomplishing in Iran. He said his various ministers who were cooperating with Point IV had unanimously expressed to him their appreciation of what Point IV was doing and admiration and affection for Warne. They were convinced that Warne and Point IV personnel were really friends of Iran and doing all they could to assist Iran and Iranian people. Warne thanked PriMin, pointing out that he had always received full cooperation from ministers in Mosadeq's Cabinet and from other Iranian officials. He described certain recent activities of Point IV and assured PriMin that spirit of cooperation between Point IV and members Iranian Govt and Iranian officials could not be better.

2. PriMin said there were two matters in particular which he would like to discuss. He hoped that we would understand that he was raising them because of his earnest desire that work of Point IV be successful in Iran. Point IV was so closely interwoven with present Iranian Govt that its failure wld not only damage Iran but it wld damage present Govt and its success wld be of benefit both to Iran and to Iranian Govt.

3. Mosadeq referred to salaries being paid Iranians employed by Point IV. According to his info scale salaries was higher than that of Iranian Governmental employees. This difference was giving rise to cer-

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[1] Source: National Archives, RG 469, Records of U.S. Foreign Assistance Agencies 1948–1961, Mission to Iran, Executive Office Subject Files (Central Files) 1951–1961, Box 4, Folder 4, Point IV—General—1952. Secret; Security Information; Priority. Drafted by Henderson. This telegram is the Embassy copy as approved and has no time of transmission. Warne's account of this same meeting, October 30, was sent to the Department in despatch 347, November 2. (Ibid.)

tain amount resentment and jealousy. He hoped that Warne could take steps to bring Point IV salaries into harmony with those paid to Iranian Governmental officials and employees. If Warne could successfully take these steps it might prevent development of friction which could seriously injure work of Point IV in Iran.

4. Warne said that he had already gone into this matter and in fact had asked a committee to make further investigations and recommendations. In meantime he inclined believe there was really no great disparity between Point IV salary scales and those of Iranian Govt. It shld be borne in mind that (a) Point IV employees were required to give full time to Point IV work; they put in longer hours and were not permitted to accept other employment or resort to other means of adding to their income whereas many Iranian Govt officials and employees were in a position because of their short working day to augment their salaries by engaging in other types of work. (b) Point IV employees had been carefully selected and in general had higher qualifications than average Iranian Governmental employees. Most of them for instance were bi-lingual. Some of them upon entering Point IV had been given [more?] responsible positions than those which they had occupied in the Govt. It was understandable therefore that number were receiving higher salaries. Nevertheless he prepared go further into matter and take steps adjust certain salary scales which might seem out of line with Iranian Governmental salaries.

Mosadeq said he was not insisting that income of Point IV employees shld necessarily be reduced. He hoped that their salary scales cld be put on same level as that of Govt employees and that such addl amts as they might receive be paid in form of overtime, bonuses for special qualifications, etc. Salary scales might be published in order to counter exaggerated rumors.

5. Mosadeq said he wished discuss another problem of delicate nature. Before doing so he wanted to make sure that Warne agreed with him that extremely close cooperation between Point IV and Iranian Govt was necessary in interest of both organizations. When Warne expressed agreement, PriMin said unfortunately there were some Point IV employees hostile to Iranian Govt who were using their position to work against Iranian Govt. Most prominent of them was Ardeshir Zahedi, who was in a key position and who, according to statements made to Mosadeq by prominent member Majlis in presence of several Natl Front leaders, was engaging in activities hostile to Govt Iran. It was not necessary for Mosadeq to point out that Zahedi was son of and undoubtedly under influence of Gen. Zahedi, who had been connected with Brit and who had been carrying on activities aimed at overthrow of Mosadeq. Presence man like Zahedi in Point IV wld strengthen propaganda which certainly would be instituted by mbrs Tudeh and

other enemies US to effect that US was now taking place of Brit in intriguing for overthrow present Iranian Govt.

6. Warne said he had been conscious of fact that presence Zahedi in Point IV might give rise to criticisms. PriMin would recall that Zahedi had been lent to Point IV by MinAgriculture over year and half ago; that Zahedi's father at that time was cooperating closely with Natl Front and was subsequently MinInt in Mosadeq's Cabinet; and that only recently had Zahedi's father come out in opposition to present Govt. Point IV was not political organization; practically all of its personnel had been lent to it by various agencies of Iranian Govt with approval of Iranian Cabinet mbrs. It had been his policy not to remove Point IV personnel thus employed unless there was no longer need [for] their services, or unless they shld be found to be incompetent or engaged in improper activities. Zahedi had been under special supervision in view father's present opposition to Govt and no evidence of improper activities had thus far been found.

7. I told PriMin he shld be able as experienced administrator to understand that if employees of Point IV shld obtain impression that whenever some mbr of Majlis or other influential Iranian shld make unsubstantiated charge against them, they would be discharged, morale whole organization wld be lowered and it will be difficult for Point IV to operate effectively. PriMin replied it might well be impossible to prove subversive political activities of Point IV employees engaging in them because these personnel might succeed in concealing such activities. In certain instances it shld be clear without proof that individual employees were disloyal to Govt and that their continued presence in Point IV was harmful to Point IV and Iran.

8. I said that Warne and I had discussed problem Zahedi shortly after latter's father had come out in opposition to Govt. We had decided it wld be unfair to discharge him unless we cld find some evidence of his involvement but that he shld be kept under close observation. Thus far we had not detected any improper activity on his part. In response my question Mosadeq said that at present he had no complaint against any other Point IV personnel.

9. Warne said he desired to cooperate closely with Govt and asked PriMin if he wished that Zahedi's connection with Point IV be severed completely or that Zahedi merely be moved to some technical post where he wld not have wide contacts and where his presence in Point IV wld not attract undue attention. PriMin replied that in view of what we had said he preferred that no action be taken at present re Zahedi. He wld investigate charges which had been made and wld let us know results later. He added with smile that perhaps General Zahedi might

find it advantageous in present situation again to become supporter of Govt. In that event there need not be so much concern re son.[2]

10. Mosadeq referred to visits of Point IV officials to northern Iran. He said that Russians had been protesting to him at presence Americans in North and he was afraid that they might also insist upon Soviet nationals being allowed engage in activities in that area parallel those of Point IV. He therefore hoped that Point IV work in northern Iran wld be carried on from Tehran exclusively by Iranian officials. Mosadeq apparently was not aware that Point IV offices were operating in North. He seemed particularly interested in Azerbaijan. We explained to him that Point IV office had been opened in Tabriz many months ago; that American Point IV personnel were directing its activities; and that these activities were being carried on for most part through Iran Govt agencies. We pointed out that thus far there had been no serious repercussions because of presence of US Point IV personnel in Azerbaijan. Mosadeq finally stated he wld not insist upon withdrawal these officials but he hoped that they wld carry on their work quietly and not attract undue attention to themselves. He also again expressed hope no high Point IV officials wld visit northern Iran since such visits wld be sure to cause sharp Soviet reaction. Soviet Union likely to bring further embarrassing pressure on him. It might even instigate acts of violence against Point IV residents or visitors in northern Iran. It wld be disastrous to Iran if any Point IV officials in northern Iran shld suffer physical injury. Warne said that neither he nor any visiting high Point IV officials wld go to Azerbaijan without first consulting with PriMin.

Henderson

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[2] In telegram 1893 from Tehran, November 7, Henderson reported the following:

"Mosadeq sent word to me today that after careful investigation Zahedi he convinced latter had been engaged in activities incompatible with his duties employee TCA and shld be separated from that organization.

"Accordingly, Warne is informing Zahedi today that he is being removed at least temporarily from role active employee." (Ibid.)

138. Memorandum Prepared in the Central Intelligence Agency[1]

Washington, undated.

STUDY OF CIA CAPABILITIES IN IRAN

REFERENCE

Memorandum for the Senior NSC Staff Entitled *The Position of the United States with Respect to Iran*, dated 13 October 1952[2]

A. *CIA Capabilities Under Present Conditions* (Para. 4.d., 13 October draft NSC 107/2)[3]

1. Current special political operations in Iran are designed to counteract Tudeh activities and reduce Tudeh influence. While these operations have had some success in delaying the trend toward Tudeh domination, they have not succeeded in reversing that trend, primarily because of the widespread anti-Western feeling which makes Iran so fertile a field for Tudeh exploitation. CIA has been unable to attack successfully this more basic problem because of the Iranian reaction to past and present U.S. and U.K. policies toward Iran. In its operations, CIA has been forced to rely on strongly nationalistic elements. While these elements are strongly motivated against the Tudeh threat, they share the common Iranian views that all British influence must be eliminated from Iran and that the U.S. has supported the U.K. in the oil controversy. Because of this situation CIA has been unable to mount operations designed to reduce anti-Western feeling in Iran.

2. Under present conditions, CIA is in a position to influence specific political, military and religious leaders to speak out strongly against the Tudeh threat on particular occasions and to induce certain political and military leaders to institute administrative and security actions to curb Tudeh activities (demonstrations, strikes, etc.) on spe-

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[1] Source: Eisenhower Library, Disaster File Series, NSC Staff Papers, Box 65, Iran Section. Top Secret; Security Information; Eyes Only. There is no drafting information on the memorandum, which is attached to a memorandum from the Deputy Director of Intelligence, Loftus E. Becker, to Lay, November 3. According to Becker, this memorandum was "prepared in connection with the current revision of NSC 107/2, 'The Position of the United States with Respect to Iran.'"

[2] Reference is to a draft revision of NSC 107/2, prepared and ciculated by the NSC Staff, October 13. (National Archives, RG 273, Records of the National Security Council, Policy Papers, Box 210, NSC 136 US Pol re Iran)

[3] Paragraph 4 and sub-paragraph d of the draft revision of NSC 107/2, October 13, read: "To prevent communist capture of power in Iran, either through perversion of the nationalist movement or by armed uprising, and to promote a government in power in Iran capable of maintaining internal order and determined to resist Soviet aggression, the United States should: . . .d. Continue special political measures designed to assist in achieving these purposes."

cific occasions. It can also assist certain political factions to oppose Tudeh candidates in elections, to maintain anti-Tudeh propaganda, and to attack physically Tudeh facilities and demonstrations. CIA is also in a position to obtain the publication of anti-Tudeh material in the press, and in pamphlets, books, posters, etc.

3. However, CIA is *not* in a position to influence the Iranian Government (as opposed to individuals in the Government) to adopt a consistent policy to curb the activities and reduce the growing influence of the Tudeh Party. Nor is CIA able to influence the Iranian Government (and people) to adopt a more moderate attitude toward the British generally and toward the oil controversy in particular, or to adopt necessary financial, judicial, and administrative reforms. If, however, the U.S. Government were to intervene, with or without British agreement, to bring about an oil settlement and aid program which an Iranian government could justify to its own people, CIA's ability to influence significant elements of the Iranian Government to take anti-Tudeh as well as more positive constructive measures to improve the internal situation would, of course, be greatly increased. (Paras. 4.*c*. and *e*., NSC draft)

4. In the event of a government crisis involving the resignation of Mossadeq, CIA might conceivably have some influence on the choice of a successor.

5. In addition to these operations, CIA is making plans and taking other preliminary steps to assist potential resistance groups in Iran in the event of a Tudeh coup. Planning for such activity is underway and limited stockpiling of matériel has been carried out. However, CIA's assets in Iran for such activity are limited and CIA is unable (for obvious reasons) to concert its plans with the potentially friendly resistance groups until the emergency actually arises. While, therefore, liaison on hot war stay-behind plans is being maintained with certain potential resistance groups, nothing has been done to alert them to the fact that CIA is planning to support them in circumstances short of global war. This could of course be done, if the urgency of the situation were thought to require it, but it must be recognized that to do so would run definite security and political hazards. The existing liaison can, however, be expanded and directed with the intent of action against a Tudeh coup foremost in the minds of American representatives, though concealed from the Iranian representatives.

B. *CIA Capabilities in the Event of a Significant Increase in Tudeh Influence*

1. Any great increase in Tudeh influence, whether or not accompanied by legalization of the Tudeh Party, would seriously reduce CIA capabilities in the political and psychological fields in Iran. Such a de-

velopment would probably result in still greater leniency being shown by the Iranian security forces toward Tudeh and a disposition on the part of the government to crack down on certain political factions that are Tudeh's most bitter opponents. CIA would thus find it increasingly difficult to induce anti-Tudeh individuals and groups to speak out or take action against Tudeh. CIA-induced or supported anti-Tudeh propaganda activities would be particularly hard hit. An increasing number of newspapers would be reluctant to print anti-Tudeh material and thus risk government suppression or the destruction of their facilities by Tudeh activists.

2. A significant increase in Tudeh influence would probably have a less serious effect on CIA preparations to support potential resistance groups and might, in fact, increase CIA capabilities. Such a development might well increase the willingness of these groups to deal more closely with the U.S. and might even induce them to request assistance in opposing Tudeh.

C. *CIA Capabilities in the Event of Tudeh Domination of the Iranian Government and Army* (Para 6, NSC Draft)[4]

1. Special political operations would probably largely cease. Many CIA agents would almost certainly have to leave the country. The most optimistic estimate is that CIA could induce sporadic terrorist activity against Tudeh leaders, initiate rumor campaigns, and in general keep the public aware of an underground, Western-oriented resistance movement.

2. In view of its current limited resistance assets in Iran, CIA could do almost nothing directly to oppose the establishment of a Tudeh regime. It could, however, encourage and assist certain tribal groups to maintain control of their own territory against a Tudeh central government. Under the assumed circumstances, these groups would probably be very receptive to a U.S. offer of assistance and might even take the initiative in contacting U.S. representatives on the subject.

3. The establishment of a U.S. military base in Iraq, which we understand to be under consideration in the Department of Defense, would greatly improve prospects for maintaining special political op-

[4] Paragraph 6 of the draft revision of NSC 107/2, October 13, reads: "In the event that a communist government achieves complete control of Iran so rapidly that no legal Iranian Government is available to request assistance, the position of the United States would have to be determined in the light of the situation at the time, although politico-military-economic discussions leading to plans for meeting such a situation should be carried on with the British Government and, as appropriate, with the Turkish Government. In this contingency, the United States should make every feasible effort, particularly through special political operations, to endeavor to develop or maintain localized centers of resistance and to harass, undermine, and if possible, to bring about the overthrow of the communist government."

erations in Iran and would obviously be of tremendous advantage to CIA in mounting and maintaining resistance operations. It would provide CIA with a secure base near the area of operations; provide on-the-spot communications and logistical assistance; and possibly make available to CIA aircraft for clandestine operations into Iran. Perhaps most important of all, such a military base would help to maintain the morale of all Iranians opposed to the Tudeh Party. It would probably also have a decisive effect on the degree of U.S. control over resistance movements in Iran. Resistance groups would be much more amenable to U.S. direction if it could be demonstrated that they constituted the vanguard of a determined U.S. effort to hold the Near East against Communism. In the absence of demonstrable U.S. military interest in the area, the resistance groups would be inclined to follow their own council, even if they obtained substantial quantities of military equipment through CIA channels.

D. *CIA Capabilities in the Event of a Tudeh Coup Followed by the Withdrawal to the South of a Significant Proportion of Iran's Armed Forces* (para 5.b., *NSC Draft)*[5] *and the Establishment of an Anti-Tudeh regime in Close Relations with the Western Powers*

1. Under these circumstances, CIA's capabilities in all fields of activity would be considerably greater than those indicated in paragraph C for the following two reasons:

(a) CIA would have a secure base of operations within the country;
(b) It would presumably have the active cooperation of the anti-Tudeh regime in the south in all its efforts to undermine and dislodge the Tudeh regime in the north.

2. If the U.S. military missions now accredited to the Iranian government were to accompany the anti-Tudeh regime in its withdrawal to the south and were to be expanded, CIA capabilities would be still further increased.

3. However, in view of the fact that the USSR would presumably give the Tudeh regime substantial assistance, and would increase its assistance proportionately as our assistance appeared to threaten Tudeh control of the north, it is unlikely that the Tudeh regime could be overthrown by Iranian action supported solely by clandestine means.

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[5] Paragraph 5 and sub-paragraph b of the draft revision of NSC 107/2, October 13, read: "In the event of either an attempted or an actual communist seizure of power in one or more of the provinces of Iran or in Tehran, the United States should be prepared to support a legal Iranian Government, if requested to do so. Preparations for such an eventuality should include: . . . b. Measures necessary for the implementation of special political operations in Iran and adjacent Middle Eastern areas, including prior authorization to expend such funds and to procure such equipment as may be required. Effective liaison with the U.K. should be maintained with respect to such operations."

139. Telegram From the Embassy in Iran to the Department of State[1]

Tehran, November 4, 1952.

1836. 1. During my talk with PriMin this morning he said several days ago info had come to him that Brit agent was circulating among tribes in area of Luristan; stopping at houses of tribal leaders; asking numerous questions re matters domestic concern; and in general stirring up tribesmen. He had given orders for arrest this agent but was later astonished to learn that foreigner in question was Amer citizen named Dubois; who claimed to be mbr State Dept traveling in Iran. This foreigner cld not give convincing explanation for his presence among tribesmen. PriMin asked if I cld tell him more about Dubois.

2. I said Arthur Dubois arrived Tehran several months ago. He was mbr Dept State engaged in research. He had not been in Iran for many years. Purpose this visit was to spend several months in country getting acquainted with changed conditions. It was not easy for researcher in Dept to obtain accurate picture Iran from written reports. PriMin remarked that Dubois was therefore really a spy. I said that if US official, friendly to Iran and working on Iranian matters in US, was engaging in espionage if he traveled thru country endeavoring obtain first hand impressions then Dubois was spy. Scores of prominent Iranians went to US annually for same purpose and no one considered them as spies.

3. PriMin said tribal areas in Iran extremely sensitive. Amers going into such areas likely be exploited by tribal leaders disloyal to central govt, who by entertaining these Amers wld endeavor give impression they had support of US. Furthermore, PriMin was afraid that Amers going into these areas might unconsciously become agents of Brit who no longer dare send their own nationals to tribes. He hoped that Amer natls, particularly during this period, wld refrain from visits among tribes other than those of official character.

4. I told PriMin I convinced that Dubois had not conducted himself improperly or had not engaged in political activities. Dubois was planning in any event to return to US shortly after he had completed his trip. I said I wld ask all Amer Governmental officials in Iran to refrain from traveling among tribes merely for purposes of visiting friends, satisfying curiosity, engaging in shooting expeditions, etc. I added that of course it wld be necessary in pursuance of their work for various

[1] Source: National Archives, RG 84, Tehran Embassy Files, 1950–1952, classified general records, Box 25. Secret; Security Information; Priority; No Distribution. Drafted by Henderson. The telegram is the Embassy copy as approved and has no time of transmission.

Amer officials to visit or pass thru tribal areas. Whenever this necessity arose I wld make special effort to see that appropriate governmental authorities were fully informed in advance re contemplated trips.

5. Shortly after my return to Emb I learned that Iran police had this morning informed French correspondent that Dubois "was being brought to Tehran under detention". I sent message to Mosadeq, informing him that police were already passing out information re Dubois' difficulties and suggesting that Iranian Govt and Emb both reply to inquiries that police had stopped Dubois in southern Iran for purpose checking his documents, but that they had not held him, and that he was returning to Tehran. Mosadeq agreed with this explanation except that he insisted that Iranian Govt wld state that Dubois was returning to Tehran on request Iranian Govt.

6. I believe it wld be wise for Dubois to leave Iran several days after his arrival in Tehran. I also venture recommend that during this difficult period visits of US officials to Iran for purposes of "orientation" be reduced to minimum.

Henderson

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140. Telegram From the Embassy in Iran to the Department of State[1]

Tehran, November 9, 1952.

1907. 1. Two days ago Kashani sent message asking me to call on him. I did so Nov 8. Our conversation somewhat disjointed and inconclusive since after one hour another appointment compelled me leave. I shall see him again evening Nov 10.

2. It not yet clear just why he wanted see me unless he wished give impression to friends or enemies or both he was in touch with US. He started conversation by saying policies US Govt ruining his health and damaging Iran and if continued might lead to third world war, destruction modern civilization, and ruin US. He was Iranian and his love for Iranian people transcended all considerations. At same time he was Moslem and believed precepts of Koran promised salvation for world.

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[1] Source: National Archives, RG 84, Tehran Embassy Files, 1950–1952, classified general records, Box 42. Secret; Security Information; Limited Distribution; Noforn. Drafted by Henderson. Repeated to London. The telegram is the Embassy copy as approved and has no time of transmission.

He as the leading figure Moslem world was issuing call for internatl Moslem conference take place soon in Iran thru which he hoped create Moslem world unity. United Moslem world would devote itself to combatting aggressive communism, tyrannical imperialism, and colonialism. He needed US help in his enterprise which if successful would prevent another world war. If US was really working for peace and against oppression it should give him help.

3. When I asked him what kind help he needed he said he was not asking for money. What he wanted was for US to come out openly against imperialism and colonialism as it had come out against communism. If US should remain silent in face of imperialistic and colonial policies of UK and France, opponents of imperialism and colonialism could only draw inference that US was partner of imperialist and colonial powers. I told him US was against imperialism and against kind of oppression of colonies which was usually referred to as colonialism. Main objective US at present, however, was to obtain maximum unity of forces of free world in combatting internatl communistic aggression which was greatest threat world peace. This unity could not be obtained if one mbr free world wld publicly attack other members of free world for certain practices or policies which it did not happen to approve. In present world situation US was of opinion it could contribute most to cause of peace by endeavoring through persuasion and by private conversations to prevail upon other free countries to desist from policies or practices which might seem contrary to spirit of UN. Kashani said only real way to combat imperialism and colonialism was to come out publicly against them. If US should not openly take sides in this struggle he would denounce it just as much as he intended to denounce countries guilty of imperialism and colonialism. He gave number alleged illustrations of US partnership with imperialism and colonialism and oppression in general, touching particularly on Morocco, Tunisia, Egypt, and Palestine. He said US partnership with imperialist powers in exploiting weaker peoples not in keeping with principles to which US maintained it adhered. Turning to Iran he wanted to know why if US was not taking side of imperialism it was supporting Brit blockade by boycotting Iranian oil. It was difficult to explain to excitable and unreasoning person like Kashani why Iranian oil was not being sold to US. I did my best however do so.

4. In spite of his intemperate language Kashani seemed to be in personally friendly mood and from time to time softened conversation with jokes and anecdotes. I do not know what he intends to discuss during our next conversation. He may be more specific in indicating kind of help he would like have. Few days ago Busheri, former mbr Mosadeq's cabinet who is on friendly terms with Kashani, intimated to me that Kashani wld be happy if US cld help finance cost of transport of

some of delegates to Moslem conference. Kashani thus far however has not given any indication that he desired such aid.

Henderson

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141. Letter From Secretary of Defense Lovett to Secretary of State Acheson[1]

Washington, November 10, 1952.

Dear Mr. Secretary:

In response to a request for advice concerning planned or feasible United States military courses of action in Iran in the event of a successful Tudeh coup, the Joint Chiefs of Staff undertook military planning based on assumptions contained in the request for advice. The studies undertaken by the Joint Chiefs of Staff have now proceeded sufficiently to produce tentative conclusions. Their views are forwarded as inclosure for use in connection with the current revision of NSC 107/2. The Joint Chiefs of Staff have stated they will re-examine the courses of action, and initiate planning as appropriate to implement any course(s) of action which the revision of NSC 107/2 may indicate.

A copy of this letter and inclosure are being furnished the Director of Central Intelligence. The study of the Joint Chiefs of Staff is not being circulated to the National Security Council.

Sincerely yours,

Robert A. Lovett

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[1] Source: National Archives, RG 59, Central Files 1950–1954, 788.5/11–1052. Top Secret; Security Information. On another copy of this letter is a handwritten note, dated November 19, that reads: "Delivered to the President for information, and returned." (Eisenhower Library, Disaster File Series, NSC Staff Papers, Box 69, Iran Section)

Enclosure

Memorandum From the Joint Chiefs of Staff to Secretary of Defense Lovett

October 31, 1952.

SUBJECT

Iran

1. Reference is made to paragraph 3 of the memorandum by the Joint Chiefs of Staff, dated 5 September 1952, on the above subject.[2] The studies referred to have proceeded sufficiently to produce tentative conclusions which are forwarded herewith for such use as may be appropriate in considering the revision of NSC 107/2. The Joint Chiefs of Staff will reexamine the courses of action noted below and initiate planning as appropriate to implement any course(s) of action which the revision may indicate.

2. If the United States national policy requires the retention of the Middle East within the free world, the Joint Chiefs of Staff recognize that one action which might contribute to the security of the Middle East would be to provide positive U.S. military support to that area in collaboration with the British, the Turks, and the Middle East countries involved. It is believed that U.S. armed forces can be deployed to the Middle East with the sympathy and cooperation of the indigenous governments. An active indication of positive U.S. military action in the Middle East would demonstrate both to the Communists and to the free world that the United States is not going to permit Soviet domination of the Middle East.

3. The Joint Chiefs of Staff desire to emphasize that the United States cannot deploy forces to Iran without a grave risk of inciting the USSR to invoke, with or without Iranian consent, the Soviet-Iranian Mutual Defense Pact of 1921.[3]

4. Studies were made to determine whether or not, under present conditions, there are feasible U.S. military courses of action which would strengthen the Western orientation of Iran and to determine what military courses of action are feasible in the event of an appeal by the Iranian Government to the United States for direct military assistance. The conclusions in this regard are:

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[2] Not found.

[3] See footnote 5, Document 145.

a. Without dislocation of current force deployments the only feasible U.S. military course of action under present conditions, to strengthen the Western orientation of Iran, is the present one, i.e., a continuation of arms aid and training missions. However, recent events indicate that this course of action alone cannot be expected to produce major results.

b. If a modification of current force deployments is decided upon, the United States can demonstrate some tangible evidence of greater U.S. determination to support the nations of the Middle East in their opposition to communism by stationing U.S. armed forces in the Middle East. The stationing of United States forces in the Middle East would necessitate substantial upward revision of U.S. force ceilings or a reduction of our commitments elsewhere.

c. Further, in event of an appeal by the Iranian Government to the United States for direct military assistance, the following courses of action are feasible from a military viewpoint:

(1) Conduct a show of force by periodic flights of carrier aircraft, or aircraft from land bases outside of Iran, over key centers.

(2) Assist the loyal Iranian Army with logistic support by augmenting the present policy of arms aid.

5. With regard to feasible U.S. military courses of action in the event of a Tudeh coup in Iran, studies were conducted within the framework of four conditions:

Condition I

Communist (Tudeh) Party completely controls Iran. U.S. national objective requires military action to prevent further spread of communism in Middle East.

Condition II

Communist (Tudeh) Party completely controls Iran. U.S. national objective requires military action to re-establish a Western oriented government.

Condition III

Anti-Communist Iranian forces withdraw to south and oppose Tudeh regime. U.S. national objective requires military action to prevent further spread of communism in Middle East.

Condition IV

Anti-Communist Iranian forces withdraw to south and oppose Tudeh regime. U.S. national objective requires military action to re-establish a Western oriented government.

6. Under Condition I—*Communist (Tudeh) Party completely controls Iran. U.S. national objective requires military action to prevent further spread of Communism in Middle East.* The feasible military courses of action are:

a. Furnish additional arms aid to appropriate Middle East countries so as to eventually enable them to possess the strength to secure their frontiers against effective Communist infiltration.

b. Encourage the U.K. and/or other Commonwealth nations to undertake a commitment to deploy additional forces to Iraq on the order of 1 Division reinforced and appropriate air forces, subject to Iraqi agreement, with a mission of assisting Middle East governments in preventing the spread of Communist power to their countries.

c. Deploy appropriate Air Force units on the order of 1½ wings plus support units, to southern Turkey with a mission of assisting Middle East governments in preventing the spread of communist power to their countries. This mission is to be accomplished in conjunction with friendly forces that may be deployed to the area. Since Turkey, the key to Middle East defense, is the strongest anti-communist nation in the Middle East and since its North Atlantic Treaty Organization (NATO) mission supports the U.S. war plans, stationing of U.S. Air Forces in Turkey would materially demonstrate evidence of U.S. support. Additionally, the combination of the U.K. forces in Iraq mentioned above and the U.S. forces in southern Turkey would further deployments in support of NATO war plans.

d. Deploy U.S. forces on the order of 1 Division reinforced and necessary supporting air and naval forces to the vicinity of Basra with a mission of assisting Middle East governments in preventing the spread of communist power to their countries. This mission is to be accomplished in conjunction with friendly forces that may be deployed to the area. It should be recognized that such a deployment would be tantamount to associating the United States militarily with the United Kingdom in a ground defense of the Middle East. Current war plans do not contemplate the deployment of U.S. ground forces in this area, and no provisions in this regard are included in current operational or mobilization plans.

7. Under Condition II—*Communist (Tudeh) Party completely controls Iran. U.S. national objective requires military action to re-establish a Western oriented government.* The feasible military courses of action are:

a. Same as Condition I.

b. These limited U.S., U.K., and/or other Commonwealth forces probably could not insure the re-establishment of a Western oriented government in Iran, but could cooperate with and covertly support the Central Intelligence Agency (CIA) as required in the overthrow of a Tudeh regime and re-establishment of a friendly government.

8. Under Condition III—*Anti-Communist Iranian forces withdraw to south and oppose Tudeh regime. U.S. national objective requires military action to prevent further spread of Communism in Middle East.* The feasible military courses of action are:

a. Same as Condition I.

b. Provide additional logistic assistance to the anti-Communist Iranian forces including augmentation of the U.S. Military Missions.

9. Under Condition IV—*Anti-Communist Iranian forces withdraw to south and oppose Tudeh regime. U.S. national objective requires military action to re-establish a Western oriented government.* The feasible military courses of action are the same as Conditions I, II and III. These limited U.S., Iranian, U.K., and/or other Commonwealth forces probably could not insure the re-establishment of a Western oriented government in Iran, but could cooperate with and covertly support the Central Intelligence Agency as required in the overthrow of a Tudeh regime and re-establishment of a friendly government.

10. The Joint Chiefs of Staff desire to emphasize that in the foregoing discussion they are not recommending that a decision be made to employ U.S. military forces in the Middle East for the purposes indicated in this memorandum. Rather, they are only indicating certain courses of military action which might be feasible in the event that such a decision is made by appropriate governmental authorities. While this memorandum is primarily concerned with the stationing of U.S. military forces in the Middle East under conditions short of war, the Joint Chiefs of Staff consider that in the event of Communist aggression in the area the resultant situation would be not unlike that we face in Korea, and it is unlikely that we could withdraw those forces. Under such circumstances we would find ourselves committed to military operations in the Middle East involving substantial forces, supplies, and other logistical support.

For the Joint Chiefs of Staff:
W.M. Fechteler[4]
Chief of Naval Operations

[4] Printed from a copy with this typed signature and an indication that the original was signed.

142. Telegram From the Embassy in Iran to the Department of State[1]

Tehran, November 11, 1952.

1933. 1. I concluded my conversation with Kashani yesterday afternoon (Embtel 1907 Nov 9).[2] During our talk which lasted approx two hours Kashani stated little that was new. He devoted considerable time to expounding his religious views, quoting liberally from Koran; in friendly but unvarnished language he again criticized US Govt for supporting imperialism and colonialism; he insisted that unless US Govt changed its Middle Eastern policies, come out for real economic and political independence Middle Eastern peoples, enabled Iran to sell its oil, and supported loan thru Int Bank or other financial institution which would result in carrying out of projects calculated to increase productivity of country and reduce unemployment, Iranian people would be compelled turn toward Sov Union; he outlined in some detail various [*sic*] his plans for future Iran as well as for Moslem world.

2. Kashani laid special emphasis on his antagonism to communism which he labeled as aggressive atheism. He said that if imperialism and colonialism could be eliminated in Moslem world and people would be given real opportunity raise living standards there need be no fear of communism among Moslems. I remarked he seemed to overlook possibility that internatl communism against wishes of majority population might by force or otherwise take over country like Iran. Kashani stated that communists could not hold Iran against will Iranian people. I asked if 20 million Iranians would be more effective in freeing themselves from internatl communism than some 40 million Moslems now under oppression in Sov Union. I said despite intense religious feelings of Moslems in Central Asia, communists during last thirty years had made considerable progress in replacing Islam with atheism in that area. It had been impossible for new religious leaders to be trained; many of them had been eliminated and those who survived had become mere puppets of Sov States; Moslem children were being educated in atheistic schools. Kashani said he could admit that if communists once in control Iranian educational system they could gradually eliminate religion. This situation made it all more important that Christian US cooperate with Moslem Iran to prevent spread of militant

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[1] Source: National Archives, RG 84, Tehran Embassy Files, 1950–1952, classified general records, Box 42. Secret; Security Information; Limited Distribution. Drafted by Henderson. Repeated to London and pouched to Moscow. The telegram is the Embassy copy as approved and has no time of transmission.

[2] Document 140.

atheism. Present US policies in spite of huge funds spent by US Govt would not be effective in combatting internatl communism.

3. Referring to Moslem conference which he plans call in near future Kashani said invitations had not as yet been issued. Instructions had however been sent thru Min Fonaff to Iran diplomatic reps in various countries asking they submit lists of influential religious-political leaders whom it would be appropriate to invite and who might be willing come. After these lists had been recd invitations would be sent. Kashani maintained that delegates to conference would be restricted to responsible religious-political leaders and no one could attend without invitation from him.

4. Kashani said it was his intention in near future to undertake organization in Iran of national, as distinguished from state, army of million Moslems who would be under his personal direction and leadership. Members this "army" would agree to be given several hours military training daily; they would be pledged to give their lives at his call to the cause of Islam; they would be instructed in virtues of Islam; they would be required to submit to strictest discipline. At coming conference he would suggest that religious leaders in other Moslem countries also organize similar "national armies". Armies of this kind were necessary in order restore religious fervor and unity to peoples of Islam.

5. During our talk I told Kashani in confidence I would probably be going to Washington within few days for consultation. He said he hoped I would inform my Govt fully re his conversation with me and that I would endeavor make my Govt understand that it would be in US interest and interest of world peace if it would give serious attention to his statements. "I am not an ordinary person. I am leader of Moslem world and Moslem world will soon be force to be reckoned with. It is in interest of good people everywhere that Moslem world and US cooperate."

Henderson

143. National Intelligence Estimate[1]

NIE–75 Washington, November 13, 1952.

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 short period. 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. Although the danger of serious Tudeh infiltration of the National Front and the government bureaucracy continues, we believe that Tudeh will not be able to gain control of the government by this means during 1953. Neither the groups opposing the National Front nor the Tudeh Party are likely to develop the strength to overthrow the National Front by constitutional means or by force in 1953.

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. 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.

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[1] Source: Central Intelligence Agency, NIC Files, Job 79R01012A, Box 25, Folder 3, (NIE–75) Probable Developments in Iran. Secret. 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. All members of the Intelligence Advisory Committee concurred in this estimate on November 6.

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 common 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 nonetheless 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 oil 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 intransigeance, 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 government 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 counter-weight 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 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.

144. Draft Paper Prepared in the Central Intelligence Agency[1]

Washington, November 14, 1952.

CIA Proposed Re-wording, Paragraphs 2–3 of NSC 136 Draft of 6 November 1952

2. Present trends in Iran are unfavorable to the maintenance of control by a non-communist regime for an extended period of time. In wresting the political initiative from the Shah, the landlords, and other traditional holders of power, the National Front politicians now in power have at least temporarily eliminated every alternative to their own rule except the Communist Tudeh Party. However, the ability of the National Front to maintain control of the situation indefinitely is uncertain. The political upheaval which brought the nationalists to power has heightened popular desire for promised economic and social betterment and has increased social unrest. At the same time, nationalist failure to restore the oil industry to operation has led to near-exhaustion of the government's financial reserves and to deficit financing to meet current expenses, and is likely to produce a progressive deterioration of the economy at large.[2]

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[1] Source: Central Intelligence Agency, DDI Files, Job 33R00601A, Box 24, Folder 2, National Security Council 136 Series. Top Secret; Security Information; For NSC Staff Consideration Only. The paper is attached to a transmittal memorandum from Lay to the Senior NSC Staff, November 14, that reads: "The enclosed changes to paragraphs 2 and 3 of NSC 136, including omission of bracketed footnote, proposed by the Senior CIA Member, are transmitted herewith for consideration by the Senior Staff at its meeting on Tuesday, November 18, 1952, at 2:30 p.m."

[2] Paragraph 2 of the November 6 draft of NSC 136 reads: "The situation in Iran presents widening opportunities to the communist organization there. Social unrest is spreading in the wake of nationalist agitation and of disruption of the traditional structure of Iranian leadership and institutions. Government promises of early prosperity following eviction of the British Oil Company have not been fulfilled. On the contrary, the inability of the interested parties to reach an oil settlement and the inability of Iran to dispose of its oil have contributed to a worsening of economic conditions. The resulting popular bewilderment and frustration have increased receptivity to communist propaganda and agitation. The Government's budgetary difficulties as a result of the loss of oil revenue have led to currency inflation, almost complete curtailment of public works, and fears that Iran's military forces and civil administration may soon face demoralizing reductions in size and pay. Meanwhile, nationalist politicians, in their vanity and selfishness, show little understanding of the true nature of the communist threat and are vulnerable to communist efforts to infiltrate the nationalist movement." (National Archives, RG 273, Records of the National Security Council, Official Minutes 1947–1961, Box 22, 125th Meeting)

3. It is now estimated that communist forces will probably not gain control of the Iranian government during 1953.[3] Nevertheless, the Iranian situation contains very great elements of instability. Any US policy regarding Iran must accordingly take into account the danger that the communists might be enabled to gain the ascendency as a result of such possible developments as a struggle for power within the National Front, more effective communist infiltration of the government than now appears probable, government failure to maintain the security forces and to take effective action against communist activity, or a major crop failure. It is clear that the United Kingdom no longer possesses the capability unilaterally to assure stability in the area. If present trends continue unchecked, Iran could be effectively lost to the free world before an actual Communist take-over of the Iranian Government. Failure to arrest present trends in Iran involves a serious risk to the national security of the United States.[4]

[3] Paragraph 3 of the November 6 draft of NSC 136 reads: "It is now estimated that communist forces will probably not gain control of the Iranian Government during 1953. Nevertheless the Iranian situation contains very great elements of instability and there is a continuing danger of serious communist infiltration of the National Front and the Government bureaucracy. It is clear that the United Kingdom no longer possesses the capability unilaterally to assure stability in the area. Therefore if present trends continue unchecked, Iran could be effectively lost to the free world before an actual communist take-over of the Iranian Government. Failure to arrest present trends in Iran involves a serious risk to the national security of the United States." (Ibid.)

[4] See also NIE–75, "Probable Developments in Iran during 1953," approved 6 November 1952. [Footnote is in the original. NIE–75 is Document 143.]

145. Memorandum From the Chairman of the Joint Chiefs of Staff (Bradley) to Secretary of Defense Lovett[1]

Washington, November 18, 1952.

SUBJECT

NSC 136—The Present Situation in Iran[2]

1. This memorandum is in response to your memorandum of 10 November 1952, subject as above, in which you request the comments and recommendations of the Joint Chiefs of Staff with respect to the draft statement of policy by the National Security Council Staff entitled "United States Policy Regarding the Present Situation in Iran" (NSC 136).[3]

2. The Joint Chiefs of Staff have studied the proposed statement of policy and are in general agreement with those parts of the policy having military implications. The Joint *Chiefs of Staff recommend*, however, that subparagraph 5 *b*, page 6, of NSC 136 should be marked with an asterisk and that there should be inserted a corresponding footnote which reads:[4]

"If for overriding political reasons it is found necessary for the United States to provide military forces in this area, implementation will require either a substantial augmentation of over-all United States forces or a reduction of present United States military commitments elsewhere."

Also the Joint Chiefs of Staff note that no mention is made in the policy of the *Treaty of Friendship Between Persia and the Russian Socialist Federal Soviet Republic*, signed at Moscow, 26th February, 1921 and it is believed that this particular aspect of the problem *should not be over-*

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[1] Source: Central Intelligence Agency, DDI Files, Job 33R00601A, Box 24, Folder 2, National Security Council 136 Series. Top Secret; Security Information. The memorandum is attached to a transmittal memorandum from Lay to the NSC, November 18, that reads: "At the request of the Secretary of Defense, the attached views of the Joint Chiefs of Staff with respect to the reference report on the subject are circulated herewith for the information of the National Security Council in connection with its consideration of NSC 136 at its meeting on November 19, 1952."

[2] Reference is to a draft of NSC 136, dated November 6. See Document 144, footnotes 1, 2, and 3.

[3] Not found.

[4] See Document 147.

looked by the National Security Council when the Council takes action on NSC 136.[5]

For the Joint Chiefs of Staff:
Omar N. Bradley[6]

[5] An attached memorandum from R. Armory to Under Secretary of State Smith, November 19, discussed the Russo-Persian Treaty of 1921. It reads: "Concerning the last sentence of the JCS memo, State's position is that legally the 1921 Treaty is no longer in force. D/DCI, from personal legal experience with the Treaty, concurs in this legal view. Possibility that the USSR might invoke the Treaty, as a pretended justification for any action, was informally considered in the drafting of NSC 136, and it is believed that further consideration is not necessary prior to action on NSC 136. In D/DCI's and my judgment, the Treaty would play only a secondary role in any Soviet action. The general question of Soviet and world reaction to use of force by US or UK might be an appropriate one for a National Intelligence Estimate, and for use in the *execution* of paragraph 5 of NSC 136. The Treaty would be considered in such an NIE."

[6] Printed from a copy that bears this typed signature with an indication that Bradley signed the original.

146. Memorandum of Conversation[1]

Washington, November 18, 1952, 2 p.m.

PRESENT

President Truman, accompanied by
Secretary Acheson, Secretary Lovett,
Secretary Snyder, Mr. Harriman, Director of Mutual Security Agency
General Eisenhower, accompanied by Senator Cabot Lodge,
Mr. Joseph M. Dodge

[Omitted here is discussion unrelated to Iran.]

2. *Iran.* Another situation had developed to a critical point. This was the dispute between Iran and the United Kingdom over oil. We had been trying for a year and a half to find a fair solution which would provide compensation for the British and allow oil to flow from Iran and funds to come to Iran. Both parties had been wholly unreasonable, but in different senses of the word. The Iranians were unreasonable in

[1] Source: Truman Library, Acheson Papers, Memoranda of Conversation, Box 71, November 1952. Secret; Security Information. The meeting between President Truman and President-elect Eisenhower took place in the Cabinet Room at the White House. A handwritten note in the upper right-hand margin of the memorandum reads: "Secretary's original dictation. Revised by Nitze, Bohlen, etc."

that they were not activated by reason but by emotion. The British did not seem to understand this. They thought that by putting economic pressure on Iranians they would act as reasonable people might under the same circumstances. The result had been the opposite. They were more concerned with freeing the oil of British control than they were in the economic benefits which might come to them from the oil industry. This had already led to very grave disintegration both within the Government and within the social structure within Iran, in economic difficulties, and a political break with the British, who had been expelled from Iran.

We were informed by our Ambassador that if the Iranians managed their affairs reasonably they might survive for as long as a year without selling oil and without major external help. However, they would not act in this way. They would act emotionally, perhaps break altogether their relations with the United States in various stages, discharge large numbers of public employees, who would add to the unrest of that country, and in a very short time might have the country in a state of chaos.

We were deeply disturbed at this prospect. The British seemed more concerned about the consequences of a settlement which differed from their desires as affecting British investments in other parts of the world. This had led to a fundamental difference of view. Although we had been working with the British for months, it seemed unlikely to us that persuasion would result in any workable solution in time.

The Secretary said that we were also going forward under the President's authority to consider what the United States alone might do to solve this problem. It seemed unlikely to us that it ever could be solved in the face of determined British opposition. Without going into detail, the reason for this conclusion was that Iran could only sell its oil in volume in markets which would bring American distributors into violent competition and conflict with British distributors. Therefore, some degree of British cooperation was necessary. It seemed to him likely—although here he was speculating—that this could only be done by a series of steps in which apparent American unilateral action was started and thereupon stimulated some degree of British cooperation. He thought we would probably proceed by jerks in this way, with alternating periods of considerable bitterness.

It seemed to Secretary Acheson most important that the new Administration should be closely in touch with this situation, because considerable difficulties were likely to arise from it.

[Omitted here is discussion of matters unrelated to Iran.]

147. Statement of Policy Proposed by the National Security Council[1]

NSC 136/1 Washington, November 20, 1952.

THE PRESENT SITUATION IN IRAN

1. It is of critical importance to the United States that Iran remain an independent and sovereign nation, not dominated by the USSR. Because of its key strategic position, its petroleum resources, its vulnerability to intervention or armed attack by the USSR, and its vulnerability to political subversion, Iran must be regarded as a continuing objective of Soviet expansion. The loss of Iran by default or by Soviet intervention would:

a. Be a major threat to the security of the entire Middle East, including Pakistan and India.

b. Permit communist denial to the free world of access to Iranian oil and seriously threaten the loss of other Middle Eastern oil.

c. Increase the Soviet Union's capability to threaten important United States–United Kingdom lines of communication.

d. Damage United States prestige in nearby countries and with the exception of Turkey and possibly Pakistan, seriously weaken, if not destroy, their will to resist communist pressures.

e. Set off a series of military, political and economic developments, the consequences of which would seriously endanger the security interests of the United States.

2. Present trends in Iran are unfavorable to the maintenance of control by a non-communist regime for an extended period of time. In wresting the political initiative from the Shah, the landlords, and other traditional holders of power, the National Front politicians now in power have at least temporarily eliminated every alternative to their own rule except the Communist Tudeh Party. However, the ability of

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[1] Source: National Archives, RG 273, Records of the National Security Council, Official Minutes 1947–1961, Box 22, 125th Meeting. Top Secret; Security Information. The statement is printed with redactions in *Foreign Relations,* 1952–1954, vol. X, Iran, 1951–1954, pp. 529–534 (Document 240). In a covering memorandum, November 20, Lay recorded that "at the 125th Council meeting with the President presiding the National Security Council and Mr. Emmerglick for the Attorney General considered and adopted NSC 136, subject to the revisions recommended therein by the Senior NSC Staff. . . . The report, as amended and adopted, was subsequently submitted to the President for consideration. The President has this date approved NSC 136, as amended and enclosed herewith, and directs its implementation by all appropriate executive departments and agencies of the U.S. Government under the coordination of the Secretary of State." Lay's memorandum also noted that NSC 136/1 superseded NSC 107/2. NSC 136 was discussed by the NSC on November 19; see ibid., pp. 525–527 (Document 238).

the National Front to maintain control of the situation indefinitely is uncertain. The political upheaval which brought the nationalists to power has heightened popular desire for promised economic and social betterment and has increased social unrest. At the same time, nationalist failure to restore the oil industry to operation has led to near-exhaustion of the government's financial reserves and to deficit financing to meet current expenses, and is likely to produce a progressive deterioration of the economy at large.

3. It is now estimated that communist forces will probably not gain control of the Iranian Government during 1953.[2] Nevertheless, the Iranian situation contains very great elements of instability. Any US policy regarding Iran must accordingly take into account the danger that the communists might be enabled to gain the ascendency as a result of such possible developments as a struggle for power within the National Front, more effective communist infiltration of the government than now appears probable, government failure to maintain the security forces and to take effective action against communist activity, or a major crop failure. It is clear that the United Kingdom no longer possesses the capability unilaterally to assure stability in the area. If present trends continue unchecked, Iran could be effectively lost to the free world in advance of an actual communist takeover of the Iranian Government. Failure to arrest present trends in Iran involves a serious risk to the national security of the United States.

4. For the reasons outlined above, the major United States policy objective with respect to Iran is to prevent the country from coming under communist control. The United States should, therefore, be prepared to pursue the policies which would be most effective in accomplishing this objective. In the light of the present situation the United States should adopt and pursue the following policies:

a. Continue to assist in every practicable way to effect an early and equitable liquidation of the oil controversy.

b. Be prepared to take the necessary measures to help Iran to start up her oil industry and to secure markets for her oil so that Iran may benefit from substantial oil revenues.

c. Be prepared to provide prompt United States budgetary aid to Iran if, pending restoration of her oil industry and oil markets, such aid is necessary to halt a serious deterioration of the financial and political situation in Iran.

In carrying out *a*, *b*, and *c* above, the United States should:

(1) Maintain full consultation with the United Kingdom.

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[2] See NIE–75, "Probable Developments in Iran Through 1953," published November 13, 1952. [Footnote is in the original. NIE–75 is Document 143.]

(2) Avoid unnecessarily sacrificing legitimate United Kingdom interests or unnecessarily impairing United States–United Kingdom relations.

(3) Not permit the United Kingdom to veto any United States actions which the United States considers essential to the achievement of the policy objective set forth above.

(4) Be prepared to avail itself of the authority of the President to approve voluntary agreements and programs under Section 708 (a) and (b) of the Defense Production Act of 1950, as amended.

d. Recognize the strength of Iranian nationalist feeling; try to direct it into constructive channels and be ready to exploit any opportunity to do so, bearing in mind the desirability of strengthening in Iran the ability and desire of the Iranian people to resist communist pressure.

e. Continue present programs of military, economic and technical assistance to the extent they will help to restore stability and increase internal security, and be prepared to increase such assistance to support Iranian resistance to communist pressure.

f. Encourage the adoption by the Iranian Government of necessary financial, judicial and administrative and other reforms.

g. Continue special political measures designed to assist in achieving the above purposes.

h. Plan now for the eventual inclusion of Iran in any regional defense arrangement which may be developed in the Middle East if such inclusion should later prove feasible.

5. In the event of either an attempted or an actual communist seizure of power in one or more of the provinces of Iran or in Tehran, the United States should support a non-communist Iranian Government, including participation in the military support of such a government if necessary and useful.[3] Preparations for such an eventuality should include:

a. Plans for the specific military, economic, diplomatic, and psychological measures which should be taken to support a non-communist Iranian Government or to prevent all or part of Iran or adjacent areas from falling under communist domination.

b. Politico-military discussions with the British Government and such other governments as may be appropriate, with a view to determining (1) courses of action which might be pursued and (2) the allocation of responsibility in carrying out such courses of action in the area.

c. Preparatory measures for the implementation of special political operations in Iran and adjacent Middle Eastern areas, including the

[3] If it is found necessary for the United States to provide military forces in this area, implementation will require either a substantial augmentation of over-all United States forces or a reduction of present United States military commitments elsewhere. [Footnote is in the original.]

procurement of such equipment as may be required. [*less than 1 line not declassified*] should be maintained with respect to such operations.

d. Perfection of plans concerning the handling of the matter by the United Nations if and when that becomes necessary.

6. In the event that a communist government achieves complete control of Iran so rapidly that no non-communist Iranian Government is available to request assistance, the position of the United States would have to be determined in the light of the situation at the time, although politico-military-economic discussions leading to plans for meeting such a situation should be carried on with the British Government and with such other governments as may be appropriate. In this contingency, the United States should make every feasible effort, particularly through special political operations, to endeavor to develop or maintain localized centers of resistance and to harass, undermine, and if possible, to bring about the overthrow of the communist government.

7. In the event of a Soviet attack by organized USSR military forces against Iran, the United States in common prudence would have to proceed on the assumption that global war is probably imminent. Accordingly, the United States should then immediately:

a. Decide in the light of the circumstances existing at the time whether to attempt to localize the action or to treat it as a casus belli. In either case necessary measures should include direct diplomatic action and resort to the United Nations with the objectives of:

(1) Making clear to the world the aggressive character of the Soviet action.

(2) Making clear to the world United States preference for a peaceful solution and the conditions upon which the United States would, in concert with other members of the United Nations, accept such a settlement.

(3) Obtaining the authorization of the United Nations for member nations to take appropriate action in the name of the United Nations to assist Iran.

b. Consider a direct approach to the highest Soviet leaders.

c. Place itself in the best possible position to meet the increased threat of global war.

d. Consult with selected allies to perfect coordinated plans.

e. Take action against the aggressor to the extent and in the manner which would best contribute to the security of the United States.

f. Prepare to maintain, if necessary, an Iranian Government-in-exile.

148. Memorandum From the Assistant Secretary of State for Near Eastern, South Asian, and African Affairs (Byroade) to the Deputy Under Secretary of State (Matthews)

Washington, November 26, 1952.

[Source: National Archives, RG 59, Central Files 1950–1954, 788.00/11–2652. Top Secret; Special Handling. 4 pages not declassified.]

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149. Memorandum of Conversation

Washington, December 3, 1952.

[Source: National Archives, RG 59, Central Files 1950–1954, 788.00/12–352. Top Secret; Security Information; Special Handling. 2 pages not declassified.]

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150. Memorandum Prepared in the Office of National Estimates, Central Intelligence Agency[1]

Staff Memorandum No. 296 Washington, December 11, 1952.

SUBJECT

De-briefing of Ambassador Henderson

(The bulk of the following notes were made at the Ambassador's conference with the NSC Senior Staff on Tuesday, 2 December. Additional points have been inserted on the basis of statements made by the Ambassador to CIA and State intelligence personnel at an earlier session on the same day.)

1. *Background.* By reason of their Shiite religion and Aryan racial background, the Iranians were isolated among the nations of the

[1] Source: Central Intelligence Agency, DDI Files, Job 79T00937A, Box 2, Folder 1, Staff Memoranda—1952, Substantive. Secret; Security Information.

Middle East. They were also traditionally underdogs. As a result they had less admiration for force than other Moslems and more sympathy for the defeated in any conflict. In their personal characteristics, the Iranians were intelligent, facile, and emotional to an almost suicidal degree. The Ambassador stressed this emotional factor, which meant that Iranians would not necessarily react as Americans might, but were capable of acting for purely emotional reasons.

2. *Attitude toward foreigners and the oil issue.* Historically the Iranians had played off the British and the Russians, but had fared badly when both worked together as in 1907. Now, the desire to expel all foreign influence from Iran had become an obsession. On the other hand, the departure of the British had also created at least a temporary feeling of loneliness, and this had contributed to the fact that the Iranians were looking to the US more than at any previous time. They had no thought of taking the British back or of having foreigners running the oil industry. On the compensation question, they were willing to give "reasonable" compensation as a gesture, but were not willing to "mortgage the country." As to oil purchases, they badly wanted US companies to buy oil, even if only at the rate of 4–5 million tons a year. If this was not possible, they wanted US financial assistance, though because of the rebuffs to this suggestion a year ago they would not ask directly for this, but would only hint.

3. *NIE–75: possibilities if US aid not forthcoming.*[2] The Ambassador called NIE–75 an "admirable paper," but added quickly that he would stress its qualifications and dark side. Logically, he said that the estimate was correct, but the situation was such that it was dangerous to rely on logic. The most critical danger was that if the Iranians became convinced that the US would not help, they might do "very rash things," and relations with the US could disintegrate very fast. From a very low point three months ago (the time of the US–UK joint offer),[3] the stock of the US had risen greatly, and the US was now looked to for vital assistance. However, the Iranians must have something to show that the US was supporting them, and this "something" must be forthcoming very soon, at the latest by the end of February. The Ambassador said that he himself was very nearly at the end of his tether in making explanations for delay, and that a newly appointed Ambassador would have a very short "tether." As to the form of US assistance, resumed oil sales would probably be too small to help much from a strictly economic standpoint, but would help US prestige. On the economic side, the Iranians did not want grandiose US-sponsored projects, but rather would like the US to take over and support some of the

[2] Document 143.

[3] See Document 121.

projects they themselves had started. Above all, the US must not interfere in the government. The Iranians regarded US economic aid as in effect a "debt" (presumably for their past resistance to Communism and for the wartime occupation).

4. *Soviet offers.* In response to Mr. Dulles' question about the possibility that the Soviets might use the expiration of the Caspian Fisheries rights to make inviting offers, the Ambassador thought that Mossadeq would seek to stall off this issue, perhaps by asking for a de facto continuation of the concession, to avoid making any firm answer to what might be extensive Soviet demands.

5. *Political forces within Iran.* The *Tudeh* was growing influence all the time, for negative reasons in the Ambassador's judgment. The Ambassador gave credence to reports that 20–30 trained revolutionaries had entered Iranian early July 1952. These had been taken by surprise by the Qavam riots, and had not been in a position to take decisive action then. They were probably now doing everything to lay a better groundwork for another opportunity when it arose. The *Shah* had been reduced to a negligible influence. *Kashani,* who three months ago had been flirting with Tudeh to take over the government, now did not have Tudeh support. Within the *National Front,* there did not appear to be any strong potential leader. Saleh (Ambassador to the US) was probably the best, but his leadership ability was doubtful. Fatemi, the foreign minister, was ruthless, ambitious, and capable of strong arm tactics, and might increase in power. On the military side, Zahedi was probably the "best of the lot," but it was doubtful whether he had any real following. Any military man would suffer from the fact that civilians generally distrusted the military. Moreover, the Army was very limited and narrow in its outlook.

6. *Situation in the Iranian Army.* The Army was now "in the wings" marking time. The top command was largely demoralized and going through the motions only. Mossadeq had deliberately sought to create a cleavage between the top command (down to Lt. Col. level) and junior officers, and had largely succeeded. The Army as a whole was probably still an effective force if given adequate leadership. However, the present Chief of Staff probably would not act decisively in any major disturbance, but would wait to see what the result was likely to be.

7. *Conditions for an oil settlement.* The Ambassador named the following as the minimum Iranian conditions:

a. Iranian control of the oil supply and industry.

b. Free sale of Iranian oil at a fair price.

c. A money advance to the Iranian Government, which could be in the form of a loan.

d. Provision for compensation to the British, either through a lump sum or through arbitration under conditions that would limit Iran's possible payment. (The Ambassador thought that Iran would accept compensation in the form of 4 million tons of oil a year over a ten-year period.)

William P. Bundy

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151. Letter From the Chargé d'Affaires in Iran (Mattison) to the Director of the Office of Greek, Turkish, and Iranian Affairs, Bureau of Near Eastern, South Asian and African Affairs, Department of State (Richards)[1]

Tehran, December 18, 1952.

Dear Arthur:

As a result of receiving the National Intelligence Estimate on Iran[2] we have worked out the following comments, which I am sending in a letter to you for such use as you may care to make. There also is attached a memorandum upon certain economic sections of the Estimate.[3]

Any variance of opinion that there may be in our view of the Intelligence Estimate may be boiled down to a differing concept of the present Government. Here we consider that even the concept of a National Front organization, beset as it may have been by potential dissensions, has become outmoded. In essence, what we have is a Mosadeq Government with full support from only a portion of the traditional National Front groupings—the others being too untrustworthy, if not at odds with Mosadeq. At present the Iran Party and a few ambitious men such as Fatami are the only "certain" Mosadeq henchmen, whereas Kashani and Baqai maintain but a surface cooperation with the Prime Minister. This really means that the only true organizational support for Mosadeq rests with the Armed Forces. Mosadeq for the time is not challenged as Prime Minister, but to go on the assumption, as the Intelligence Estimate does, that "a National Front Government"

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[1] Source: National Archives, RG 84, Tehran Embassy Files, 1950–1952, classified general records, Box 10. Secret; Security Information. Drafted by Melbourne. A copy was sent to Stutesman.

[2] Document 143.

[3] Attached but not printed.

can carry on through 1953 seems unrealistic to us in view of what I have said above and in view of the fact that only Mosadeq might possibly be able to do the trick.

It is not unlikely that the elements becoming more antagonistic to Mosadeq might even turn to the Tudeh Party for support. Kashani might do this if he became convinced, as we believe, that his political importance is declining vis-à-vis Mosadeq. This would indeed be serious, as the Intelligence Estimate implied, if Mosadeq should disappear from the political arena and if political factions should bid against each other for Tudeh support. Our hope (because this is speculative) would be that the Armed Forces would not be too weakened by Mosadeq maneuvers designed to assure political loyalty among the military officers, so that a virtual military regime could take over if Mosadeq disappeared from the political scene.

The political factors that are given in the Intelligence Estimate as potentially operative after 1953 are just as inherent in the situation for the near future, for it is most difficult to affirm that they would not show their explosive possibilities at any time before the end of 1953. Put another way, the Intelligence Estimate does not show convincingly how these could not erupt in 1953.

We are inclined to believe that with the current nationalist emphasis upon an oil-less economy, the present Government's objectives may be achieved if "substantial" quantities were sold abroad, since this would symbolize Mosadeq's victory over the UK, and be a reaffirmation of Iranian political independence. Similarly on oil, paragraph 5 of the conclusions conjectures that Iran would make the same efforts to sell oil to the Soviet bloc as to the West. This idea is developed in paragraphs 17 and 39 [*18*]. For Iran to do so to the Soviet bloc, it must reckon with restrictive provisions of United States legislation, such as the Battle Act, which would place such economic aid as Iran is now receiving in serious jeopardy. We doubt at this stage, with the prospect of continued Point IV assistance on a scale comparable to the present—not to mention military aid, which Mosadeq might continue to welcome since he controls the Armed forces—that the present regime would actively seek to sell oil to the Soviet bloc.

This week we have received a visit from a pleasant G–2 colonel, who works on Iran at the Pentagon and who told us that the Embassy's two estimate telegrams were considered too alarmist. We asked him on what basis this impression was acquired and he stated that some like himself, "perhaps taking the long view", felt that Iran had existed for thousands of years, had been getting into scrapes during that time, and had been getting out of them, with something turning up to save the situation. Our only reply, of course, to such an argument was that all of us at times, in order to keep a sense of balance, could not help but hope

that some unknown "X-factor" or deus ex machina would intervene favorably to change the complexion of things. This contingency we had provided for by emphasizing that our estimates were made on the basis of present political factors. The so-called "X-factor" could be a policy matter to the extent that the United States might try to change the situation through specific programs. But this had no part in an impartial estimate of the factors now operating upon the Iranian situation. This type of "long view" as a basis for intelligence planning seems meaningless except in terms of new policy recommendations on our part, or completely unforeseeable developments in Iran. The countries in the communist world are "going on", but unfortunately for our side, as tools of the Kremlin's policies. Naturally, we have to hope at all times that things will break our way, but no serious planning policy can go on the assumption that we will be given presents.

All best wishes and I hope to be seeing everyone back home very shortly.

Sincerely yours,

Gordon H. Mattison[4]

[4] Printed from a copy that bears this typed signature.

152. National Intelligence Estimate[1]

NIE–75/1 Washington, January 9, 1953.

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

[1] Source: Central Intelligence Agency, NIC Files, Job 98–00979R, Box 1, Folder 74, NIE 75/1–53 Probable Developments in Iran—1953. Secret. A note on the cover sheet indicates that 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 December 11. It therefore supersedes NIE–75, which was published November 13, 1952. All members of the Intelligence Advisory Committee concurred in this estimate on January 2, 1953. NIE–75 is Document 143.

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 common 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 nonetheless 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 oil 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 ab-

sence 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 intransigeance, 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 government 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 Subtantial 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 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.

153. Briefing Notes Prepared in the Central Intelligence Agency for Acting Director of Central Intelligence Dulles[1]

Washington, February 18, 1953.

INTERNAL THREAT TO IRANIAN SECURITY

Continuing deterioration of Iranian situation, confusion in Tehran highlighted by:

1. The oil problem. Mossadeq told Ambassador Henderson that on 21 February he would:

a) tell Majlis there is no hope of oil settlement.

b) recommend sale of oil to anyone including Orbit.

2. Mossadeq charges British don't want a settlement, are trying to overthrow him, using fanatical religious groups, Communist-front organizations, and the tribes.

3. Tribal unrest:

a) numerous reports of unrest.

b) intrigues appear aimed primarily at strengthening tribes' position against government rather than overthrow of government.

c) 14 February clashes between Bakhtiari tribesmen and army developed apparently from local incidents, can probably be controlled by army.

d) No indication of unified tribal plot. Concerted tribal effort might result in breakdown of internal law and order.

(1) Soviet contacts among tribes, especially Kurds, long reported, evidence slim.

(2) Bakhtiari are alleged to have accepted Soviet aid, reportedly plan to repudiate it, set up independent pro-Western state in south if government comes under Tudeh influence.

(3) British intrigues constantly reported especially among southwestern tribes including Bakhtiari.

e) Imminent failure of oil negotiations and continuing internal decline will not necessarily arouse tribes to action.

4. Mossadeq 13 Feb threatened to throw up his hands and resign:

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[1] Source: Central Intelligence Agency, DDI Files, Job 80R01443R, Box 1, Folder 4, NSC Briefing 18 Feb 53. Top Secret; Security Information; Canoe. Prepared for Dulles for his briefing to the NSC on February 18. The official minutes of the NSC meeting of February 18 record under the heading "Significant World Developments Affecting U.S. Security," that the NSC "discussed the subject in the light of an oral briefing by the Acting Director of Central Intelligence on Latin America and on the situation in Iran." (National Archives, RG 273, Records of the National Security Council, Official Minutes 1947–1961, Box 23, 132nd Meeting)

a) He has threatened to do this before.

b) His death or removal might furnish occasion for unified tribal action, especially if successor government is leftist, revolt is foreign-backed.

5. Shah has said he would abdicate. Reportedly in same breath he might take control of government in emergency. Latter unlikely in view of his record of indecision and weakness.

6. The Iranian situation is highly dangerous. For the moment events have brought all of the elements back into a temporary focus, which may be preliminary to a final disintegration. This is not the first time in the past two years when Iran's collapse seemed imminent, but the situation now appears more explosive than at any time in immediate past.

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154. Memorandum From Acting Director of Central Intelligence Dulles to the Under Secretary of State (Smith)[1]

Washington, February 19, 1953.

In connection with your mention of Max Thornburg, I attach as of possible interest a copy of a letter I have just received from him under date of 10 February with regard to Iran.

Following our conversation and one I had with Foster, I have cabled Max Thornburg at Bahrain to inquire as to his plans regarding return and asking whether he could make a visit to the United States at this time if it proved desirable. I have not yet had a reply.

Allen W. Dulles[2]

Since dictating the above, I received this morning the following cable from Max Thornburg: "Yours 16th can come anytime after few days if your judgement warrants stop. Would appreciate whatever notice possible also probable duration visit so can rearrange other plans as otherwise not returning USA until early summer. Max." Shall I ask him to come here?

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[1] Source: Central Intelligence Agency, Office of the Director of Intelligence, Job 80R01731R, Box 13, Folder 563, State. Secret; Security Information.

[2] Printed from a copy that bears this typed signature.

Attachment[3]

Umm a'Sabaan Island, Bahrain, Persian Gulf, February 10, 1953.

Dear Allen,

I attach no particular importance to the enclosed clipping which represents the views of a certain Mr. McGaffin of London, but it does seem to run uncomfortably close to the thinking in Washington, as well as one can judge by external evidence.[4] Because of that apparent parallelism it caught my attention.

According to McGaffin, a "new" development faces us in Persia—new, that is, in December. During these last weeks in office Dean has had revealed to him that Mossedegh is now faced with a struggle between two rival factions—Kashani and Tudeh—as a result of which he might be replaced with someone even less desirable to the West. Dean has therefore remained close to his desk and Loy has rushed home to acquaint Eisenhower (and no doubt Foster) with this disquieting intelligence, and to urge that Mossedegh be supported by us at all costs, even though this means disregarding British views. "They say" that Dean told Eisenhower that the next forty days might mean either peace or war, depending upon events in Tehran.

Accepting this depiction of the good Doctor's dilemma, what is "new" about it?

Even after we bow McGaffin out, queasy feeling remains that he has been recently in Washington and reports what he observes, there as well as in Tehran, and that Washington *has* recently discovered the situation and is prepared to meet it resolutely.

You are quite familiar with my views concerning Persia, but just to put my mind at ease—and to keep yours from getting that way—I would like to restate my own appraisal of that situation briefly. You will recognize it as the same appraisal I expressed in Tehran in 1950, to Dean in 1951, to David Bruce in 1952, and to many others throughout that period.

Mossedegh was put into power by the unholy coalition between Kashani and Tudeh in the summer of 1951 following Razmara's murder and Husain Ala's brief interregnum. His popularity, based upon the emotional appeal of a skillfully conducted "out-with-all-foreigners" propaganda campaign, and supported by terrorist control of the government, made him the logical compromise candidate of the rival factions, until they were ready to fight it out between themselves.

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[3] No classification marking.

[4] Not attached.

From time to time he has been able to strike out at one or the other of them, where their interests differ, but at no time has he been in a position to move against them both where their interests coincide—as they do in blocking any kind of an oil agreement that might help to restore order and prosperity in the country, which neither of the rival factions wants. Mossedegh just isn't that kind of a Prime Minister, whatever his personal virtues may be, nor has he ever been. Naguib is, and Shishakly may be, but Mossedegh is not. He is as much a captive as the Shah himself, and as unable to make a deal which would stand up against the opposition of Kashani and Tudeh, or against the anti-alien hostility which he himself has done so much to arouse.

"But that", the Department would say, "is exactly why we must make the oil agreement—to strengthen him so he can put the rest of his house in order".

Suppose that we were successful in supporting him to the extent necessary to produce an oil agreement, thereafter supplementing this with aids of various kinds, and a month later he retires or perhaps joins his fathers, one or the other of which may reasonably be expected. We would be right back where we were in 1950—looking for another Razmara.

Anyone who knows the men around Mossedegh as well as I do must know that they are not the kind of men who can carry any practical program through to completion. Fatemi, Kazemi, Makki, Hassibi and the rest are all ineffective political flaneurs. In other words, in backing Mossedegh we are not backing an institution which possesses the quality of continuity apart from the individuals in it, but only a volatile personality that has become the popular symbol of "liberation". Such symbols don't have successors.

If we want really to support Mossedegh, not as a symbol but as the effective leader of a movement robust enough to survive the onslaughts of Kashani, Tudeh and other opposing forces, our effort must be to make him part of an institution capable of doing what we have in mind. Unless we are ready to create and support a Republic there (which Persian voting power in the United States hardly warrants) the answer seems to be to accept the institution traditionally and constitutionally represented by the Shah, and make Mossedegh part of that. While he lasts he could be as big a part of it as he wanted to be, and step out when he chooses to with all flags flying, leaving in his place the best man that can be found.

As you know, I am not one of those who regards the Shah as "weak", but only as young, beaten-down and understandably sceptical about any real support coming from the United States or Britain.

For some time I have not been in a position to know details, but it appears that instead of putting this kind of a proposition up to Mos-

sedegh we have continued to pester him with the oil agreement—just as though he could make one stick if he wanted to.

The question as I see it is not how to make an oil agreement that will bolster up the government in Persia, but how to bolster up the government in Persia so it can make an oil agreement and then get on with all the other things that need to be done there.

I grant that this might involve 48 hours of tough going for some people—but this seems to be the order of the day, and anyway it would be preferable to the alternative of watching Persia drift behind the Curtain.

As ever,

Max[5]

[5] Printed from a copy with an indication that the original was signed.

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155. Telegram From the Embassy in Iran to the Department of State[1]

Tehran, February 20, 1953, 6 p.m.

3306. 1. Available information indicates Mosadeq Government being subjected to opposition forces whose lines have not (repeat not) yet hardened. National movement organization continues disintegrate. Such pressure is having adverse effect upon health Prime Minister and upon his relations with associates, several of whom privately assert change of government will take place. Talk again reviving among Prime Minister's opponents as to type of successor regime which it assumes Shah would support. This talk assumes such government would be able handle any int disturbances.

2. Embassy and CAS sources indicate decline in Mosadeq's mental stability. He apparently depressed by growing sense of frustration and at times has evidenced paranoid distrust of everyone, including even his closest advisers. Some of closest associates admit Prime Minister increasingly irrational.

[1] Source: National Archives, RG 59, Central Files 1950–1954, 788.00/2–2053. Secret; Security Information. Repeated to London and pouched to Moscow, Kabul, Karachi, Baghdad, Ankara, Cairo, Amman, Beirut, Rome, Dhahran, Isfahan, Tabriz, and Meshed. Received at 12:06 p.m.

3. Both Police Chief Afshartus and Deputy Prime Minister Kazemi reliably reported to have expressed private belief that change of government would take place "within few weeks". Source close to Deputy Hasibi, member pro-Mosadeq Iran Party, alleged even Hasibi had stated "Mosadeq must go". According to one reliable source Prime Minister collecting documentary evidence to prove that some failures of his government were due to bad counsel given by his closest advisers. Kashani reported by press to have said in February 16 meeting of deputies that government was failing to improve conditions in country but "situation will change and all will be well again". Other factors indicate progressive weakening of Mosadeq's political position. Disintegration national movement coalition seems to be accelerating (Embtels 3074,[2] February 7; 3233,[3] February 17; 3258,[4] February 18; 3271,[5] February 19).

As usual, in period of apparent declining fortunes of Prime Minister, talk and maneuvers have begun looking toward eventual successor. Political circles beginning privately allege Shah would welcome and support change. Similarly, it appears that opposition elements to Mosadeq are being drawn into Kashani's orbit to achieve common purpose. Some of these elements have no basic sympathy for Kashani but gather around him as most effective symbol in fight against Mosadeq. Perennial candidates Ali Mansur and General Zahedi are once more being talked about and there are varied suggestions of types coalition government which would achieve greatest future support and which would be capable handling int disturbances, such as current Bakhtiari tribal uprising.

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[2] Telegram 3074 from Tehran, February 7, reported on Dr. Seyid Ali Shayegan's conversation with Melbourne. Shayegan, as the Mosadeq government's leader in the Majlis, confirmed that the National Front, as previously understood, no longer existed. In fact, the government no longer termed itself a "National Front" government. "According Dr. Shayegan, current definition of government is nationalist movement embodied in Dr. Mosadeq and his friends." Shayegan blamed this development on the "personal ambitions" of Kashani, Baqai, and Maki. Nevertheless, "Shayegan believed that fraction as result new situation had gained materially in efficiency and vitality, since disruptive intrigues within it would now cease." (Ibid., 788.00/2–653)

[3] Telegram 3233 from Tehran, February 17, reported on the resignation of 17 parliamentary members from the Iran Party to form a "splinter party called Association for Liberty of Iranian People." (Ibid., 788.00/2–1753)

[4] In telegram 3258 from Tehran, February 18, Henderson discussed the situation of the National Front in the Majlis. "Only one (Shayegan) of 9 nationalist deputies who sponsored oil nationalization in 16 Majlis remains in nationalist movement fraction supporting Mosadeq. Approximately half remaining members nationalist movement fraction openly demonstrated attachment to Prime Minister only after fall Qavam and formation second Mosadeq Government." (Ibid., 788.00/2–1853)

[5] Telegram 3271 from Tehran, February 19, reported on the split in the Iran Party. (Ibid., 788.00/2–1953)

5. Observers within and without Embassy comment that present Iran atmosphere is one of growing expectancy that unknown political event in not (repeat not) too distant future will either ease political position of Mosadeq Government or create serious open threat to its continuance.

6. If oil talks break down Mosadeq may be able exploit his rejection of proposals to retrieve his position temporarily. It seems to us just now however that failure of conversations may ultimately strengthen those heterogeneous forces opposed to him.

Henderson

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156. Telegram From the Embassy in Iran to the Department of State[1]

Tehran, February 23, 1953, 3 p.m.

3342. 1. Ardeshir Zahedi, son of Zahedi who severed relations with Point IV several months ago at request Prime Minister, called on Commander Pollard, Naval Attaché, at latter's residence last evening. They are old friends and have maintained friendly contact during last two years. During course evening Ardeshir outlined to Pollard present differences between Shah and Mosadeq and said it possible father would become Prime Minister within few days. He stated that there had been two groups working for successor to Mosadeq. One group had supported Ali Mansur, other Zahedi. Mansur group several days ago had decided to throw in its lot with Zahedi. Also supporting Zahedi were Kashani, Baqai, leading officers of armed forces, et cetera. Zahedi was determined that before he would take over power an organization should be perfected and plans would be laid to maintain law and order so that incidents of last July would not (repeat not) be repeated. Zahedi thought he would have support of Shah but he was not (repeat not) sure. He would act, however, regardless of Shah's attitude. Ardeshir added that his father had always been friendly to US and Western world and must depend on good will, particularly of US, for success his government. His father had several candidates for each portfolio in his proposed Cabinet and would if named Prime Minister give Shah op-

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[1] Source: National Archives, RG 59, Central Files 1950–1954, 788.00/2–2353. Top Secret; Security Information; NIACT. Repeated to London. Received at 12:15 p.m.

portunity to express his preferences in that list. General already had good informal contact with court. If US should have in mind any personalities who might make good Cabinet members he sure his father would be glad consider them.

2. Pollard thanked Ardeshir for giving him this information and pointed out that it was US Government policy not (repeat not) to interfere in any way in internal affairs Iran.

3. This morning Ardeshir again saw Pollard for few moments. He said that his father was at time participating in meeting for purpose deciding what measures should be taken to guarantee public security in case General should become Prime Minister. During this meeting they would select officer for position Chief of Staff. Ardeshir also indicated that his father expected come in by constitutional means and would obtain overwhelming support of Majlis. In order not (repeat not) to strain relations with Kashani in early days his government he did not (repeat not) propose to ask Shah to dismiss Majlis and call for new elections. He would prefer, if possible, to work at least temporarily with present Majlis.

4. Ardeshir also had brief conversation yesterday with Warne. He told Warne that his father might become Prime Minister in next few days. Although his father would be anxious to settle oil problem at early date it would not (repeat not) be possible in view internal political situation for him to do so immediately. He probably would need some kind financial assistance from US before he would be in position to settle oil dispute. It might be fatal for him to settle oil dispute at once and then receive financial assistance because he would be charged with selling out country.

5. Both Warne and Pollard realize delicacy of situation and have stated they will use circumspection in any relations they may have with Ardeshir. Pollard, however, had agreed to see Ardeshir for few moments shortly after noon today.

Henderson

157. Memorandum Prepared in the Office of Current Intelligence, Directorate of Intelligence, Central Intelligence Agency[1]

Washington, February 24, 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.[2]

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" 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.

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[1] Source: Central Intelligence Agency, DDI Files, Job 80R01443R, Box 1, Folder 6, NSC Briefing 25 Feb 53. Top Secret; Information Only.

[2] For Henderson's account of this meeting, see *Foreign Relations,* 1952–1954, vol. X, Iran, 1951–1954, pp. 670–674 (Document 300).

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 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.[3]

[3] On the back of the last page of the memorandum is a handwritten note that reads: "PD 224, 23 Feb-Iran."

158. Editorial Note

On February 24, 1953, representatives of the Governments of the United States and the United Kingdom met in Nicosia, Cyprus, to prepare for the possibility of a bid for power in Iran by the Tudeh Party. Representatives of both governments agreed that, should the Tudeh Party attempt to come to power, efforts would be made to preserve the remnants of a free government which could then, from within Iran or from the outside, lead a resistance movement against a Tudeh-dominated Iran. To that end, the U.S. and U.K. officials agreed to (1) establish contact with the Shah to strengthen his resolve to resist a Tudeh push for power; (2) establish contact with an Iranian political leader

upon whom Anglo-American representatives could rely to preserve the vestiges of a free government (among those Iranian politicians considered for this role were Zahedi, Makki, Buruijirdi, Sayed Zia, and Mosadeq); (3) initiate a propaganda campaign, using Anglo-American facilities, against the Tudeh both within Iran and outside it; (4) activate a stay-behind program; and (5) maintain contact with potential resistance groups in southern Iran, including the Qashqai and Bakhtiari. The meeting established the guiding principles of Anglo-American cooperation, at both the policy and intelligence levels, and agreed that specific contingency plans would be developed in the months ahead. (Central Intelligence Agency, DDO Files, Job 80–01701R, Box 3, Folder 12, TPAJAX)

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159. Briefing Notes Prepared in the Central Intelligence Agency for Director of Central Intelligence Dulles[1]

Washington, undated.

IRAN

1. On 20 February Mossadeq advised Shah he would resign 24 February[2] in view

a. palace intrigues,
b. Shah's unfriendly attitude and
c. his responsibility for disturbances among tribes and in army.

2. Same day Ambassador Henderson presented last British offer which received in friendly way but likely to be rejected. No real change.

3. Mossadeq is out to finish Shah and reportedly has made three demands

1. Turn over Crown property to government
2. Abandon control of army
3. Clean out court

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[1] Source: Central Intelligence Agency, DDI Files, Job 80R01443R, Box 1, Folder 6, NSC Briefing 25 Feb 53. Top Secret; Security Information. Prepared on February 25 for DCI Dulles' briefing to the NSC. There is a notation on the notes indicating they were "used."

[2] The phrase "go over to people" is inserted here by hand.

4. Shah capitulated:[3]

1. To make clear Army takes orders from Mossadeq.
2. Stop seeing unfriendly persons.
3. Discuss distribution crown lands.

5. Danger lies in leaving entire control in Mossadeq's hands because his elimination by assassination or otherwise would leave vacuum into which Tudeh Party might move.[4]

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[3] The first two sentences of point 4, "This major step in destroying Shah's power. Shah has promised" were crossed out in pencil and replaced with the words, "Shah capitulated:"

[4] At the 134th meeting of the NSC on February 26, Dulles noted that "the most recent intelligence had made clear that Mossadegh's maneuvers, begun on January 20 to reduce the Shah to impotence, had pretty well succeeded. Mossadegh had made three demands on the Shah—one with respect to handing over most of the Crown lands; secondly, assurance that Mossadegh would control the army; and thirdly, a promise by the Shah to cease contact with persons unfriendly to Mossadegh. So far as the resignation of either Mossadegh or the Shah was concerned, the crisis which Mr. Dulles had indicated as imminent last week could be considered over. But there was now a dangerous vacuum in the power picture. If the Shah's power was completely gone, it would be extremely difficult to find any constitutional alternative to Mossadegh if he were driven from power. The possibilities that the Communists would fill this power vacuum had been heightened." (Eisenhower Library, Whitman File, Box 4, NSC Series, 134th NSC Meeting)

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160. Memorandum for the Record Prepared in the Directorate of Plans, Central Intelligence Agency[1]

Washington, February 25, 1953.

SUBJECT

Minutes of Meeting with Representatives of State, Defense, and JCS, 25 February 1953

PRESENT

[*less than 1 line not declassified*]

State
Mr. Horsey (part-time)
Mr. Strong
Mr. Berry

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[1] Source: Central Intelligence Agency, DDO–IMS Files, Job 80–01795R, Box 9, Folder 6, Office of Policy Coordination (OPC) History 01Mar52–11Mar52. Top Secret; Security Information; Eyes Only. Drafted by [*text not declassified*] Prepared by [*name not declassified*] on March 3.

Defense
Colonel Wright (JSPD)
Lieutenant Colonel Black (OSD)

CIA
Brigadier General Balmer, [*less than 1 line not declassified*]
[*4 lines not declassified*]
Mr. Waller [*less than 1 line not declassified*]
[*2 lines not declassified*]

[Omitted here are 3 pages of discussion on matters unrelated to Iran.]

4. *Report on Iran:*

Mr. Waller described current CIA psychological warfare and paramilitary operations and plans with respect to five possible conditions in Iran. These are: (a) the present government; (b) a more rational government oriented toward the West; (c) a more hostile government; (d) a government under absolute Tudeh control; and (e) Soviet occupation.

Under present conditions, the prime target is the Tudeh Party, and CIA is conducting operations to counteract its influence. Although there is widespread feeling in Iran against British and U.S. policies, CIA has influenced specific leaders, has tended to curb Tudeh's outward manifestations, and has had some effect in making distribution of Tudeh literature more hazardous. The general line of attack has been to discredit Tudeh in terms of nationalism and religion and above all to blast open the front groups. CIA has also conducted operations against Soviet influence and has met with some success in influencing the government not to renew the Soviet fisheries concessions. CIA has also engaged in operations against the Nationalist leader, Kashani, and has tried to provoke him into taking a stand for or against the Tudeh Party.

If a more moderate government, oriented toward the West, should come into power, its greatest opposition would be that of the Tudeh Party. In Mr. Waller's opinion, if CIA had the cooperation of such a moderate government, CIA could help restrict the Tudeh Party, at least temporarily, and help neutralize the influence of Kashani.

Mr. Waller reported that legalization of the Tudeh Party and significant increase in the power of the Tudeh would impair CIA's capabilities, since it would be more difficult to get anti-Tudeh groups to speak out. Such a situation would probably not, however, interfere with CIA's dealings with potential resistance groups. Under the condition of actual Tudeh control, Mr. Waller said that CIA's political and psychological warfare capabilities would be severely curtailed, but that CIA could encourage and assist tribal groups to maintain control within their zones, Mr. Waller reported that CIA has stockpiled enough arms and demolition material to support a 10,000-man guerrilla organization for six months and has entered into a tentative agreement with

certain tribal elements in the south of Iran to establish safe haven bases. [*1½ lines not declassified*]

Mr. Waller said that cartoons are especially effective in Iran because of the high illiteracy rate, and showed samples of cartoons in use at present.

Mr. Horsey asked what can be done to temper nationalism. Mr. Waller reported that CIA has tried to encourage moderate elements within the National Front and to oppose extremists, but so far this has consisted more in opposing than encouraging.

In answer to Mr. Berry's question, Mr. Waller said that CIA is both attacking Kashani and trying to smoke him out on the Tudeh Party issue. In answer to [*name not declassified*] question about the British psychological warfare effort in Iran, Mr. Waller said that the British are in a stay-behind status already and have been very active with anti-Government tribal groups in Southern Iran. Mr. Waller also said that, should the Tudeh Party come into power, the U.S. would probably be allied with the British and reported that CIA had had some discussions with the British about this possibility.

Mr. Berry gave his opinion that the Iranian armed forces would be a big element in time of trouble and said that he hoped CIA is keeping close liaison with them. Mr. Waller agreed on their importance but stated that dealing with elements of the armed forces is difficult because of frequent re-shuffling of army commands. Colonel Black asked about a recent article in the *New York Times* reporting the presence of a Soviet agent in Iran. Mr. Waller said that CIA has had reports of Soviet agents among the Azerbaijani Kurds, but that CIA had been able to make little or no progress in counteracting Soviet influence in this very remote country. In answer to Mr. Berry's question about the loyalty of the armed forces, Mr. Waller gave his opinion that it was doubtful if they would fire on their own people in the event of urban demonstrations or riots. Mr. Waller also expressed his view that one of the main troubles with Iranian security forces is lack of adequate riot control techniques.

Mr. Waller said that CIA's operations could probably be more effective if more specific policy direction could be given as far as possible in advance. Colonel Black asked about the reason for the Soviet reaction to the Iranian cancellation of fishing rights, and Mr. Waller said it was possibly designed to contrast with the British reaction to the oil concession cancellation.

[*name not declassified*] raised the question of operational direction in case of gradual Tudeh infiltration of government agencies in which it is difficult to ascertain when the Tudeh has actually gained the upper hand. Mr. Berry agreed there is dangerous possibility that we would be too late in realizing Tudeh domination, and [*name not declassified*] asked

if the Iranian Army is capable of proper assessment of Tudeh infiltration. Mr. Waller indicated in the negative, but said that the U.S. and British were more successful in so doing.

[Omitted here is discussion unrelated to Iran.]

[*name not declassified*]

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161. Telegram From the Embassy in Iran to the Department of State[1]

Tehran, February 25, 1953, 11 p.m.

3393. 1. Ala Minister Court came to see me tonight, obviously worried and distressed. Said he wanted to talk in utmost secrecy. During conversation between Shah and Mosadeq on February 24, latter had indicated that it might be good idea after all for Shah leave country as soon as possible and to remain abroad until situation Iran had become more stable. Shah had jumped at chance get out of country; had said he delighted Prime Minister had withdrawn objections to his departure. How soon could he go? Prime Minister had suggested Saturday February 28. During this talk Prime Minister had made no (repeat no) further reference to his previous suggestions that government take over crown lands, Meshed shrine revenues, etc. Prime Minister had insisted he loyal to crown and wanted Shah to go for latter's own good. Shah's departure would prevent him from continuing to be innocent victim of intrigues against government.

2. Shah told Ala this morning his nerves in such condition he could not (repeat not) remain Tehran until February 28; he desired leave Tehran by auto morning February 26 for Baghdad, visit Holy Cities Qerbala and Najaf, and then go to Europe. Ala in vain tried persuade Shah postpone his departure. Shah insisted Ala immediately request travel documents.

3. Prime Minister told Ala he thought it good idea for Shah leave tomorrow. He could arrange travel documents at once. Ala finally persuaded Prime Minister it would look better if Shah would not (repeat not) go until Saturday. Ala asked re regency in Shah's absence. Mo-

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[1] Source: National Archives, RG 59, Central Files 1950–1954, 788.11/2–2553. Top Secret; Security Information; NIACT; Noforn. Repeated to London, Baghdad, and Madrid. Received at 6:05 p.m. Also printed in *Foreign Relations*, 1952–1954, vol. X, Iran, 1951–1954, pp. 681–683 (Document 305).

sadeq said he had not (repeat not) thought of that. He then suggested himself, Ghulam Reza (younger half-brother Shah), and Ala. He refused consider Ali Reza, Shah's full brother who usually considered next in line of succession.

4. Shah was perplexed when he learned Mosadeq passing over Ali in favor Ghulam for regency. He feared family rift. Decided to ask Ali accompany him abroad for sake of appearances.

5. Ala fears hasty departure Shah will be interpreted as flight and will lower Shah's prestige to such extent as to endanger institution of monarchy. Shah also thinks it possible Mosadeq may follow Naguib's example. Ala told me he personally in difficult situation. He bound to secrecy by both Shah and Mosadeq. He sees disaster coming yet cannot (repeat not) appeal to other Iranian representatives or leaders for counsel and assistance. He would not (repeat not) remain silent if he convinced any useful purpose could be served in persuading Shah not (repeat not) to leave. Shah at present in almost hysterical state. Ala feared complete nervous breakdown and irrational action if Shah compelled to stay in present circumstances. In order preserve appearances Ala trying arrange for Spanish Government invite Shah for visit. If this arrangement could be effected, it was hoped that first announcement would merely be Shah going on pilgrimage to Iraq. While Shah was in Iraq, announcement could then be made he had accepted invitation to visit Spain.

6. I agree departure Shah may be first step in direction of abolition of monarchy. I asked Ala if there was anything which I could do. He said that he feared not (repeat not). I was not (repeat not) supposed to know of these plans and it might do more harm than good for me to take any step which might give impression that he had talked to me about them. In any event, Ala thought neither Mosadeq nor Shah was to be swayed from their decision. Mosadeq so unpredictable it useless for me try prophesy what he will do. Although he has assured both Ala and Shah of his loyalty to Shah it quite possible that some of his advisers who are opposed to monarchy may persuade him in not (repeat not) distant future to demand Shah's abdication.

Henderson

162. Telegram From the Embassy in Iran to the Department of State[1]

Tehran, February 26, 1953, 1 p.m.

3397. 1. I dislike remaining inactive at time when monarchical institution which we have in past regarded as stabilizing influence country is in grave danger (Embassy telegram 3393, February 25 repeated London 1102, Baghdad 80, Madrid Unn).[2] I realize that for number years in view of peculiar situation Iran it has been one of our policies to support Shah. During last two years it has become increasingly clear that Shah is weak reed. His inability to take decisions coupled with his tendency to interfere in political life has on occasions been disruptive influence. Nevertheless Shah and court are basically pro-West and their present opponents, which include not (repeat not) only radical wing Iran party and other nationalist movement elements but also Tudeh are in general either unfriendly to West or at best neutral. It would be mistake for us to take position re dispute between Mosadeq and court which would result in coalescence nationalist movement and Tudeh. On other hand collapse of monarchy at this moment leaves clear field to Mosadeq who surrounded by influences not (repeat not) particularly friendly to West.

2. One of our problems is that those groups in Iran which are anti-West or neutralist are in general inclined to be dynamic while those which are inherently friendly toward West are for most part passive and seemingly incapable of organized action. Even Zahedi who has been more dynamic than most political leaders fairly friendly to West, has allowed himself meekly to be arrested. His arrest would seem eliminate any action against Mosadeq by army.

[3.] I would not (repeat not) hesitate to take some action here to stimulate defense of Shah if I could see any hope of success. For moment I see no (repeat no) hope; nevertheless members of Embassy and other American agencies here endeavoring discreetly to ascertain whether any political or other forces exist which might at least in name of Shah oppose this latest Mosadeq move. Story of Shah's imminent departure may leak prior his departure. Unless it does it may be difficult to assess attitude various groups re Shah since after his departure few likely to indicate support for him.

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[1] Source: National Archives, RG 59, Central Files 1950–1954, 788.00/2–2653. Top Secret; Security Information; NIACT. Repeated NIACT to Madrid, London, and Baghdad. Received at 9:24 a.m.

[2] Document 161.

4. Have no (repeat no) objection British Government being informed but would prefer details not (repeat not) be furnished which if leaked might serve in identifying source my information.

Henderson

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163. Memorandum From the Assistant Director of the Office of National Estimates (Kent) to Director of Central Intelligence Dulles[1]

Washington, February 27, 1953.

SUBJECT

Developments in Iran

1. Recent events in Iran, and the news of the probable departure of the Shah, lead to the following conclusions:

a. Mossadeq has won a considerable victory. He has temporarily repressed the major elements of non-Communist opposition to his regime. If the Shah leaves Iran, the principal rallying-point for this opposition will have been removed from the scene.

b. The nature of Mossadeq's victory emphasizes again that his power is personal; it is not based upon a well-knit political and security organization. Opposition has not been permanently suppressed. Unless Mossadeq consolidates his power to a greater degree than seems likely he will feel obliged repeatedly to rely upon unpredictable *coups* like that of the past weekend.

c. We believe it likely that Mossadeq will continue to dominate the situation at least through 1953—as concluded in NIE–75/1.[2] It is possible, but we believe it unlikely, that news of the departure of the Shah might precipitate unrest beyond the power of Mossadeq's government to control.

d. Unless such a state of unrest should develop, we see no immediate advantage to the Tudeh Party arising from the events of the past week. In the longer run, however, the departure of the Shah would enhance the importance of the Tudeh Party as a center of effective opposi-

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[1] Source: Central Intelligence Agency, NIC Files, Job 79R00904A, Box 1, Folder 4, Memos for DCI (1953) (Substantive). Top Secret.

[2] Document 152.

tion to Mossadeq, and thus would make it more attractive as an ally to extremist dissidents such as Kashani and Baghai. Moreover, departure of the Shah, by weakening the monarchy as a symbol of unity and stability in Iran, would contribute to the accomplishment of an important Tudeh Party objective.

e. Inasmuch as Mossadeq's maneuvers of the last ten days were largely directed against those who had criticised him for not concluding an oil agreement, it appears likely that he will now be more insistent than ever that the US and UK agree to his terms.

2. In the present fluid situation we do not feel that an immediate revision of NIE–75/1 would be useful.

Sherman Kent[3]

[3] Printed from a copy that bears this typed signature.

164. Telegram From the Department of State to the Embassy in Iran[1]

Washington, February 27, 1953, 5:43 p.m.

2238. In view Shah's apparent desire leave Iran and Mosadeq's position that Shah should leave, Department sees little which could usefully be done to prevent Shah's departure. We are currently assessing significance this crisis and developments likely flow from Shah's departure, and would appreciate any comments you may have in amplification urtel 3397[2] rpt London 1103. Department will attempt minimize to press significance Shah's departure Iran but there is every likelihood press will take line that Shah has fled Iran and his case is similar to Farouk's.

Dulles

[1] Source: National Archives, RG 59, Central Files 1950–1954, 788.11/2–2753. Top Secret; Security Information; Limited Distribution; Priority. Drafted by Stutesman and approved by Richards. Repeated to London.

[2] Document 162.

165. Telegram From the Embassy in Iran to the Department of State[1]

Tehran, February 27, 1953, 5 p.m.

3431. 1. Court source extremely close Shah told Embassy Attaché yesterday evening that Shah on insistence Mosadeq planning leave country very soon. I authorized Attaché convey through this source to Shah my opinion that it might have extremely unfortunate consequences for Iran if latter should leave country just now in apparently hasty manner. Shah sent back message he did not (repeat not) really intend leave country. He only pretending for Mosadeq's benefit. Message continued that Mosadeq had changed his mind and was now (repeat now) insisting that Shah remain. Shah intended at last moment to defer to Mosadeq's urging and abandon trip.

2. I had lunch with Ala today. He had just received phone call from Shah who apparently was disturbed at leaks re his departure plans. Shah had asked Ala impress on me secrecy. Ala said Shah had told him that if his plans should become known prematurely, developments might take place which would prevent his departure. I asked Ala if Shah seriously intended leave. He replied in affirmative; arrangements were being made for Shah to broadcast message to his people at about 4 p.m. February 28 stating reasons for departure. Shah would leave by car at 5 p.m. accompanied by Queen, two servants, several guards. Gharagozlu, master ceremonies, and wife would proceed Baghdad by plane March 1 to join Shah's party. After visit in Spain Shah and Queen plan go to Switzerland for winter sports and medical treatment. I believe despite message allegedly sent me by Shah he really intends leave Saturday evening.

3. Ala says it extremely important that so far as possible press US be influenced to take line that there no (repeat no) great political significance in Shah's departure. Speculation comparing Shah with Farouk would weaken Shah's position. No (repeat no) real parallel. Mosadeq has given word of honor he will not (repeat not) undermine Shah in latter's absence and Shah believes Mosadeq. They are lunching together today.

Henderson

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[1] Source: National Archives, RG 59, Central Files 1950–1954, 788.11/2–2753. Top Secret: Security Information; NIACT. Repeated NIACT to London and Baghdad. Received at 12:14 p.m. The telegram is printed with redactions in *Foreign Relations,* 1952–1954, vol. X, Iran, 1951–1954, p. 683 (Document 306).

166. Telegram From the Embassy in Iran to the Department of State[1]

Tehran, February 28, 1953, 5 p.m.

3449. Early this morning stories regarding imminent departure Shah pouring in from many sources. These stories had conflicting details. Altho some reflected confusion and bewilderment, there seemed be general impression that Shah's decision depart was in some way connected with friction between him and Prime Minister. Most common version was that Shah had decided leave because Mosadeq was threatening if Shah did not (rpt not) do so he would issue proclamation to country criticizing Shah and asking people to choose between Shah and himself.

2. Embassy Attaché reported that at dinner yesterday evening attended by Bazaar merchants, Qashqai Chieftain Khosro, and others, rumors of Shah's departure in immediate future was chief source conversation. Practically all guests present, with exception Khosro who privately expressed gratification that Shah was leaving indicated in their opinion Shah's departure would be detrimental to interests country. Similarly at dinner attended by myself last evening editor of largest newspaper in country and chief protocol Foreign Office told me of rumors expressing their concern at ultimate effects on country.

3. I decided this morning that since news was now out I was more free than hitherto to try to effect cancellation or at least postponement Shah's plans leave country. Unable obtain appointment with Foreign Minister I was able arrange see Ala, Minister Court, at 11:15. Ala had just returned from audience with Shah. He told me he had done utmost persuade Shah at last moment not (repeat not) to leave. Shah however was determined insisting that if he did not (repeat not) depart Mosadeq would issue proclamation attacking him and members his family; it would be difficult for him without necessary facilities effectively to answer charges which would be made against him. He preferred leave country to becoming involved in one-sided squabble. Ala said that while he was with Shah word had been received that at instance Kashani, President Majlis, who claimed to have heard news of Shah's departure only this morning, informal closed meeting of some 57 members Majlis was taking place to discuss situation. When Shah received this news he had become excited and insisted on leaving at once

[1] Source: National Archives, RG 59, Central Files 1950–1954, 788.11/2–2853. Top Secret; Security Information; NIACT. Repeated to London, Baghdad, Ankara, and Dhahran. Received at 12:11 p.m. This telegram is printed with redactions in *Foreign Relations,* 1952–1954, vol. X, Iran, 1951–1954, pp. 685–688 (Document 308).

before lunch because he was afraid that if he did not (rpt not) get away so much pressure would be brought upon him that he would have difficulty leaving without incident. I told Ala that as Minister Court I conceived it to be his duty to inform Shah that in interest of country Shah should not (rpt not) leave in this fashion. I also asked him tell Shah that I had just received message indicating that very important personage for whom Shah had most friendly feelings had also expressed sincere hope that Shah could be dissuaded from leaving country (London telegram 195, February 27 repeated Washington 4844).[2] Ala asked if Shah's present adviser, Valatbar, could join our conversation. I agreed and at Ala's request repeated to Valatbar what I had just told Ala. Ala said he thought it would be good idea if I could talk directly with Shah. Would I object? I said in circumstances even though I might later be charged with interference in Iran affairs, I would welcome opportunity. Ala called Shah on inter-Palace telephone and after few minutes conversation said Shah unable see me personally since Prime Minister already on way to Palace to bid him farewell. Shah would appreciate it however if I would talk to him by telephone. I asked Ala if he sure telephone not (rpt not) tapped; Ala said every possible precaution taken in this respect.

4. Despite risks involved I talked with Shah. I told him that in present emergency I had had no (rpt no) time to obtain instructions from Washington but I knew US Government policies sufficiently well to be confident that US Government just as I considered it would not (rpt not) be in interest Iran for him leave country so hastily in present circumstances. No (rpt no) matter what kind of announcement he or Iran Government might make impression would be created throughout world that he was departing under duress. Furthermore after he departed Communist and other internal enemies of independent Iran would fabricate stories against him. It would be charged that his sudden departure was proof he was not (rpt not) worthy remaining as Shah. He represented symbol unity and also hope for future Iran throughout country. His departure would be sure to lower morale of those enlightened elements of country who understood Iran's external dangers and were anxious preserve Iran independence. Shah repeated he must go immediately. He had promised Prime Minister he would leave today. He could not (rpt not) go back on his word. I said when you gave your word it must have been with understanding that your departure would be secret and would be accompanied by announce-

[2] In telegram 4844 to Tehran, February 27, the Department relayed a message from the Embassy in London that reads in part: "Foreign Office this afternoon informed us of receipt message from Eden from Queen Elizabeth expressing concern at latest developments re Shah and strong hope we can find some means of dissuading him from leaving country." (National Archives, RG 59, Central Files 1950–1954, 788.11/2–2753)

ments which would assure your country and world at large that you proceeding abroad for purposes not (rpt not) connected with Iran internal situation. Rumors now afloat that you leaving in order prevent Prime Minister from issuing public statement denouncing you and your family. No (rpt no) one would believe that your departure entirely voluntary. Shah replied, "I not (rpt not) leaving under duress. Prime Minister insists that I do not (rpt not) have to go unless I desire do so. He says, however, that if I remain he will be compelled issue proclamation attacking me and my family. In such circumstances I prefer to leave." I said I quite prepared to take this matter up with Prime Minister personally. He replied, "it will be useless. He will tell you I am leaving on my own volition and he cannot stop me." I said "not (rpt not) only US Government and American people in my opinion will be shocked at your departure in present situation but many other friends of yourself and Iran throughout world." I pointed out that rumors of his impending departure had already penetrated other countries. In indirect way I gave him understand views regarding his departure of person referred to in reference telegram. Shah expressed appreciation, but insisted he must go. He said he wished to thank US Government and myself personally for friendship and support. *He would now (rpt now) bid me farewell. He hoped* and expected to return.

5. After this conversation Ala said "you see how hopeless it is". He expressed hope despite Shah's negative attitude my conversation might still have some effect. I told him I prepared go at once to Prime Minister. Did he perceive any objection? Ala replied not (repeat not) insofar as court was concerned. He not (repeat not) sure that Prime Minister would appreciate my intervention. At that moment messenger informed Ala that Bureau of Majlis had arrived with request that Ala arrange for it deliver urgent message to Shah. I returned to Embassy.

6. On my arrival I learned that members Majlis in secret session had decided send message to Shah to effect that his departure from country at this time would be inadvisable. I was also told by acting Air Attaché that Chief Air Staff had just informed him that General Baharmast Chief of Staff was en route Palace to inform Shah that whole General Staff had decided to resign in case Shah should leave country. Thus far unable to obtain confirmation firmness of resolve General Staff in this respect.

Baharmast not (repeat not) strong character and he might well wilt in delivering General Staff message to Shah. General Zimmerman thinks Baharmast rather weak character.

7. I decided make endeavor see Prime Minister at once and asked Saleh Embassy Iranian Adviser seek appointment. Saleh learned from Mosadeq Secretary that Prime Minister in Palace with Shah. At Saleh's

request Secretary left at once for Palace to tell Mosadeq I wished see him urgently. I called on Mosadeq at 1:15.

8. Mosadeq back in bed apparently suffering from severe headache. He received me in friendly though guarded manner. I told him I coming without awaiting instructions from Washington in view of what seem to me urgency of situation. Widespread rumors throughout city that Shah was leaving Iran at once because if he did not (repeat not) do so Prime Minister would issue proclamation denouncing him and family. As friend of Iran and as his personal friend I considered it my duty tell him that departure Shah just now would tend confirm these rumors. Support of Iran independence was basic policy re Iran. In my opinion and I sure my opinion represented that of US Government Shah's hasty departure in these circumstances would weaken security country and I therefore, had come to him in hope that he could take some last minute measure to prevail on Shah not (repeat not) to leave or at least to postpone his departure. Mosadeq replied Shah preferred to leave country. He did not (repeat not) request him do so and was not (repeat not) in position order him not (repeat not) to do so. At this very moment groups of persons including representatives British agents were in Palace trying persuade Shah not (repeat not) leave. Some of these people had entered Palace while he was telling Shah farewell and had made unnecessary scenes. Shah was receiving these people freely and could decide for himself what to do. I asked Prime Minister why it was necessary for him to issue proclamation which clearly would be critical of Shah unless Shah left. Prime Minister replied he could not (repeat not) institute necessary reforms or obtain solution oil problem so long as court served as basis of operations of British agents who were trying stir up dissension in country. Unity was necessary if Iran was successfully to emerge from present crisis. I told Prime Minister had myself some knowledge of Shah's attitude and I convinced Shah not (repeat not) engaging in or countenancing participation of court in activities against interest Iran.

Prime Minister maintained that people around Shah were causing great injury to country. After some discussion it became clear it quite useless endeavor prevail on Prime Minister alter his attitude. I told Prime Minister I regretted having troubled him personally at time when I knew he harassed with many worries. I had hoped discuss matter in preliminary way with Foreign Minister but had been unable to obtain appointment today. I had therefore called on Ala who clearly was not (rpt not) in position deny Shah was leaving almost immediately. My call on Prime Minister had been prompted by hope that latter would cooperate in preventing developments which might ultimately if not (rpt not) almost immediately have consequences unfavorable to Iran. Prime Minister said it would be better for me if I did not (rpt not)

make calls on Ala or anyone else connected with court at this critical time. I was opening myself to charges of interfering in internal affairs Iran. I said I fully conscious this danger but in my profession it sometimes necessary take risks just as it was necessary for him sometimes to take risks as Prime Minister. I would regret being charged with intervention but I would prefer charges this kind to feeling that I had failed to do all that I possibly could to advance interests of friendly country to which I was accredited as well as interests world peace. Prime Minister altered his attitude and in more friendly manner repeated that he was not (rpt not) insisting that Shah leave country. If Shah did not (rpt not) do so he had no (rpt no) choice other than to issue proclamation to Iran people. I said that in his political career he had undoubtedly on previous occasions found it possible to prevent differences from developing into open conflict which would be harmful to country. Was he sure that he had no (rpt no) alternative other than to issue proclamation critical of Shah and court unless Shah should leave country? Prime Minister said he had given this matter much thought and he considered that he was following proper course.

9. Before departing I gave Prime Minister note amending alternative text of original Compensation Agreement as suggested in London telegram 194, Feb 27, repeated Department 4838.[3] We agreed that in case of press inquiries both he and I should merely state that during course my visit I had corrected minor omission in one of documents which I had handed him on February 20.[4]

10. On my way to Prime Minister's residence I found all neighboring streets blocked with soldiers. On my departure 50 minutes later I observed still more soldiers. Groups of persons in surly mood apparently ready for demonstrations of some kind were observed gathering in vicinity.

Henderson

[3] Not printed. (Ibid., 888.2553/2–2753)

[4] See *Foreign Relations*, 1952–1954, vol. X, Iran, 1951–1954, pp. 670–674 (Document 300).

167. Telegram From the Department of State to the Embassy in Iran[1]

Washington, February 28, 1953, 6:50 p.m.

2254. Dept completely concurs your decision take energetic measures discourage Shah's departure (Urtel 3449 rptd London 1124),[2] believing that risk involved was worth taking in fluid situation. Deptel 2238 rptd London 5752[3] was not rpt not intended discourage you from taking such action, but, since we then unable foresee circumstances where intervention could be useful (Urtel 3397 rptd London 1103),[4] only to assure you that inactivity in crisis would be understood here.

Dulles

[1] Source: National Archives, RG 59, Central Files 1950–1954, 788.11/2–2853. Top Secret; Security Information; NIACT. Drafted by Stutesman, cleared by Jernegan, and approved by Richards. Repeated to London.

[2] Document 166.

[3] Document 164.

[4] Document 162.

168. Monthly Report Prepared in the Directorate of Plans, Central Intelligence Agency[1]

Washington, undated.

IRAN

February 1953

A. *General Developments*

1. The operational implications of the struggle for power between Mossadeq and his political opponents are not as yet entirely clear. On the one hand, the communist Tudeh Party is rallying to Mossadeq's support while on the other, the major force behind the Shah appears to

[1] Source: Central Intelligence Agency, DDO–IMS Files, Job 81–01061R, Box 1, Folder 2, Monthly Report—February 1953—Country Summaries and Analyses. Top Secret.

be the dangerous and irresponsible Mullah Kashani.[2] Until the situation is clarified, the Iran Branch is devoting its main efforts to preparations for the most adverse development, namely a Tudeh attempt to seize the government if the present situation deteriorates toward anarchy. The results of the talks with the British (see paragraph 2 below) will have an important bearing on the direction of these efforts.

2. In preparation for a possible Tudeh coup in Iran: (a) the interdepartmental committee (State–Defense–CIA) has completed the draft of its first progress report which, upon obtaining interagency concurrence, will be submitted to the NSC; (b) service level talks with representatives of the British Intelligence Service were held 24–28 February in Cyprus to discuss possible joint action in the event of an emergency in Iran;[3] (c) a POS specialist inspected [*less than 1 line not declassified*] military equipment [*less than 1 line not declassified*] and found a number of deficiencies mostly in connection with the ammunition supply, and steps are being taken to correct these deficiencies as rapidly as possible; and (d) statistics have been worked up relating to supplying tribal resistance forces with non-military essentials such as shoes, flour and sugar with a view to arranging for their delivery when needed.

[Omitted here is operational detail.]

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[2] In its report for January 1953, signed by John H. Leavitt, the Iran Branch reported that "the most significant January development affecting operations in Iran was Mossadeq's successful showdown with Kashani, who for some time had been challenging the Prime Minister's authority in the National Front. Kashani, as Speaker of the Majlis, tried to keep from coming to a vote Mossadeq's request for a year's extension of his special powers. Public clamor and the militancy of the Prime Minister's Majlis adherents forced Kashani to back down on the pretext he had been 'misunderstood'. As a result, Mossadeq's request was overwhelmingly approved, and Kashani's prestige received a set-back. NEA–4 has for some time been trying to undermine Kashani because of his frenetic anti-westernism and the suspicion that he might ally himself with the Tudeh (communist) Party in a bid for power." (Ibid., Folder 1, Monthly Report—January 1953)

[3] See Document 158.

Planning and Implementation of Operation TPAJAX, March–August 1953

169. Memorandum From Director of Central Intelligence Dulles to President Eisenhower[1]

Washington, March 1, 1953.

SUBJECT

The Iranian Situation

Ever since the assassination of General Razmara in March 1951, and the subsequent impasse and diplomatic break with Britain over the oil negotiations, the Iranian situation has been slowly disintegrating. The result has been a steady decrease in the power and influence of the Western democracies and the building up of a situation where a Communist takeover is becoming more and more of a possibility. However, even the present crisis is likely to be unsatisfactorily compromised without a Communist Tudeh victory. Of course, the elimination of Mossadeq by assassination or otherwise might precipitate decisive events except in the unlikely alternative that the Shah should regain courage and decisiveness. The events of the past 48 hours have brought a few surprises. The fanatical Moslem leader, Kashani, who is also President of the Majlis, has shown more power than expected both in influencing the Majlis and in quickly marshaling for mob action his fanatical followers. The institution of the Crown may have more popular backing than was expected.

Today's situation in Teheran remains tense and unresolved. Some street demonstrations have occurred today, but the curfew is still in effect and general order is apparently being preserved.

The principal opposing forces are represented on the one hand by Prime Minister Mossadeq and, on the other, by Mullah Kashani, with the Shah apparently being used by Kashani.

The Communist Tudeh Party may be expected to capitalize on, and increase, the tension in every possible way. The Tudeh Party,

[1] Source: Central Intelligence Agency, Office of the Director of Intelligence, Job 80R01731R, Box 9, Folder 350, White House. Secret; Security Information. A shorter version of this memorandum is printed with redactions in *Foreign Relations,* 1952–1954, vol. X, Iran, 1951–1954, pp. 689–691 (Document 310).

which has always been anti-Shah, will probably back Mossadeq for the time being.

Significant elements of the Army will probably remain loyal to the Shah, but whether or not they can be forged into an effective weapon in shaping political developments depends on the Shah's determination to use them. So far this determination has not appeared. On the other hand, Mossadeq appears to retain control of the chain of command.

As between Mossadeq and Kashani, it appears that Mossadeq has still the greater strength although he has obviously lost some prestige in Parliament and among the people. Kashani's following, however, is better consolidated in the capital through a well organized "street machine", which Mossadeq does not possess.

The Prime Minister appeared before Parliament Saturday night at 8:30. After an initial friendly reception he was subjected to bitter criticism. Mossadeq reportedly asked Parliament for a vote of confidence, asserting that if the position of his government had not been clarified within 48 hours, he would appeal to the people. For the first time he failed to sway the Majlis by his oratory. After an initial indication that he intended to seek official "refuge" in Parliament, he returned to his heavily guarded home at 2:30 Sunday morning.

Despite the weakening of Mossadeq's position, he still appears to be able to recoup. His National Movement faction, some 28 deputies, has come up strongly in his favor; demonstrations have been staged in his support, and he has replaced Chief of Staff Baharmast (on the grounds that Baharmast failed to maintain public security) with General Riyahi.

If Mossadeq maintains control he will increase his efforts to remove or neutralize all opposition. His latent hostility toward the Shah is likely to increase. He might resent Henderson's activities during the crisis.

Mullah Kashani has been a key figure in promoting the pro-Shah street demonstrations. He has also led Parliament's attack on Mossadeq. If Mossadeq were to disappear, Kashani would be a serious contender for his position. Although personally not acceptable to the Shah, the latter would be inclined to appoint him prime minister if recommended by Parliament.

Kashani, with a record of venality, would bring a large degree of opportunism to the government. He has consistently followed a policy of extreme nationalism antagonistic to the U.S. If he succeeded Mossadeq, he would have a much narrower basis of support than Mossadeq enjoyed before the current crisis and would, therefore, be likely to resort to ruthlessness to destroy opposition. In his struggle to do so Tudeh influence and opportunities for gaining control would increase rapidly.

Retired General Zahedi, currently imprisoned by Mossadeq, also wishes to become Prime Minister, and his adherents are active in the Majlis. It is unlikely that he will succeed.

The present situation offers the Shah an opportunity which he has not as yet seized. His past record does not suggest that he will act.

In this situation it becomes urgent to survey Western assets in Iran:

1. The American Embassy. We have in Teheran one of our ablest and most experienced foreign service officers who, as we view it from his reports, is showing both courage and wisdom and deserves full support. Henderson enjoys the respect of Mossadeq and the Shah insofar as it is possible to have the respect of each in the present situation. In addition to attachés of the three U.S. services, there is an experienced CIA mission [*less than 1 line not declassified*] with [*less than 1 line not declassified*] a pipe line to the leaders of the Quasqai tribal leaders. The Chief of CIA's Middle Eastern desk is en route to Teheran. Except for the Soviet Embassy, with a large and highly competent staff and a fortress-like compound covering a city block in the middle of Teheran, no foreign mission other than our own enjoys enough prestige or power to play an effective role in the situation. [*2 lines not declassified*]

2. An American military mission, headed by Major General Zimmerman and including some 35 officers and about the same number of enlisted men, is in Iran, mostly in Teheran, for Army training purposes. This mission has been the object of vigorous Soviet attack, and as its contract has not been renewed, it is staying on under sufferance. Naturally it has had to stay out of Iranian politics. Consideration might, however, be given as to what if any more active role it could play in the event of a threatened Communist take over.

3. The same applies to the American Gendarmérie Mission headed by Colonel McClelland and composed of 16 American officers and enlisted men.

4. CIA has been maintaining close contact with the Quasqai tribal leaders with the view to eventual organization of resistance in southern Iran if the North should go Communist. A considerable supply of small arms and ammunition has been assembled [*less than 1 line not declassified*] the nearest safe available base. A considerable amount of cash is available in Teheran. Both the arms and the cash could quickly be supplemented.

5. Although the British have steadfastly denied it, there have been persistent rumors that they have been organizing the southern Iranian tribes with a view to an uprising at an appropriate moment to preserve the southern portion of Iran from Communist control. British contact with these tribes in the past has been close, and this may constitute a contingent asset of some value to the West if the situation deteriorates further.

The above represents roughly our available assets for use in an emergency. They are hardly adequate. Study is being given the possibility of supplementing them.

Allen Dulles[2]

[2] Printed from a copy that indicates the original was signed.

170. Memorandum Prepared in the Directorate of Plans, Central Intelligence Agency[1]

Washington, March 3, 1953.

CAPABILITIES OF CIA CLANDESTINE SERVICES IN IRAN

1. *To Prevent Assumption of Power by Tudeh:* CIA clandestine assets in Iran are far from sufficient in themselves to prevent a Tudeh assumption of power. Moreover, what CIA assets in Iran are depends upon the use to which they will be put. For example, there are propaganda groups which could operate effectively to support Mossadegh but which would refuse to work *against* him. The same applies to other groups as regards the Shah. Specifically, CIA capabilities in the clandestine field are as follows:

a. Mass propaganda means (press, etc.): CIA controls a network with numerous press, political, and clerical contacts which has proven itself capable of disseminating large-scale anti-Tudeh propaganda. The network can also give effective propaganda support to Prime Minister Mossadegh. It could not, however, engage in anti-Mossadegh propaganda nor could it support a prime minister not acceptable to Mossadegh. There is another group serving CIA which is capable of providing reasonably effective pro-Shah propaganda. It would not, however, support a pro-Shah candidate for the Prime Ministry unless the views of that individual were acceptable to this group. CIA pres-

[1] Source: Central Intelligence Agency, DDI Files, Job 80R01443R, Box 1, Folder 7. Secret; Security Information. A handwritten note on a sheet of paper attached to the memorandum indicates that it was prepared for the March 5 NSC meeting, but was not used. Another copy of the memorandum indicates that it was prepared in the Iran Branch of the Directorate of Plans. (Ibid., DDO Files, Job 80–01701R, Box 3, Folder 12, Misc. Correspondence TPAJAX)

ently has no group which would be effective in spreading anti-Mossadegh mass propaganda.

b. *Poison pen, personal denunciations, rumor spreading, etc.:* CIA has means of making fairly effective personal attacks against any political figure in Iran, including Mossadegh. It should be pointed out, however, that this sort of activity, unless it is in support of a general propaganda program, will be so ineffective as to make it not worth considering under any plan seeking immediate results.

c. *Street riots, demonstrations, mobs, etc.:* CIA [*less than 1 line not declassified*] has proven an ability to produce anti-Tudeh demonstrations. It can do so, however, only under favorable conditions, and provided that the Central Government does not strongly object. In the event the power of the Tudeh Party increases in Iran, demonstrations such as could be produced by this group would be easily dealt with by Tudeh counter-riots or Government suppression. [*less than 1 line not declassified*] could also provide effective pro-Mossadegh demonstrations and it could provide fairly effective pro-Shah demonstrations on the condition that these demonstrations not be in effect anti-Mossadegh demonstrations. CIA has no group in Iran which could effectively promote riots demonstrating against Mossadegh.

d. *Tribal support:* The only tribal leaders now cooperating with CIA are pro-Mossadegh and rather anti-Shah. These leaders are extremely powerful, however, and have the capability of gaining for an anti-Tudeh pro-Mossadegh government the support of the most important tribes in Iran.

e. *Assisting Iranians at internal security:* CIA has no official liaison with Iranian security authorities and has contact with them only by virtue of the fact that several leading members of these security services are paid agents of this organization. Should this government adopt a policy in support of Mossadegh, however, it would be possible for us to establish an official relationship with the Iranian police and security forces through which we could greatly strengthen their ability to deal with Tudeh agitators, Soviet agents, etc. It is the view of our Teheran station that the Iranian Security Services, with our help and encouragement, could take positive action against the Tudeh Party such as would render it incapable of launching a coup d'état under present conditions.

[*1 paragraph (8 lines) not declassified*]

2. *To Provide Assistance in Iran After Tudeh Take-Over:* Should a Tudeh government take over all or a part of Iran, CIA capabilities would be as follows:

a. The most powerful tribe in Iran is prepared to undertake in our behalf general resistance activities to harass the Tudeh government. Moreover, they are willing (and able, we feel) to enlist other tribes in the area. [*3 lines not declassified*]

b. CIA has one group in Iran which, it is believed, may be fairly effective in carrying on morale sabotage within the country and stimulating various types of small scale resistance.

c. Through a number of stay-behind agents [*less than 1 line not declassified*] CIA will be able to provide intelligence coverage of Iran under a Tudeh government.

[*5 paragraphs (25 lines) not declassified*]

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171. Memorandum of Discussion at the 135th Meeting of the National Security Council[1]

Washington, March 4, 1953.

SUBJECT

Discussion at the 135th Meeting of the National Security Council on Wednesday, March 4, 1953

Present at the 135th meeting of the Council were the President of the United States, presiding, the Vice President of the United States, the Secretary of State, the Secretary of Defense, and the Director for Mutual Security. Also present were the Secretary of the Treasury, the Director, Bureau of the Budget, General Vandenberg for the Chairman, Joint Chiefs of Staff, the Director of Central Intelligence, the Administrative Assistant to the President for National Security Matters, the Special Assistant to the President for Cold War Operations, the Military Liaison Officer, the Executive Secretary, NSC, and the Deputy Executive Secretary, NSC.

There follows a general account of the main positions taken and the chief points made at this meeting.

[Omitted here is discussion of Stalin's illness and its implications for U.S. policy]

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[1] Source: Eisenhower Library, Whitman File, NSC Series, Box 4, 135th Meeting of the National Security Council. Top Secret; Security Information; Eyes Only. Drafted by Gleason on March 5. Printed with redactions in *Foreign Relations,* 1952–1954, vol. X, Iran, 1951–1954, pp. 692–701 (Document 312).

2. *Developments in Iran Affecting U.S. Security* (NSC 136/1)[2]

When the Council turned to this item on the agenda Mr. Cutler sketched briefly current United States policy on Iran as set forth in NSC 136/1. He further informed the Council that the Senior NSC Staff had discussed this policy and the situation in Iran at its meeting on the previous Monday.[3] At that time the Staff had requested that the Director of Central Intelligence and the Secretaries of State and Defense be prepared to answer certain questions and to set forth the situation when the Council met on Wednesday.

Mr. Dulles then proceeded to brief the Council on the developments of the past two or three days in Iran. Mr. Dulles said that there was little doubt that the Shah had once more missed an opportunity to take control of the situation, and that the present prospects were that Mossadegh would remain in control for the immediate future though with diminished power and prestige. It could be predicted that he would set about destroying what remained of the Shah's position and would attempt also to "get" Kashani. It was also explained that, for reasons of its own, the Tudeh Party was at the moment supporting Mossadegh. Nevertheless, the true Communist position, said Mr. Dulles, could be deduced from a broadcast of the secret Communist radio in northern Iran. Its report on recent events was violently anti-Shah, but, unlike the position taken by the Tudeh Party officially, this radio also attacked Mossadegh as a vile servant of the Shah and warned him that if he were to survive he must join with the people of Iran and act with and for them against the Shah.

The probable consequences of the events of the last few days, concluded Mr. Dulles, would be a dictatorship in Iran under Mossadegh. As long as the latter lives there was but little danger, but if he were to be assassinated or otherwise to disappear from power, a political vacuum would occur in Iran and the Communists might easily take over. The consequences of such a take-over were then outlined in all their seriousness by Mr. Dulles. Not only would the free world be deprived of the enormous assets represented by Iranian oil production and reserves, but the Russians would secure these assets and thus henceforth be free of any anxiety about their petroleum situation. Worse still, Mr. Dulles pointed out, if Iran succumbed to the Communists there was little doubt that in short order the other areas of the Middle East, with some 60% of the world's oil reserves, would fall into Communist control.

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[2] Document 147.

[3] The record of the meeting of the Senior NSC Staff on March 2 is not printed. (National Archives, RG 59, S/P–NSC Files, Lot 62 D 1, 1953—Record of Planning Board Meetings NSC Files)

The President then asked the members of the Council what they could suggest as to what the United States might do now to avert the crisis. Was there any feasible course of action to save the situation in Iran?

In reply, Secretary Dulles said that for a long time now he had been unable to perceive any serious obstacle to the loss of Iran to the free world if the Soviets were really determined to take it. We do not have sufficient troops to put into the area in order to prevent a Communist take-over, and the Soviets had played their game in Iran very cleverly and with a good sense of timing. Nevertheless, continued Secretary Dulles, he believed it was possible to gain time if we followed certain courses of action. The real problem, it seemed to him, was what to do with the time thus gained, in view of the apparent hopelessness of Iran's ultimate fate. Perhaps, he suggested, the Joint Chiefs of Staff might provide some answer as to what we could do with the time we could save.

In commencing his outline of these courses of action, Secretary Dulles noted that all three courses were hazardous and all of them subject to change in case Mossadegh was assassinated. The first course of action suggested by Secretary Dulles was to recall Ambassador Henderson before he was dismissed by Mossadegh. In view of his intervention on behalf of the Shah, which Secretary Dulles thought the only sensible course to pursue, the Ambassador's influence with Mossadegh was probably now hopelessly impaired, and it might therefore be best to recall him before he was kicked out.

The second course of action proposed by the Secretary of State was for the United States to disassociate itself, regarding Iran, from the British in an effort to regain popularity on the merits of a policy of our own. This subject, he added, he desired to discuss with the President and Foreign Secretary Eden. But, he said, it was well known that our unpopularity in Iran is largely a derivation of British unpopularity and our previous association in the minds of Iranians with unpopular British policies. The trouble with such a course of action as this was whether we should not lose more by going it alone, in the face of British opposition in many other areas of the world, than we should gain in Iran itself.

At this point the President interrupted Secretary Dulles' outline to state his firm belief that in such countries as Syria and Iraq, America was hated even more than Britain, because of the policy which we had been pursuing toward Israel. Had anyone ever thought, continued the President, of saying to these other Middle Eastern states that they ought to make a coalition with us as a means of withstanding an assault by the Russians on them across the mountain ranges which separated them from the Soviets?

Secretary Dulles then asked if, before answering the President's question, he could go on to make his third and last point on courses of action to gain time in Iran.

The third course, he said, was to go ahead and purchase oil from the National Iranian Oil Company, supply that company with the technicians it needed, and furthermore to give material support to the Mossadegh regime. This completed, said Secretary Dulles, the courses of action which seemed open to us to gain time in the emergency. We were not obliged to take all three of the courses he outlined, but one or more of them seemed to him the best way to gain time. Unless, however, the Defense people really believed that it was desirable to gain time and had specific reasons for this view, Secretary Dulles again expressed doubts as to the genuine desirability of pursuing any of these courses of action except, perhaps, to recall Ambassador Henderson. The reason for his doubt, he said, was that the losses we might anticipate in other parts of the world were likely to overweigh any gain in Iran.

The President said he understood why Secretary Dulles hesitated about these courses of action, but thought it possible that the British themselves might be persuaded by the course of events lately to agree to an independent policy vis-à-vis Iran by the United States.

Mr. Stassen inquired if we had not just been given an important reason to gain time in Iran. In view of Stalin's illness and probable death, was it not absolutely requisite that the United States assume a firm and steady stand everywhere throughout the world? Soviet policy was bound to be somewhat confused and hesitant in the immediate future, and it was incumbent upon the United States to take advantage of this fact.

Secretary Dulles replied that he believed that Mossadegh might well last another year or two, and that he had not meant to suggest that the United States should formally disengage itself from concern with Iran.

Secretary Wilson inquired whether we were not in fact in partnership with the British in Iran, and whether the British were not the senior partner.

Secretary Dulles answered that this had been the case until fairly lately, but that the British had now been thrown out.

The President added that we do have to respect the enormous investment which the British had in Iran, and that we must moreover recognize that their latest proposals, unlike earlier ones to the Iranians, had been wholly reasonable. It was certainly possible, he added, for the United States to do what it thought necessary to do in Iran, but we certainly don't want a break with the British.

With this statement Secretary Wilson expressed strong agreement.

In commenting on the President's statement, Secretary Dulles pointed out his fear that it was now too late to hope that any reasonable concession by the British to the Iranians could result in a settlement. The only thing which would produce a settlement would be a complete British capitulation.

Secretary Humphrey inquired whether he was to understand that Secretary Dulles was already convinced that Russia would ultimately secure Iran in any event, or, in other words, that we are going to lose that country.

Secretary Dulles replied in the affirmative, and Mr. Cutler pointed out that this, of course, meant that with the loss of Iran we would lose the neighboring countries of the Middle East and that the loss would be terribly serious.

The President commented that we could not move forces of our own into Iran, but this did not imply to him the necessity of sacrificing the other Middle Eastern states, because it was possible to get United States troops into some of these countries. The difficulty in trying to do this in Iran was the probability that an attempt on our part to do so would result in Soviet invocation of its treaty of friendship and non-aggression with Iran. We would then find ourselves at war with Russia.

Mr. Cutler again pleaded the wisdom of an American policy in Iran independent of the British, and suggested that it might even be wise for the United States to buy out the British oil company.

The President replied that he had long believed that this should be done, but he could see no way of convincing Congress that it was the part of wisdom for the United States Government or any American oil company to buy the bankrupt Anglo-Iranian.

Mr. Stassen noted that it might well be possible for the United States to get its money back once Iranian oil began to flow again.

But the President observed that at the moment at least there was no market for Iranian oil, and that to obtain one would require cutbacks in production in other oil-producing areas.

Reverting to the President's worries about the attitude of Congress, Mr. Cutler inquired how Congress would like it if the United States stood idly by and let Iran fall into the hands of the Soviet Union.

It was generally agreed that Congress would take a poor view of this eventuality.

At this point, Mr. Jackson said he believed that another possibility existed for saving the situation in Iran. He thought that if the United States could manage to secure a peace between Egypt and Israel, and that if the Roman Catholic Church, as seemed likely, would agree to the internationalization of the Holy Places in Jerusalem, and finally, if the

British could be persuaded to go along, the Arab powers would fall in line and the United States would be able to create a position of reasonable strength in the whole Middle East area, including Iran.

The President said that Mr. Jackson was absolutely right, but, unhappily, what he proposed would take a long time, and we are in the midst of a crisis. "I'd pay a lot", said the President, "for this peace between Egypt and Israel."

Secretary Dulles added that this case was on the agenda for his forthcoming talks with Anthony Eden.

The President then reverted to Secretary Dulles' third course of action, which involved giving material and financial support to Mossadegh.

That, said Secretary Dulles, would certainly give us time, but he would like to hear now from the Joint Chiefs of Staff as to the value of gaining time.

General Vandenberg responded by a statement that the only real reason for gaining time was to get the Middle East Defense Organization started. If the MEDO begins to function it might very well provide the stability that we so desperately needed in the Middle East. General Vandenberg, however, confirmed the President's opinion that it would take a very long time to get US or UN troops in position in Iran. We do, however, have plans, he added, to send in a division of American forces if this is the policy adopted by the President. General Vandenberg estimated that it would take some fourteen days to transport one regimental combat team via Basra to a position in the defense perimeter of mountains which might be held in Southern Iran. As for the First Marine or 82nd Airborne divisions, his estimate was 45 to 60 days, which was probably too long. General Vandenberg did agree with the President that the mountain line above the Persian Gulf could be held, and the President thought this could even be done for a time with as little as one regimental combat team.

General Vandenberg warned, however, that there was now more serious question as to the loyalty of the Iranian armed forces to the Shah. The latter had had several opportunities to assure himself of the loyalty of his armed forces, but, as in other cases, had lost his opportunity. There was now a new Chief of Staff of the Army who was one of Mossadegh's own choice.

Secretary Humphrey expressed himself as shocked to think that we were contemplating the loss of Iran in this fashion, and Mr. Cutler again inquired of the Secretary of State whether it would not be possible, in the forthcoming conversations with the British, to induce them to waive their claims and let the United States proceed to negotiate unilaterally with Iran. The British had lost their investment in Iran in any case, and a unilateral course of action by the United States was about the only thing which had not been tried.

The President was impressed with this argument, and informed Secretary Dulles that he ought to try to work out a position with the British that would save their face but actually give the United States control of the situation and freedom to act along the lines suggested by Mr. Cutler.

Secretary Dulles answered that he had already talked about this to Mr. Eden in the course of his recent visit to London.[4] He had found that the British did not anticipate any real crisis in Iran for a long time to come.

Secretary Humphrey interposed with the statement that the British always said that you could perfectly well take your time, and cited instances where their estimate had been wrong.

The President said that the latest illustration of their wrongness was in Egypt.

The Vice President said that there was yet another factor to be considered in discussing this problem with Mr. Eden. It was the Vice President's opinion that greater rather than less hostility was to be expected from the Russians after Stalin's death. It was quite likely, therefore, that they would increase their pressure in Iran to secure its control as rapidly as possible by a coup d'état. Such a course of action might constitute the miscalculation, which we all dreaded, which would cause the beginning of World War III. Could not the British be made to see this dangerous potentiality? We, not the Russians, insisted the Vice President, must make the next move.

Secretary Dulles complained that we are constantly slowed up by the British, French, and others of our allies, in actions which we feel it is vital to take in many parts of the world. They slow us up, we can't move in time to avert the consequences of our tardiness. Perhaps something like a Supreme War Council is the only solution for this situation. At any rate, some mechanism should be found which would enable us to act in time at the critical moment.

The Vice President rejoined that if the next move on the world scene could be ours and not Russia's, the whole situation in the world might change for the better.

The President said that if a real Soviet move against Iran actually comes, we shall have to face at this Council table the question of going to full mobilization. If we did not move at that time and in that eventuality, he feared that the United States would descend to the status of a second-rate power. "If", said the President, "I had $500,000,000 of

[4] Dulles and Eden met on February 4 in London. (Memorandum of conversation; ibid., Central Files 1950–1954, 611.41/2–453)

money to spend in secret, I would get $100,000,000 of it to Iran right now."

The President then inquired of Secretary Dulles how soon it would be possible for the President and Secretary Dulles to sit down with Mr. Eden. Would it be possible this evening? We must find out immediately how the British really feel—whether they are ready to concede to us on this situation, or whether they are going to be stiff-necked. The question of unilateral action by the United States was clearly posed.

Secretary Humphrey interjected several times his conviction that this was the propitious moment to strike a bargain with the British, who were in need of assistance from us, and Mr. Stassen added that we ought also to try to indicate that it is not an objective of United States policy to liquidate the British Empire. If the British and, for that matter, the French could be induced to believe this, they might prove more amenable to leadership by the Secretary of State.

Secretary Wilson said that there seemed to him to be two great things in the world to which the United States did not have an answer. One was the obvious collapse of colonialism; the other was Communism's new tactics in exploiting nationalism and colonialism for its own purposes. In the old days, when dictatorships changed it was usually a matter of one faction of the right against another, and we had only to wait until the situation subsided. Nowadays, however, when a dictatorship of the right was replaced by a dictatorship of the left, a state would presently slide into Communism and was irrevocably lost to us.

Mr. Stassen had already stated, in reply to the President's wish that he had money, that the Mutual Security Administration had available funds.

The President therefore turned to Mr. Stassen and asked him how much he could actually dig up.

Mr. Stassen replied that he could probably find as much as the situation required—five million, ten million, forty million—if Secretary Dulles decided that he could make headway by the use of such funds.

Apropos of a statement by the President, that he also wished that for a change he could read about mobs in these Middle Eastern states rioting and waving American flags, Mr. Jackson said that if the President wanted the mobs he was sure he could produce them.

The President said in any case it was a matter of great distress to him that we seemed unable to get some of the people in these downtrodden countries to like us instead of hating us.

At this point in the discussion Mr. Cutler interposed to read a four-point record of possible action by the Council on this particular item, which included an attempt to explore with the British the possibility of unilateral United States action in Iran.

The President replied that it certainly seemed to him about time for the British to allow us to try our hand.

Mr. Jackson then said he had another point which he felt would contribute to an improvement of our position in the Middle East and about which he felt it was possible to do something. This was American action to remove the festering sore in the Middle East represented by the 800,000 Arab displaced persons in Israel.

Secretary Dulles agreed that this was indeed a festering sore, but pointed out that the Arab countries themselves were unwilling to absorb these 800,000 unfortunate people, since to do so would deprive them of a bargaining point in their dealings with the Israelis. Accordingly, said Secretary Dulles, he did not see what could be done about them.

Mr. Jackson replied that it would certainly be possible to resettle 200,000 of these refugees, and that all 800,000 could at least be fed.

The President added that it was not enough to feed them, but that he would be awfully glad if we could get some one of the Arab countries to take these people if we would pay a subsidy for each head.

After General Vandenberg had informed the Council that there was one point relevant to the military aspects of the Iranian problem, namely, the existence of a fair-sized British force in Iraq, Mr. Stassen inquired whether it was indeed the President's view that some funds should be expended at once in Iran if the Secretary of State agreed.

The President replied that of course this was a gamble, but if upon examination it seemed a good gamble, he was prepared to take it.

The National Security Council:[5]

a. Discussed the subject in the light of an oral briefing by the Director of Central Intelligence.

b. Agreed that the following possible courses of action should be explored in anticipation of further Council action at the next regular or special meeting:

(1) Persuading the British to permit the United States to put the Iranian oil industry in operation, without prejudice to an ultimate settlement of the Anglo-Iranian controversy.
(2) The military feasibility of holding a line through the Zagros Mountain range.
(3) Replacement of Ambassador Henderson.
(4) Provision of limited economic aid to strengthen Mossadegh's position.

[5] Paragraphs *a* and *b* constitute NSC Action No. 729. (Ibid., RG 273, Records of the National Security Council, Records of Actions, Box 95, NSC Actions 697–1001)

[Omitted here is discussion of basic national security policies and the NSC Status of Projects.]

S. Everett Gleason
Deputy Executive Secretary

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172. Editorial Note

Foreign Secretary Eden and Chancellor of the Exchequer Butler visited Washington March 4–7, 1953, for talks with U.S. officials on a wide array of strategic, political, and financial issues, including Iran. In a meeting with Eden on March 6, Secretary Dulles stated that "we felt while it was still obscure that the authority of the Shah had probably largely and permanently disappeared. We felt Mosadeq would probably come through the present situation remaining in authority. We felt further, however, that with the Shah gone or his authority gone that when Mosadeq disappears by one means or another, that there was increased doubt as to whether there would be an orderly transition to another government." This discussion of Iran focused on the appropriate U.S. response should Mosadeq reject the joint U.S.–U.K. oil proposal of February 20. (See *Foreign Relations,* 1952–1954, volume X, Iran, 1951–1954, pages 670–674 (Document 300).) Eden agreed that any U.S. aid designed to sustain the Iranian Government under such a scenario should not concern oil. Secretary Dulles added, near the end of the discussion, that "he thought we would have to play certain aspects of this problem by ear as the situation developed. . . . It might be possible that in the immediate future the USSR will lose interest in external aggression although, of course, the reverse also was possible. The major objective for both of us should be to keep going in Iran a government which will be non-Communist. Additionally, he felt that no great premium should be paid Mosadeq for acting as he has. There should, for instance, be no major United States purchases of oil, but, on the other hand, we should do what we can on a small scale to keep the Mosadeq government in existence." See ibid., volume VI, Part 1, Western Europe and Canada, pages 907–917 (Document 381). For full documentation of the U.S.–U.K. discussions in Washington March 4–7, 1953, see ibid., pages 887–964 (Documents 375–391).

173. Telegram From the Embassy in Iran to the Department of State[1]

Tehran, March 8, 1953, noon.

3597. 1. We agree in general Secretary's evaluation Iran political situation (paragraph one Deptel 2337 March 7 repeated London 5959).[2] We think, however, there still some possibility Shah has not "largely and permanently disappeared." Despite aura passivity which envelopes him, struggle for his survival and contacts between him and opposition still continuing. Although clear-cut victory for Shah not likely, there may be compromise which would leave him with certain vestige influence. Many army officers very disturbed by continued inaction on part Shah. Nevertheless all of them have not given up idea making some move on his behalf even though without his advance consent or knowledge.

2. As we see situation from Tehran we also agree with Secretary's outline our future policy re Iran as expressed to Eden. In view fluidity Iran situation we may be compelled as Secretary points out to play to extent by ear.

Henderson

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[1] Source: National Archives, RG 59, Central Files 1950–1954, 788.00/3–853. Top Secret; Security Information. Repeated to London. Received at 8:09 a.m.

[2] Telegram 5959 to London, March 7, reported that Secretary Dulles, in a March 6 meeting with President Eisenhower and Eden, "expressed view situation so dangerous and unpredictable might be necessary act promptly and U.S. wld have to have considerable measure discretion as to what it did. Eden repeated plea that U.S. measures adopted to 'maintain a state of friendly stability in Iran' should be unrelated any purchase of oil or activation of the refinery. Eden reemphasized that bitter resentment wld be aroused in U.K. by presence American technicians in Abadan." Telegram 5959 is printed in *Foreign Relations,* 1952–1954, vol. X, Iran, 1951–1954, pp. 702–703 (Document 314). The record of the meeting is printed ibid., vol. VI, Part 1, Western Europe and Canada, pp. 918–919, (Document 382).

174. Memorandum From the Assistant Secretary of State for Near Eastern, South Asian, and African Affairs (Byroade) to Secretary of State Dulles[1]

Washington, March 10, 1953.

SUBJECT

Proposed Discussion of Iran in the National Security Council, March 11

Developments of the past few weeks in Iran have been very confused. In this situation it is difficult to plan policy action for the future. We feel we must be prepared for all eventualities but can hardly take a firm decision upon a course of action until we see who wins out in the present internal political struggle in Iran and what the Iranian position will be on the oil question and other matters affecting the West.

At the moment, it appears that Mosadeq is gaining the upper hand. He has indicated to Ambassador Henderson that he will turn down recent oil proposals and will attempt to place the blame upon the United States. He asked Ambassador Henderson whether the U.S. Government, *in the absence of an agreement regarding compensation between the British and the Iranians,* (A) would buy Iranian oil; (B) would encourage private American firms (1) to purchase Iranian oil and (2) otherwise assist Iran in production and export of oil; (C) would extend immediately to Iran a loan to be repaid subsequently in the form of oil.

It is our recommendation, in the present fluid situation, that we consider the adoption of Henderson's recommended "Course C", an analysis of which is attached (Tab 1).

On March 4, NSC suggested three possible courses of action in regard to Iran (NSC Action No. 729).[2] Brief notes which you may wish to see in an oral response are attached (Tab 2).[3]

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[1] Source: National Archives, RG 59, GTI Files, Lot 57 D 529, Box 40, NSC 1951–1954. Top Secret; Security Information. Drafted by Stutesman. Printed from an uninitialed copy.

[2] See footnote 5, Document 171.

[3] Attached but not printed.

Tab 1

ANALYSIS OF "COURSE C"

SUBJECT

Ambassador Henderson's Recommended Course of Action to be followed should Mosadeq reject recent oil proposals

Ambassador Henderson in his telegrams 2865 and 2866 treats of policies which the United States might pursue in a new situation which would be created by the rejection on the part of Dr. Mosadeq of recent proposals to settle the Anglo-Iranian oil dispute. He arrives at a conclusion that what he calls Course C should be followed:

"*Course C:* U.S. Government not to purchase Iranian oil in the absence of a compensation agreement and not to encourage or discourage U.S. firms in this respect. The U.S. Government not to furnish Iran financial assistance in such circumstances. The U.S. Government would continue, however, to give TCA and military assistance and perhaps a certain amount of economic development assistance so long as Iran desired such assistance and appeared to benefit from it."[4]

Ambassador Henderson points out that if Course C is followed the question remains whether it should be a matter of fixed policy or whether it should be only a tentative position pending determination of definite policy in light of subsequent developments. He recommends adoption of Course C "just as fixed as any U.S. policy can be in the present political situation" immediately after Mosadeq rejects the proposals. His reasons are that postponement of determination by the U.S. of its policy will be regarded as vacillation resulting from timidity or lack of firmness in supporting the principles on which the decision is based. Hesitation, followed by decision not to buy oil or give financial aid, may so blur fact that we are acting on principle, not expediency, that decision when reached may create more resentment than one made now. He points, however, to grave risks which will be involved in adoption of Course C. There is a possibility that Mosadeq and other Iranian political leaders may in their disappointment and resentment take steps to stimulate increased Iranian hostility against the West in general and the U.S. in particular. In their efforts to cause us to change our policy, they might encourage anti-West and pro-Soviet movements in Iran to such an extent that Iran would lose its balance completely and topple into the Soviet orbit. Indications of concern on our part that these acts are leading Iran to destruction might merely encourage them to take additional rash measures.

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[4] The quotation is from telegram 2865 from Tehran, January 24. (National Archives, RG 59, Central Files 1950–1954, 888.2553/1–2453) Telegram 2866 from Tehran, January 24, is ibid.

The Iranians might assume attitudes toward TCA, military missions, and U.S. Consulates which would leave us no choice other than to withdraw. They might create so many difficulties for the Embassy that it could no longer function properly. They might harass U.S. officials, missionaries and other U.S. nationals in Iran to such an extent that life would be almost unbearable. They might tolerate demonstrations against the U.S. which would develop into violence against U.S. nationals and property. They might make exceptionally friendly gestures toward the Soviet Union or other members of the Soviet bloc, possibly including sales of petroleum or other products which would bring Iran into conflict with Battle Act legislation.

Nevertheless, regardless what occurs, Ambassador Henderson believes we should continue to stand firmly and calmly on the rock of principle. In his opinion, if we do not permit ourselves to be goaded by Iranian actions into some ill-tempered impulsive action of retribution, eventually we shall obtain more respect from Iran, if Iran survives as an independent state, than if we capitulated before Iranian threats to go over to the Soviet bloc. He points out that Dr. Mosadeq has a theory that Iran's advantage is served when there are international rivalries among great powers. He thinks that Iranian leaders will have more regard eventually for the U.S. if they become convinced that they cannot, by playing on conflicts between it and the Soviet Union, prevail on it to jettison principles upon which intercourse between nations is based. He fears that if we embark on any other course we may be deserting the firm ground of principle for a morass in which as we proceed we shall become progressively more deeply entangled.

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175. Memorandum Prepared in the Central Intelligence Agency[1]

Washington, undated.

IRANIAN TRIBES MAY BE FACTOR IN ANY NEW ATTEMPT TO OUST MOSSADEQ

A request in early January by a Bakhtiari tribal leader in Iran for American aid to establish an independent regime in the south raises the

[1] Source: Central Intelligence Agency, DDI Files, Job 80R01443R, Box 1, Folder 8, NSC Briefing 11 Mar 53. Top Secret; [*codeword not declassified*]. Presumably prepared for the March 11 NSC meeting but there is no indication that it was circulated to the NSC.

question of whether Prime Minister Mossadeq's opponents will try to use the tribes in an effort to oust him.

This request, which was made to American representatives in both Tehran and Isfahan, is the first approach to the United States. [*2½ lines not declassified*] There is no confirmation, however, of reports that the Bakhtiari have obtained Russian, British or any other foreign backing for such an attempt or that they are in a position to challenge successfully the government's control of the area (see map, p. 15).[2]

There is widespread suspicion in Iran that the British are using Iraq as a base for intrigue against the Tehran government. New reports of British activity among the Bakhtiari, the Qashqai and the Arab tribes in the south have been received. The government and the army also suspect the British of encouraging the Kurds in Iran and Iraq to unite, and army units in the Kurdish areas in the northwest are constantly ordered to investigate reports that British agents have visited this tribe.

Iranian suspicion of Russian intrigue among the tribes is reflected by the 1 December order of Chief of Staff Baharmast to military units in northwestern Iran to investigate reports that the Russians were arming the Kurds and the Tudeh in preparation for joint Tudeh–tribal action. The Azerbaijan Democratic radio in Baku accused the British in early January of arming the southern tribes for a revolt. The Tudeh has had little success in its efforts to gain the support of any of the tribes, which are among the most conservative elements in Iran.

The tribes are the only traditionally important political factor which has not been neutralized by the government's revolutionary program or made impotent by an unsuccessful effort to unseat Prime Minister Mossadeq. Their aspirations for regaining some of their lost autonomy have been increased by the gradual transfer of power under Mossadeq from the landlords and the army to the nationalistic middle class.

[*less than 1 line not declassified*] show army concern over intrigues among the Bakhtiari, the Kurds and even the Qashqai. Such intrigues, however, appear directed toward strengthening the tribes' position against the government rather than toward overthrowing it. For example, the Bakhtiari tribe, which lost much of its strength and influence when the present Shah's father disarmed it and moved its leaders to Tehran, has been interested for more than a year in consolidating its branches and in gaining some measure of independence of the government.

However, traditional frictions between the tribes and the government have been aggravated by the army's current efforts to carry

[2] A map is attached to the memorandum but is not reproduced.

out Mossadeq's program of disarming the tribes. Their susceptibilities to manipulation by Mossadeq's opponents will be increased if the Prime Minister makes a serious attempt, as Iranian military orders suggest that he will, to disarm the Qashqai and the other more powerful tribes.

Lack of cohesion among the tribes suggests that any revolt in the near future would be unsuccessful without extensive foreign aid. Iranian security forces are considered capable of suppressing any isolated uprising but the army's reluctance to proceed with the disarmament program corroborates other indications that it would have difficulty controlling widespread rebellion.

A tribal revolt against the government would carry the Tudeh one step further in its program of obtaining control of Iran in that it would pit against each other, and thus weaken, two of the Tudeh's strongest adversaries.

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176. Memorandum of Discussion at the 136th Meeting of the National Security Council[1]

Washington, March 11, 1953.

SUBJECT

Discussion at the 136th Meeting of the National Security Council on Wednesday, March 11, 1953

Present at the 136th meeting of the Council were the President of the United States, presiding; the Vice President of the United States; the Secretary of State; the Secretary of Defense; and the Director for Mutual Security. Also present were the Secretary of the Treasury; the Director, Bureau of the Budget; the Chairman, Atomic Energy Commission (for Item 1 only); General Collins for the Chairman, Joint Chiefs of Staff; the Director of Central Intelligence; the Administrative Assistant to the President for National Security Matters; the Special Assistant to the President for Cold War Operations; the Military Liaison Officer; the Executive Secretary, NSC; and the Deputy Executive Secretary, NSC.

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[1] Source: Eisenhower Library, Whitman File, NSC Series, Box 4, 136th Meeting of the National Security Council. Top Secret; Security Information; Eyes Only. Drafted by Gleason. Printed with redactions in *Foreign Relations,* 1952–1954, vol. X, Iran, 1951–1954, pp. 711–714 (Document 318).

There follows a general account of the main positions taken and the chief points made at this meeting.

[Omitted here is discussion of items 1 and 2 concerning policy questions surrounding the development of practical nuclear power and the effect of Stalin's death on the Soviet Union and throughout the Communist world.]

3. *Developments in Iran Affecting U.S. Security* (NSC Action No. 729–*b*; NSC 136/1)[2]

Mr. Cutler briefed the Council on the latest available information on Iran, which included the probability that Mossadegh was about to turn down the latest plan for settlement of the oil controversy. Mr. Cutler also outlined to the Council the three questions which Mossadegh was thought to be about to present to Ambassador Henderson by way of eliciting what assistance this Government was prepared to give to his regime.

Secretary Dulles then stated that he had just received that morning a telegram from Ambassador Henderson, stating that he had now reached the conclusion that Mossadegh would not solicit an answer to these questions unless he judged that he could expect a favorable reply by the United States.[3] We should not, said Secretary Dulles, in his opinion give any hint to Mossadegh that he could expect a favorable response to these questions. Any proposal that the United States purchase Iranian oil at this time would constitute a terrific blow to the British. In discussing this idea with him during his visit, Foreign Secretary Eden had told Secretary Dulles that if we even sent technicians to assist in reopening the Abadan refinery, Eden would be unable to survive as Foreign Secretary. Anything more than the technicians would, of course, be that much worse. It was the feeling generally in the State Department, continued Secretary Dulles, that we should not encourage the Iranian Government as to any hope of reactivating the refinery or of

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[2] For NSC Action No. 729–*b*, see footnote 5, Document 171. For NSC 136/1, see Document 147.

[3] Reference is to questions posed by Mosadeq and reported by Henderson in telegram 3605 from Tehran, March 9. Mosadeq had rejected the British proposals of February 20 for a resolution of the oil dispute. He then informed Henderson that he was considering the following question for the United States: "In absence agreement re compensation would United States Government in order assist Iran in overcoming its financial difficulties be prepared: (A) to buy Iranian oil over period of years in substantial quantities at prices to be agreed upon; (B) to encourage private United States firms (1) to purchase Iranian oil and (2) otherwise assist Iran in production and export of its oil; (C) to extend to Iran immediately loan to be repaid subsequently in form of oil?" Telegram 3605 is printed in *Foreign Relations,* 1952–1954, vol. X, Iran, 1951–1954, pp. 703–706 (Document 315). Here Dulles is referring to telegram 3644 from Tehran, March 11, in which Henderson reported that Mosadeq would not officially ask the above questions unless he could expect a favorable reply. (Ibid., pp. 709–710; Document 317)

buying Iranian oil. We might, however, give some slight added technical and military aid in order to assure the Iranian Government of our friendly intentions.

Mr. Cutler raised the questions of the repercussions if the Iranian Government, as it easily could, should determine to slash the price of Iranian oil. There were plenty of tankers available to carry it, and the effect would be chaotic on the world price of oil.

Secretary Wilson speculated as to whether Prime Minister Mossadegh had not framed his three questions in anticipation of a negative response from this Government. The monkey would then be on our back, and Mossadegh could point to the United States as hostile to Iranian aspirations. Secretary Wilson, however, agreed that there was no alternative but to say "no" to these questions. If we replied in the affirmative we would not only help to destroy what was left of the idea of sanctity of contracts, but if we entered into an agreement to purchase oil from Mossadegh we ourselves would quickly be swindled. Secretary Wilson did say, however, that it seemed to him from his knowledge of this problem, that the Iranians felt that in all past negotiations with the British on oil settlement, the cards had been constantly stacked against them. Could we not, therefore, as a friendly gesture, offer to look over these past procedures in order to reassure the Iranian Government that their interests had not really been overlooked or would not be overlooked in further negotiations?

Secretary Dulles responded by saying that we had already taken pains to do this. He went on to say that of course if the British were completely shut out from Iran and from the negotiations, it would not probably be difficult to get results from Iran, but the United Kingdom was involved deeply in concern for its own prestige, and this was a much more difficult thing to deal with than any mere matter of compensation. It seemed to Secretary Dulles that we must somehow try to become senior partners with the British in this area and work in that context.

Secretary Wilson expressed agreement, and said that our real objective was to try to secure a settlement while at the same time saving British face.

Mr. Cutler asked Secretary Dulles to explain the latest terms which had been offered to Mossadegh and which he was about to turn down.

Secretary Dulles did so, and explained at some length the Iranian fear that if they submitted the issue of compensation to arbitration at The Hague, they would undergo a protracted economic bondage to Great Britain. But Secretary Dulles was inclined to think that even if the Mossadegh regime refused to accept the latest proposals, these were not the last possible terms. We might yet be able to meet this Iranian dread of indefinite tutelage to the British. In any case, continued the

Secretary, we cannot force the British hand. They have suffered in recent years terrible blows to their prestige—in the Suez, in the Sudan, and elsewhere.

Secretary Humphrey also agreed with Secretary Dulles that we could achieve our objectives if we could negotiate alone with the Iranians, but that we could not afford to achieve our objectives in Iran if we "did in" the British at the same time.

The President said that he had very real doubts whether, even if we tried unilaterally, we could make a successful deal with Mossadegh. He felt that it might not be worth the paper it was written on, and the example might have very grave effects on United States oil concessions in other parts of the world.

At this point, Mr. Cutler noted that General Collins would undertake to discuss the feasibility of holding a line through the Taurus–Zagros Mountain ranges in the event that military action to defend Iran became necessary.

With the aid of charts and maps, General Collins proceeded to discuss the feasibility of this holding operation and the very great difficulty which was to be anticipated in the attempt. The mountain line, he indicated, was some 1750 miles in length from the Persian Gulf to the Mediterranean Sea. Although the mountains were formidable, the Joint Chiefs of Staff estimated that at the very least it would require twenty divisions to hold it in the event of hot war and Russian attack. It was General Collins' personal opinion that it could not be done in time of war with a force of this size, even if the forces were available and could be placed in position in time. For that matter, said General Collins, it seemed plain to him that in event of hot war neither side—the Russians or ourselves—would ever get any oil from the Middle East. The fields were too vulnerable to attack by air and otherwise, and could be counted out of production during hostilities.

Turning then to what could be done to defend the oil fields in the event of a cold war situation, General Collins said that the Joint Chiefs had likewise various plans under consideration. If a Tudeh government were established in Teheran, we could of course fly a certain number of aircraft over the area. If some kind of an Iranian government asked for our assistance there were several possible courses of action. The British had some few forces in Iraq which they might reinforce. They had larger numbers of forces in Suez. The United States might be able to base perhaps a wing or a wing and a half of aircraft in the general area, but we could probably not move ground forces in even if any were available in the area or could be brought down from Germany. Of course, added General Collins, if we undertook to put American forces into Iran itself, the Russians could be expected to invoke the treaty of

non-aggression and friendship with Iran, and the result would be another Korea, with the United States in a rather worse position.

Mr. Cutler inquired of General Collins what could be anticipated if the Tudeh Party seized Northern Iran. Would it be possible in these circumstances for the free world to hold the south?

General Collins thought that this might be possible in very favorable circumstances, but it was much more likely that the Russians would come to the assistance of the Iranian Communists in the guise of volunteers. We would then be faced with a most difficult decision. It seemed to General Collins, in conclusion, that about the most feasible solution in the contingency envisaged by Mr. Cutler, was for the Central Intelligence Agency to work out plans by which the free tribesmen in Southern Iran could be armed. With some outside assistance such forces might conceivably be able to hold the south in the event of civil war in Iran.

The National Security Council:[4]

a. Noted an oral report by the Secretary of State on possible courses of action with respect to the current situation in Iran, and agreed:

(1) That the three questions which the Iranian Prime Minister had been considering asking the United States Government, should not be answered in the affirmative if they are actually presented.
(2) To give economic and technical assistance to Iran on a modest scale, if necessary in order to maintain the present government.
(3) That no proposal to buy Iranian oil should be made at the present time.
(4) To explore the possibility of more equitable procedures for an Anglo-Iranian settlement.

b. Noted an oral briefing by General Collins on the military difficulties of defending a line through the Taurus–Zagros Mountain ranges under either hot or cold war operations.

Note: The action in *a* above subsequently transmitted to the Secretary of State for implementation.

[Omitted here is discussion of a decision to postpone consideration of United States objectives and courses of action with respect to Latin America.]

S. Everett Gleason

[4] Paragraphs *a* and *b* and the Note constitute NSC Action No. 735. (National Archives, RG 273, Records of the National Security Council, Records of Action, Box 95, NSC Actions 697–1001)

177. Memorandum Prepared in the Office of National Estimates, Central Intelligence Agency[1]

Washington, March 11, 1953.

SUBJECT

The Situation in Iran

1. The almost three-week-old political crisis precipitated by Mossadeq's attack on the Shah's position and his subsequent effort to force the monarch into exile has now died down in intensity but is still unresolved. Mossadeq retains control of the government and has steadily consolidated his position. However, some disorder continues, the Shah and other opposition elements have not yet made their peace with Mossadeq, and the Majlis has still to act on a proposed vote of confidence in him.

2. The present position of the various elements in the political picture is as follows:

a. *Mossadeq retains a predominant position.* He has consolidated his grip on the reins of government, retained the support of the hard-core National Movement deputies, won over such small right-wing groups as the Pan-Iran and Somka parties, and successfully rallied popular street support. Although he suggested last week that he might be willing to forego a Majlis vote of confidence (pointing out that even the opposition resolution called for his retention) he has not finally committed himself and will presumably take advantage of any sign of opposition weakening.

b. *The opposition has lost ground and energy* and, for the most part, appears content to accept a compromise by which the Shah and Mossadeq would both remain.

(1) *Kashani and other right-wing dissidents*—Baghai, the bazaar merchants, the mullahs—have done little since the rioting of 28 February which resulted in the Shah's decision not to leave Iran. Although pro-Kashani deputies have blocked a vote of confidence by absenting themselves from the Majlis and some religious extremists are still fulminating against Mossadeq and his circle, Kashani has stated that Mossadeq as well as the Shah should remain and is reportedly now "sulking in his tent."

(2) *The pro-Shah element*[2] *in the army and air force,* which also participated in the 28 February riots, has been greatly weakened by the arrests

[1] Source: Central Intelligence Agency, DDI Files, Job 79T00937A, Box 2, Folder 2, Staff Memoranda—1953 (Substantive). Top Secret; Security Information.

[2] An unknown hand wrote "faction" above this word.

and transfers which Mossadeq subsequently carried out. Although a new military plot was rumored over this last weekend, allegedly involving the armored brigade in Tehran, it is unconfirmed. One of its supposed leaders has since been assigned to a south Iran post.

(3) *The old-line politicians,* with leaders like General Zahedi and Ali Mansour under arrest, have participated in the boycott of the Majlis sessions but have otherwise been quiescent.

c. *The Shah has continued in a state of nervous indecision.* He has apparently given some covert encouragement to advocates of strong action to overthrow Mossadeq but has taken no positive action himself and evidently would be quite content with a settlement allowing him to remain in peace. He may still decide to leave Iran.

d. *The tribes have played little part in the crisis.* The fiercely anti-Palace Qashqai leaders have continued to support Mossadeq. While some Bahktiari leaders are still at odds with the government, there is no evidence that they have attempted to capitalize on Mossadeq's current troubles. Other tribes, including the Kurds, have been quiet.

a. *The Tudeh Party has attempted to capitalize on the situation* by joining or sponsoring pro-Mossadeq anti-Shah demonstrations. However, it has generally been physically rebuffed by both the police and Mossadeq's followers and has gained little more than experience and some propaganda effect.

3. Although the political outlook remains uncertain, the probabilities appear to be as follows:

a. With respect to the immediate crisis:

(1) It is extremely unlikely that the opposition will successfully rally to unseat Mossadeq at this late stage. Such a development would almost certainly require army participation, which is improbable now that Mossadeq's principal military opponents have been dismissed or sent to pounding beats in the hinterland.

(2) There is still some possibility that the Shah might leave Iran, on his own initiative or under pressure from Mossadeq.

(3) It appears most probable, however, that the crisis will end in some sort of compromise whereby the Palace would be weakened but not destroyed as a political influence in Iran.

b. Even if Mossadeq succeeds in expelling the Shah, powerful opposition elements will remain, and new efforts to reassert his leadership will be required from time to time. Mossadeq is unlikely to make great progress in consolidating his control, and the regime as a whole will thus be weaker than ever.

c. Tudeh has gained little immediate advantage from the present crisis but may be able to capitalize on a future crisis, particularly if Mossadeq resorts to violent attacks on the US.

4. An important corollary question is that of the oil negotiations and Mossadeq's attitude toward the US. Briefly, the record has been as follows:

a. Following presentation of the package deal proposals on 15 January, Mossadeq raised a host of major and minor objections, finally urging that impartial adjudication of claims be dropped in favor of a directly negotiated lump sum settlement, thus protecting Iran against being saddled with an "unending burden." After much consultation between the US and UK, a new and "final" set of proposals was prepared. These included concessions to Mossadeq on many minor points and provided an alternate mechanism for limiting Iranian payments to 20 years, but they preserved the concept of impartial adjudication and terms of reference which enabled AIOC to claim future profits. Henderson presented these proposals on 20 February, just after the political crisis started.

b. Mossadeq appears to be on the verge of rejecting these proposals. He immediately pointed to the compensation terms of reference as grounds for rejection and attempted to have them drastically changed. Meanwhile he has been attempting to find out from the UK, through the Swiss Legation, the amount of AIOC's claims. On 9 March he told Henderson that the oil talks should be abandoned[3] but phoned later to say that he had spoken prematurely and would consult the cabinet before making a final decision. There the matter rests.

c. Mossadeq's recent talks with Henderson have involved some recriminations against the US. Last week the Mossadeq faction was openly charging Henderson with meddling in Iranian affairs for urging the Shah not to leave the country, though Mossadeq finally consented to accept Henderson's protestations of good faith. Apparently in response to Soviet pressure, Mossadeq has called for withdrawal of TCI personnel from the Caspian area. In discussing the oil question, he has repeatedly asserted that the US would buy oil from Iran even without a compensation agreement if it really had Iran's best interests at heart and has reiterated his old contention that the US was bound to provide financial aid to Iran to prevent it from going Communist.

5. Mossadeq faces a difficult decision. His instincts tell him to reject the present oil proposals. Yet rejection of the oil proposals will subject Iran to a further period of economic uncertainty and increase general pessimism and criticism of his leadership in Iran. He is probably also angry with the US for its role in the oil talks and its support of the Shah. Yet open defiance of the US would deprive Iran of an important counterweight against Soviet pressure and a potential source of financial help. In the end, he will probably reject the oil proposals but stop short of a direct rebuff to the US, hoping that a successful oil formula may

[3] An apparent reference to a March 9 conversation Henderson had with Mosadeq and reported on in telegram 3605, March 9. See footnote 3, Document 176.

somehow be worked out or that the US may finally be persuaded to come to Iran's assistance.

R.L. Hewitt

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178. Information Report Prepared in the Central Intelligence Agency[1]

CS–5029a Washington, March 16, 1953.

SUBJECT

Attitude of Shah Concerning His Present Position

SOURCE

A source with close contacts with the Shah (F). *Appraisal of Content:* 3

1. The Shah told source on 11 March 1953 that his duty to his people was making him a virtual prisoner by frustrating his desire to go abroad and live "like a human being" and that he did not know how much longer he could carry on.[2]

2. The Shah stated that all his efforts to fight Communism were thwarted by Prime Minister Mossadeq, and that these were used against him (the Shah) and his family as "evidence" that they were participating in anti-Government intrigues.

3. The Shah denied that he "knew anything" about the tribal disturbance set off in February 1953 by Abul Ghasem Bakhtiar[3] and blamed, by Mossadeq supporters, on anti-Government individuals who allegedly were influencing the Shah.

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[1] Source: Central Intelligence Agency, DDI Files, Job 80–00810A, Box 7, Folder 7, CS Information Reports 5020–5029. Secret; Security Information; Control—U.S. Officials Only.

[2] *Field Comment.* According to a source with excellent contacts with the Bakhtiari chieftains, the Shah's abdication would result in a "tribal dog fight" which would so weaken and disperse security forces that it probably would be an easy matter for the Tudeh Party to take over the Government. [Footnote is in the original.]

[3] *Field Comment.* According to same source as Comment 1 above, unless Abul Ghasem were captured and his followers dispersed before the mountain passes thawed (probably in late March), minor tribes adjacent to the Bakhtiar country would flock to their support, thus precipitating a major revolt. [Footnote is in the original.]

179. Memorandum for the Record[1]

Washington, March 18, 1953.

REFERENCE

Mr. Roosevelt's recent talk with Woodhouse and Firth on Iran

The general subject of Mossadegh's continuance in office was discussed here by top State Department officials with Mr. Eden.[2] Gist of discussion was to effect that situation has materially altered since December. While there is no obvious choice in sight to replace Mossadegh it is felt that any assets which could be rallied to support a replacement should, if at all possible, he preserved for at least a few months more until the course of events may be clarified.

[1] Source: Central Intelligence Agency, DDO Files, Job 79–01228A, Box 11, Folder 14, Iran 1951–1953. Confidential. A handwritten note on the memorandum indicates that it was seen by Wisner. No other record of this meeting has been found.

[2] See Document 172 and footnote 2, Document 173.

180. Progress Report to the National Security Council[1]

Washington, March 20, 1953.

SUBJECT

First Progress Report on Paragraph 5–*a* of NSC 136/1, "U.S. Policy Regarding the Present Situation in Iran"

NSC 136/1 was approved as governmental policy on November 20, 1952.[2] It is requested that this progress report as of March 11, 1953, be circulated to the members of the Council for their information.

Introduction

1. Paragraph 5–*a* of NSC 136/1 reads as follows:

[Omitted here is paragraph 5–*a* of Document 147.]

[1] Source: National Archives, RG 273, Records of the National Security Council, Policy Papers, Box 210, NSC 136 US Pol re Iran. Top Secret.

[2] Document 147.

2. In accordance with the foregoing, a Working Group consisting of representatives from the Departments of State and Defense, CIA and the JCS was formed to develop plans for the specific measures indicated.

3. Although many of the specific plans required are still in the process of preparation, the Working Group submits herewith a Progress Report as of March 11, 1953, for the information of the members of the Council.

4. The Working Group desires to point out that in addition to the two conditions envisioned in paragraph 5–*a* of NSC 136/1, there is also the possibility that a communist seizure of power in Iran may take place imperceptibly over a considerable period of time. Under this contingency, it would be extremely difficult to identify and demonstrate to our allies that specific countermeasures were required to prevent communist infiltration from reaching the point where it would be able to significantly influence the policies of the Iranian Government. In such circumstances, it might be desirable to implement certain of the plans discussed in the attached Report,[3] prior to an identifiable attempted or actual communist seizure of power.

5. Because of the sensitive nature of the information contained in this Progress Report, it is requested that special security precautions be taken in its handling and that access be limited strictly to individuals requiring this information in the performance of their official duties.

MEASURES BEING TAKEN TO IMPLEMENT PARAGRAPH 5–*a* OF NSC 136/1

Condition I

1. *Measures to be taken to support a non-communist Iranian Government in the event of an attempted communist seizure of power:*

a. Military: Predicated on the assumption that the Iranian Government makes an appeal to the U.S. for direct military assistance, the JCS have recognized three feasible U.S. military courses of action, namely:

(1) To conduct a show of force by periodic flights of carrier aircraft, or aircraft from land bases outside of Iran, over key centers. Recommendations concerning possible employment of U.S. naval and SAC units have been requested from CINCNELM and CGSAC, respectively. To date these recommendations have not been received.

(2) To assist the legal Iranian Army with logistic support by augmenting the present policy of arms aid. Since there is no way of foretelling what assistance might be needed or requested by the Iranians,

[3] Reference is to the section below on measures to be taken to implement paragraph 5–*a* of NSC 136/1.

meaningful plans cannot be prepared in advance. However, the Chief of Staff, U.S. Army, could draw up the necessary plans very quickly when the necessary specific information became available.

(3) Furnish additional arms aid to appropriate Middle East countries so as to eventually enable them to possess the strength to secure their frontiers against effective communist infiltration. The Joint Chiefs of Staff keep this matter under continuous review.

b. Economic: It is doubtful that any increase in the present level of MDAP and Point Four programs ($66.6 and $20.8 millions, respectively) would be justified if the Iranian situation became more unstable. If economic conditions in Iran continue to deteriorate as a result of the continued instability of the government and its inability to market oil, it is possible that a situation might arise where it would be in the U.S. interest to give the National Front Government direct financial assistance should such a request be received. The Department of State has recommended that a contingency fund of $45 million be set aside for this purpose, and the matter is currently under consideration by the Bureau of the Budget. This action would be consistent with NSC 136/1, but would have to be justified in the light of the situation existing at the time the request is made.

c. Diplomatic: An attempted communist seizure of power would probably be designed to exploit the increasing economic and political difficulties facing Iran. Thus U.S. diplomatic planning in such a situation requires continued efforts on the part of our Ambassador in Tehran to negotiate a settlement of the oil controversy between Mosadeq and the U.K. and in the event of an attempted coup, to urge positive action, including the prompt use of security forces, upon such Iranian authorities as may be capable of such action with a view to preventing a communist seizure of power.

d. Psychological: The PSB on January 15, 1953, approved a "Psychological Strategy Program for the Middle East" (D–22)[4] which includes within this broader framework guidance for psychological operations in Iran. When prepared, plans for specific psychological measures in the event of an attempted communist coup in Iran will be consistent with this program and with the approved PSB policies contained in "A Strategic Concept for a National Psychological Program with Particular Reference to 'Cold War' Operations under NSC 10/5" (D–31).[5]

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[4] D–22, "Psychological Strategy Program for the Middle East," January 8, is in Central Intelligence Agency, Office of the Director of Intelligence, Job 80–01065A, Box 2, Folder 15, Psychological Strategy Board Files 1951–1953.

[5] D–31, "A Strategic Concept for National Psychological Program with Particular Reference to 'Cold War' Operations under NSC 10/5," is ibid., Box 1, Folder 11, Psychological Strategy Board Files 1951–1953.

e. Special Political Operations: Current special political operations in Iran, which are directed toward counteracting and reducing Tudeh influence, would be continued and, if circumstances permit, intensified in the event of an attempted communist coup. These operations are designed to:

(1) Influence specific political, military and religious leaders to speak out strongly against the Tudeh threat.

(2) Induce certain political and military leaders to institute administrative and security actions to curb Tudeh activities (demonstrations, strikes, etc.).

(3) Maintain anti-Tudeh propaganda.

(4) Instigate physical attacks upon Tudeh facilities and demonstrations.

(5) Obtain the publication of anti-Tudeh material in the press, and in pamphlets, books, posters, etc.

(6) Influence the choice of a successor to Mosadeq in the event of his resignation or death.

(7) Maintain liaison with potential resistance groups, in particular elements of certain strong tribal elements in southern Iran.

(It should be noted that: (a) CIA's detailed plan for covert operations in Iran during 1953 was approved by the PSB on January 8, 1953,[6] and (b) certain of the special political operations listed under Condition II, below, could, if circumstances warranted, be implemented under Condition I.)

Condition II

2. *Measures to be taken to prevent all or a part of Iran or adjacent areas from falling under communist domination in the event of an actual communist seizure of power in one of more of the provinces of Iran or in Tehran:*

a. Military: In the event of a Tudeh coup in Iran, the JCS have recognized three feasible U.S. military courses of action, namely:

(1) Furnish additional arms aid to appropriate Middle East countries so as to eventually enable them to possess the strength to secure their frontiers against effective communist infiltration. The Joint Chiefs of Staff keep this matter under continuous review.

(2) Deploy appropriate Air Force units, on the order of 1½ wings plus support units, to southern Turkey with a mission of assisting Middle East governments in preventing the spread of communist power to their countries. The Chief of Staff, U.S. Air Force, has been re-

[6] The official minutes of the January 8 meeting of the Psychological Strategy Board do not record a specific discussion on Iran; the minutes of the January 15 meeting discuss the adoption of D–22, cited in footnote 4 above.

quested to recommend the composition of the Air Force organization to be deployed to southern Turkey under this contingency.

(3) Deploy U.S. ground forces on the order of one Division, reinforced, and necessary supporting air and naval forces to the vicinity of Basra with a mission of assisting Middle East governments in preventing the spread of communist power to their countries. This would be accomplished by the physical presence of U.S. military power, demonstrations of strength and *as a last resort,* when authorized by proper authority, combat operations. CINCNELM has been requested to make appropriate recommendation with regard to this course of action but his reply has not yet been received. Our present state of preparedness is such that the 82nd Airborne Division, the 2nd Marine Division or an infantry division in Europe could be moved on short notice provided the necessary shipping were made available. The movement of any one of these divisions would take approximately 60 days. The logistic support required to maintain the deployment of these forces could be accomplished only at the expense of critical supplies now destined for Korea. Similarly, any force deployments to the Middle East would necessitate a substantial upward revision of U.S. force ceilings or a reduction of our commitments elsewhere.

b. Economic: The U.S. Government would provide such economic assistance as required to sustain and strengthen whatever non-communist Iranian Government remained after the communist coup. Specific plans for this eventuality cannot be prepared in advance, but it is likely that requirements for such aid would follow the general pattern, though on a reduced scale, of the economic assistance being given the ROK Government. The early appointment of an over-all coordinator for economic aid would, on the basis of Korean experience, greatly increase the effectiveness of any specific economic measures which might be undertaken in such a contingency.

c. Diplomatic: (1) The United States Government will not recognize a communist government of Iran and will publicly support anti-communist Iranian elements in Iran or abroad. Such support might involve the recognition of an Iranian Government in exile. Since the Shah might be a useful rallying point for such a Government, arrangements to facilitate his escape from Tehran in an emergency are under consideration. In addition, there will probably always be some prominent Iranian public figures outside Iran (such as the Iranian Ambassador to the United States) who could participate in such a movement. For political and security reasons, no advance planning in this regard can be attempted with any Iranian leaders, including the Shah.

(2) Any anti-communist Iranian Government will under such circumstances undoubtedly appeal to the United Nations for diplomatic and military support. This appeal should be exploited in the United

Nations to demonstrate the aggressive character of Soviet communism. However, major policy decisions would be required before active military support could be given by the United Nations.

(3) Unless compelling circumstances prevent it, or other satisfactory arrangements can be made, the Saudi Arabian Government will be asked for permission to use Dhahran as a transit point in connection with contemplated U.S. covert operations.

(4) It is assumed that Turkey, Iraq and Pakistan would each feel threatened by a communist government in Iran and could, therefore, be expected to show sympathy for anti-communist Iranian elements. Diplomatic planning is directed toward insuring the greatest possible measure of cooperation of these countries in support of the non-communist Iranian Government. It should be recognized that the extent of cooperation provided by those countries would, of course, be influenced by their appreciation of Soviet reactions to any measures which they might initiate.

(5) The active cooperation of the British Government is of major importance in any plans which may be developed to meet this contingency. Every effort will be made through diplomatic means to secure this cooperation, but the failure to secure U.K. support will not in itself prevent the U.S. from taking such measures as are possible to achieve our national objectives.

d. Psychological: No specific psychological measures have yet been planned for implementation in Iran in the event of an actual communist seizure of power.

e. Special Political Operations: (1) At the present time CIA has a stockpile of small arms, ammunition and demolition matériel [*less than 1 line not declassified*]. The stockpile is in quantity designed to supply a 10,000-man guerrilla force for six months without resupply. In other increments there is sufficient matériel to equip basically a 4000-man guerrilla force. [*1½ lines not declassified*] CIA is now considering the feasibility of adding essential food stuffs and clothing to existing or other stockpiles. An estimate of such requirements is in the process of preparation.

(2) These supplies could, within 3 to 4 weeks, be transported by air and sea to certain strong tribal elements in southern Iran (in particular the Qashqai tribe) who might, in the event of a Tudeh coup, be prepared to conduct resistance activity against such a Communist government. However, for political and security reasons, no attempt has been made to conduct advanced planning of this sort with Iranian officials.

(3) CIA has an agreement with the Qashqai tribal leaders in southern Iran to establish a clandestine safe haven base from which guerrilla and intelligence operations could be conducted utilizing the

manpower of these elements (estimated 20,000). [*1½ lines not declassified*] Conditions in South Iran, attitude of the Iranian Army and neighboring tribes, status of an Iranian rump government or government in exile, the political attitudes of the tribe in question, and degree of our support in time of Tudeh control have a bearing, however, on the tribal will and ability to conduct resistance activity. [*4½ lines not declassified*]

(4) Reception points in the Tehran and Tabriz area and in South Iran where supplies and personnel can be clandestinely introduced into Iran are in the process of being established. [*2½ lines not declassified*]

(5) [*1 paragraph (3 lines) not declassified*]

(6) Representatives of CIA and the British Intelligence Service met during the latter part of February to consider joint activities in Iran in the event of a Tudeh coup.[7] The report of this meeting has not yet been received, but the discussions included the following topics:

(a) Potential resistance groups.

(b) Conditions under which assistance will be offered.

(c) Extent and nature of assistance.

(d) Supply channels to resistance groups.

(e) Maintenance and establishment of liaison and communications.

(f) Establishment of advance supply bases outside of Iran.

Responsibilities for Future Planning

3. In the preparation of the plans for specific military, economic, diplomatic and psychological measures required by paragraph 5–*a* of NSC 136/1, the Working Group has agreed that responsibilities for future action in this regard will be as follows:

a. State: (1) Recommendations as to possible levels of direct financial assistance to Iran under Conditions I and II.

(2) Plans for the Shah's escape from Tehran in an emergency.

(3) Plans for the handling and exploitation in U.N. of an Iranian appeal for diplomatic and military support.

(4) Negotiations with the Saudi Arabian Government for the use of Dhahran as a transit point for U.S. supplies to Iran.

(5) Plans for discussions at the appropriate time with Turkey, Iraq, and Pakistan re joint action in support of the Iranian Government under Conditions I and II.

(6) In coordination with the JCS, plans for early political-military discussions with the British Government re joint action in support of the Iranian Government under Conditions I and II.

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[7] See Document 158.

b. Defense (assisted by the JCS): (1) Plans for a show of force by periodic flights of carrier or land-based aircraft over key centers in Iran, under Condition I.

(2) Recommendations as to possible levels of increased logistic support through augmentation of arms aid to Iran under Conditions I and II.

(3) Recommendations as to the possible levels of additional arms aid to appropriate Middle East countries under Conditions I and II.

(4) Plans for the deployment of 1½ Air Force wings to southern Turkey with the mission of assisting Middle East governments in preventing the spread of communist power to their countries, under Condition II.

(5) Plans for the deployment of one Division (reinforced) with necessary supporting air and naval forces to the vicinity of Basra with the mission of assisting Middle East governments in preventing the spread of communist power to their countries.

(6) In coordination with State, plans for early military discussions with the British military authorities re joint action in support of the Iranian Government under Conditions I and II.

c. CIA: (1) Intensify, and if possible expand, their current special political operations, directed toward counteracting and reducing Tudeh influence in Iran.

(2) Take steps to move appropriate quantities of para-military equipment to bases as close to Iran as possible.

(3) Continue to increase its capability to conduct para-military operations in Iran under Condition II.

(4) Conduct joint planning with the MAAG mission in Iran for para-military operations in Iran under Condition II.

(5) As considered desirable in the light of U.S. national objectives in Iran, continue joint planning with the British clandestine services for coordinated action under Condition II.

(6) Plans for transporting arms and matériel to Iran under Conditions I and II.

d. PSB: PSB will be requested to supervise the preparation of plans for specific psychological measures in Iran and in the Middle East under Conditions I and II.

Walter B. Smith[8]
Under Secretary

[8] Printed from a copy that indicates Smith signed the original.

181. Memorandum Prepared in the Office of Intelligence and Research, Department of State[1]

No. 1378 Washington, March 31, 1953.

IRAN: POTENTIAL CHARACTER OF A KASHANI-DOMINATED GOVERNMENT

The displacement of Prime Minister Mohammed Mosadeq of Iran by his nearest political rival, Mullah Abol Qasem Kashani, would be disadvantageous to Western interests. Both Kashani and Mosadeq are political opportunists, but whereas Mosadeq, despite his passionate nationalism, has an underlying respect for certain aspects of Western liberalism, Kashani views contemporary problems from a narrowly Moslem outlook, severely warped by many years of bitter conflict with British authority.[2]

Kashani's Potentialities for Gaining Power

Mosadeq's prestige and political skill virtually preclude Kashani from coming to power as long as the incumbent Prime Minister is alive and politically active. Should Mosadeq retire or die, however, Kashani would be the leading contender for his mantle, since he has the largest bloc of votes (after Mosadeq) in the Majlis and controls the largest potential force, except for Tudeh, for public demonstrations and physical intimidation of his opposition. Power to choose the Prime Minister resides in the Majlis, and it is very unlikely that the Shah would risk another "Qavam incident" by appointing as Prime Minister anyone who did not have controlling Majlis support.

Despite these initial elements of strength, the succession of Kashani cannot be regarded as a cut-and-dried proposition. His elec-

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[1] Source: British National Archives, General Correspondence of the Foreign Office, FO 371/104565. Secret; Security Information. The memorandum is attached to a covering sheet in which A.K. Rothnie of the British Foreign Office, indicated that Joseph Palmer of the U.S. Embassy in London had given the assessment to the Foreign Office on May 1. Rothnie also commented that "neither we nor the Americans see any hope in Kashani as a successor to Mussaddiq, nor, a fortiori, do we see any sense in assisting him to power."

[2] OIR prepared this assessment as a result of discussions between Eden and Smith and Byroade in Washington on March 6. As recorded in Foreign Office telegram 526, March 9, Eden raised the possibility of Kashani acting as a successor to Mosadeq. Smith responded that as the danger of Mosadeq's demanding Henderson's recall from Tehran had receded, the United States was "no longer thinking in terms of any urgent need to find a successor to Musaddiq. The conclusion seemed to be that there was nothing we could usefully do and that we must wait on events. We agreed, however, to examine the possibilities of (a) dealing with Kashani as an alternative to Musaddiq and (b) using some intermediary such as the Swiss or Camille Gutt." (Ibid., FO 371/104614)

tion as president of the Majlis despite Mosadeq's disapproval was the result of a tactical maneuver of the moment, and provides no assurance that the Majlis would support Kashani for Prime Minister. Opposition to the Mullah, which would be formidable, would arise from the following considerations: (1) his personal conceit and ambition for power, which discourage cooperation; (2) doubts of the genuineness of his professed interest in social and political reform; (3) his well-known record for unscrupulousness and opportunism; (4) his open antagonism toward the Shah and the army; (5) his outspoken support of various bigoted practices; (6) his lack of business experience; and (7) his lack of executive experience at any level of government.[3] Should he gain power his tenure might well be short, especially if his resort to violent methods should result in his own assassination.

One other alternative must be considered, and that is the very real possibility that Kashani does not want the responsibility of being Prime Minister. He would probably prefer the power without the office, and may actually envisage himself as president or titular head of an Iranian republic.

What Is Kashani's Appeal?

Kashani's support derives from two factors: (1) political and religious emotion, and (2) material self-interest. Since World War I, when his father lost his life allegedly as a result of British action in Iraq and when Kashani participated in the declaration of Jihad (Holy War) against the Allies, he has been in frequent bitter clashes with British authority. During World War II he was interned by the British Army. This record of suffering at British hands has made Kashani a popular hero—a veteran in the fight against "imperialism" imposed by nations not only foreign, but Christian. He has used this religious factor effectively to stir up political support from pious figures throughout Iranian society. He has also secured support by providing employment or material advantages for followers. His political and philanthropic activities require considerable funds. Reports that he receives contributions from Iranians of all classes for favors promised or received are undoubtedly true. But it is significant that this is a usual Iranian practice to which no stigma is attached.

Kashani has—like Mosadeq—built his political career on opportunism, i.e., by taking advantage of developments for which he was not primarily responsible. The most important of these, of course, was the growing resentment of foreign interference and pressure in Iran during and following the 1941–46 Anglo-Soviet occupation of Iran. Kashani

[3] In the left margin of the memorandum is the handwritten question, "no opposition of mujtahids?" This question is in an unknown hand.

did not lead the move to oust the Anglo-Iranian Oil Company, but once it was underway he made tremendous personal capital out of it.

In building his political power, Kashani has taken full advantage of his unusual theatrical talents, displaying exceptional skill in exploiting the rural contacts and the self-interest of the Iranian clergy, and appealing to the piety of small merchants in urban centers. He has not hesitated to use his position as a member of the Moslem clergy to arouse latent suspicions of the Christian West, and many of his political activities have followed the pattern of a ward boss, and sometimes even that of a gangster.

The political supporters of Kashani and Mosadeq—as well as those of the Communist-dominated Tudeh Party—are drawn from much the same social groups. The Mosadeq–Kashani followers constitute the socialistically-inclined National Front group which became politically vocal in 1950 and which derives its strength from government workers, skilled labor, small property owners, teachers, students, and some clerics. Its concentration is greatest in urban areas where problems of organization and communication are relatively easy. Adherents who are religiously inclined tend to turn to Kashani for guidance. On the other hand, the aristocrats and the Western-educated youth who form the hard core of the National Front, in general, prefer Mosadeq. Mosadeq's advantage lies in his integrity, his current control of the government organization, and his political astuteness. Aside from Mosadeq, the only other National Front leader whose prestige approaches that of Kashani is Allahyar Saleh, currently Iranian Ambassador to the US.

Kashani's major domestic political targets are the Court, the army, and more recently, Mosadeq. His resentment toward the Court probably arises from (1) the ruthless destruction of the clergy's power by the late Reza Shah; (2) a belief that the present Shah is dominated by British-oriented advisers; and (3) resentment that a man of the Shah's non-religious character should be the titular defender and propagator of the Shiah Faith of Islam. His resentment toward the army probably arises from (1) the army's role as the instrument of Reza Shah's domination, and (2) the manhandling which Kashani received at the hands of army officers following his arrest and exile at the time of the attempted assassination of the Shah in February 1947 [*1949*].[4]

Kashani's present opposition to Mosadeq appears to stem from personal pique that Mosadeq is not more amenable to persuasion or direction from Kashani in appointments and policies. Kashani is also jealous of Mosadeq's justifiably higher reputation for integrity, and his

[4] Brackets and corrected date are on the original.

better domestic and foreign press. Kashani's present tactics against Mosadeq seem designed more to embarrass the Prime Minister and "cut him down to size" than to strengthen the Shah or bring about Mosadeq's replacement as Prime Minister.

Probable Policies of a Kashani-Dominated Government

A government under Kashani's domination would be likely to pursue the present policies of the National Front, though with increased use of violence and even assassination to control the opposition and a more open distribution of political spoils.

Unless Kashani could establish an immediate dictatorship—and there are no indications at present that he has that capability—his freedom of action would be severely limited by his need for political allies. Since Kashani would not enjoy the popular confidence and prestige accorded Mosadeq, his need for support would be greater, and the obligation to use force more compelling.

The Kashani and ex-Mosadeq forces would probably unite in the face of any serious threat from either the Court or the Tudeh Party. Kashani's potential opponents, including the army, are likely to be disunited and to calculate that their chances for survival would be greater as a result of negotiation with Kashani than if they joined the Court or Tudeh in open opposition. His opposition probably would be strong enough to force Kashani to carry out minimum social, economic, and political improvements and prevent him from implementing any inclination to transform Iran into a theocratic state.

Kashani has strongly supported the following basic National Front policies: (1) nationalization of the oil industry; (2) elimination of British influence in Iran; and (3) replacement of the political power of the traditional governing groups by that of the "people" expressed through a "truly national" Majlis. He has also adhered to the National Front and Tudeh propaganda line that all Great Powers, but especially the US and the UK, (1) follow imperialistic policies, (2) conspire with one another against weak nations, (3) control international organizations for imperialistic purposes, and (4) pursue a foreign policy toward weak nations which is not endorsed by their own public opinion.

On two themes, Kashani has gone much further than Mosadeq. He has from the beginning asserted that the exploitation of Iran's oil resources was a national curse rather than a blessing because of the extent to which revenues from the AIOC affected the Iranian economy and government operations, plus the fact that control of the AIOC was in foreign hands. He has therefore urged that Iran forget its oil resources and develop a self-sustaining economy and governmental structure not dependent on them. Secondly, Kashani—unlike Mosadeq—advocates

violent means, including demonstrations and political assassination, to free Iran from the grip of those leaders—such as the assassinated Prime Minister Ali Razmara—whom Kashani regards as traitors responsive to foreign influence.

Attitude toward the West

There is no convincing evidence that Kashani has (1) sought substantial foreign aid in his quest for power, (2) received substantial foreign aid from any source, or (3) if he did so, either could or would carry out any commitments he might make as a quid pro quo. In the current power struggle in Iran, public knowledge of any acceptance of aid either from the West or the Soviet bloc would rapidly destroy Kashani's power, and the likelihood that such assistance could be concealed in a society such as Iran's is practically nil. Furthermore, it appears improbable that Kashani needs at this time the type of aid which any foreign source could supply. The instruments Kashani must deal with are Moslem and Iranian, all intensely nationalistic and therefore anxious to avoid the charge of subservience to any foreign power.

In view of Kashani's convictions and aspirations, as well as the political forces which would limit his freedom of action, there are no grounds for believing that he could or would wish to promote closer relations between Iran and the UK except if accompanied by further British surrender of power or prestige. Insofar as he regarded US activities as attempts to restore or replace British activities, he would be likely to oppose them. At the same time, he would probably try to maintain friendly relations with the US Government and Americans and to seek US technical and economic assistance if available without unacceptable political strings. However, Kashani would probably regard any foreign efforts to further his political or personal ambitions as motivated only by self-interest, therefore requiring no quid pro quo on his part.

There is no likelihood that a government dominated by Kashani would abandon the current Iranian policy of neutrality in the East-West struggle. A Kashani government might attempt to establish a strong neutral Moslem bloc. Under his guidance, Iranian relations with Turkey and Iraq would not improve as long as Western influence remains strong in these two countries.[5]

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[5] The Foreign Office produced its own assessment of Kashani and handed it to the U.S. Embassy in London on April 16. It concluded that "Kashani would be of no use to us, and almost certainly a hindrance, as a successor to Dr. Mussadiq both generally and in an oil settlement." In a covering memorandum, A.D.M. Ross of the Foreign Office informed Harold Beeley, the U.K. Counselor in Washington, that "while there is perhaps a chance that he [Kashani] could be brought to power by foreign aid, there is no likelihood of his co-operating with us or of his accomplishing anything of real benefit to Persia. Our friends agree with the paper." (British National Archives, General Correspondence of the Foreign Office, FO 371/104566)

182. Information Report Prepared in the Central Intelligence Agency[1]

CS–6360 Washington, March 31, 1953.

SUBJECT

Planned Coup d'État against Mossadeq Government

REFERENCES

CS–4599, 5349[2]

SOURCE

Paragraphs 1–4: [*3 lines not declassified*]. Paragraphs 5–6: [*1 line not declassified*]. *Appraisal of Content:* 3.

1. Anti-Mossadeq Majlis deputies and retired Army officers are planning a coup d'état which is tentatively scheduled to take place "two or three weeks hence."

2. Those prominent in planning the coup are: Majlis Deputy Seyyed Abul Hasan Haerizadeh, General Nadr Batmangelitch, and retired Generals Abbas Garzan, Bahadori,[3] and Fazollah Zahedi.

3. In the event that the coup were successful, General Zahedi would become Prime Minister and General Garzan would become Chief of Staff.

4. The group which is planning the coup claims that the United States Embassy in Tehran is "fully supporting" the move.[4]

5. Colonel Mohammad Adhavi (retired) stated on 17 March 1953 that the coup would take place in "about twenty days" and that General Afshartus, the Chief of Police, probably would take part, along with one Army "motorized division."

6. On 18 March 1953 General Hoseyn Mozayeni (retired), a supporter of Zahedi, remarked to source, "We are not finished; we will be in power before summer."

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[1] Source: Central Intelligence Agency, DDI Files, Job 80–00810A, Box 9, Folder 5, CS Information Reports 6360–6369. Secret; Security Information; Control—U.S. Officials Only.

[2] CS–4599 is ibid., Box 6, Folder 343, Information Reports 4599CS. CS–5349 is ibid., Box 7, Folder 383, Intell Information Reports 5349CS.

[3] *Washington Comment.* This may refer to Ahmad Bahadori, a member of the Majlis (see CS–3238). [Footnote is in the original. CS–3238 is ibid., Box 4, Folder 27, Information Reports 3238CS.]

[4] *Field Comment.* The information in Paragraph 4 presumably stems from wishful thinking. [Footnote is in the original.]

183. Memorandum From the Acting Director of the Psychological Strategy Board (Morgan) to Director of Central Intelligence Dulles[1]

Washington, April 3, 1953.

SUBJECT

Psychological Measures in Connection with NSC 136/1

The Department of State has requested that the Psychological Strategy Board supervise the preparation of plans for specific psychological measures in connection with NSC 136/1. This is in line with the progress report of the Department of State on Paragraph 5(a) of NSC 136/1.[2] It has further recommended that there be established a special panel for this purpose.

Please inform me if this recommendation meets with your approval and if you wish to be represented on the panel.[3]

George A. Morgan[4]

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[1] Source: Central Intelligence Agency, Office of the Director of Intelligence, Job 80R01731R, Box 33, Folder 1095, DCI/PSB. Confidential; Security Information.

[2] Document 180.

[3] DCI Dulles responded to Morgan in an April 23 memorandum stating that "it is my understanding that the panel will be concerned with the preparation of plans for overt psychological action and that CIA's plan will be contained in a separate covert annex, which will be referred to the NSC 10/2 representative for approval." (Central Intelligence Agency, Office of the Director of Intelligence, Job 80R01731R, Box 33, Folder 1095, DCI/PSB)

[4] Printed from a copy that bears this typed signature.

184. Memorandum From the Chief of the Near East and Africa Division, Directorate of Plans (Roosevelt) to the Director of Central Intelligence (Dulles)[1]

Washington, April 4, 1953.

SUBJECT

Support for Special Operation TP AJAX[2]

1. Pursuant to our discussions of 2 April 1953,[3] authorization is requested for the expenditure of funds up to [*dollar amount not declassified*] for the specific purpose agreed to, with the understanding that:

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 the American Ambassador and our Representative.

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 of 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.

Kermit Roosevelt[4]

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[1] Source: Central Intelligence Agency, DDO Files, Job 79–01228A, Box 29, Folder 1, Outlines and Renewals of Projects. Secret; Eyes Only. Wisner recommended approval and Dulles approved.

[2] "TP AJAX" is a handwritten addendum to the subject line.

[3] No record of a conversation between Roosevelt and Dulles on April 2 has been found.

[4] Printed from a copy with Roosevelt's typed signature and an indication that the original was signed.

185. Information Report Prepared in the Central Intelligence Agency[1]

CS–6708 Washington, April 6, 1953.

SUBJECT

Tudeh Instructions Concerning Activities in Case of Anti-Mossadeq Coup

SOURCE

[*2 lines not declassified*]

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.[2]

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[1] Source: Central Intelligence Agency, DDI Files, Job 80–00810A, Box 9, Folder 39, CS Information Reports 6700–6709. Secret; Security Information.

[2] *Field Comment.* On 4 April there was a noticeable increase in the size of security forces in sections of Tehran. [Footnote is in the original.]

186. Monthly Report Prepared in the Directorate of Plans, Central Intelligence Agency[1]

Washington, April 6, 1953.

IRAN

March 1953

A. *General Developments*

1. The political tensions incident to the struggle for power between Mossadeq and his opponents that reached crisis proportions during the end of February and the beginning of March appear to have relaxed somewhat. There is still a powerful undercurrent of intrigue against the Iranian Government, and it is likely that opposition forces will again create tests of strength with the Prime Minister.

2. [*1 paragraph (6 lines) not declassified*]

3. In preparation for a possible Tudeh coup in Iran: (a) the final draft of the first progress report of the interdepartmental committee on NSC 136/1 has been disseminated by NSC;[2] (b) [*2½ lines not declassified*]; (c) an NE–4 Branch task force has completed a draft estimate of the situation in Iran with recommendations for preparations to be made and action to be taken in the event of an emergency;[3] and (d) [*2 lines not declassified*].

B. *Station Synopsis*

[*3 paragraphs (21 lines) not declassified*]

C. *Operational Summary*

Political and Psychological Warfare

7. [*1 paragraph (12 lines) not declassified*]

Paramilitary Operations

8. [*1 paragraph (3 lines) not declassified*]

John H. Waller[4]

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[1] Source: Central Intelligence Agency, DDO–IMS Files, Job 81–01061R, Box 1, Folder 3, Monthly Report—March 1953—Country Summaries and Analyses. Top Secret.

[2] Document 180.

[3] An apparent reference to Document 170.

[4] [*name not declassified*] signed for Waller above Waller's typed signature.

187. Memorandum Prepared in the Embassy in the United Kingdom[1]

London, April 7, 1953.

Minister of Court Ala called on Ambassador Henderson on the morning of April 4. He said that he had just returned from spending two days with the Shah at a Caspian Sea resort. During the two days Ala said that he had done everything he could to persuade the Shah that Mossadeq would probably obtain all the reins of power unless the Shah took some definite step in opposition. He pointed out that the Shah's position might become practically hopeless. The Prime Minister was set on forcing the Majlis to approve the report of the 8-man committee. He would interpret the committee's approval as authorization for his becoming the actual Commander-in-Chief of the armed forces and also for his controlling revenues which were currently accruing directly to the Crown. Ala also told the Shah that the only candidate who had the necessary energy and backing to succeed Mossadeq was General Zahedi. The latter had agreed to present his undated resignation to the Shah in advance so that should the Shah be displeased with him he could dismiss him at any time. Among the General's support was Kashani, Haerizadeh and other dissident members of the national movement, influential political leaders not connected with that movement and many mullahs, merchants, army officers, etc.

The Shah seemed impressed and said he would give the matter further consideration on his return to Tehran (on the afternoon of the 4th). Ala emphasized the necessity of acting quickly. He pointed out that the Prime Minister was preparing a demonstration on April 5 or 6 to intimidate members of the Majlis. These demonstrations would probably be supported by certain disguised Tudeh groups as well as other groups imported from outlying districts and provinces.

In reply to a question by Ambassador Henderson, Ala said that Kashani supported Zahedi but, as with Maki, he hesitated to go all out. While giving lip service, both appeared to prefer to maintain a position which would allow them to plead non-involvement should the attempt to overthrow Mossadeq by peaceful or other means fail. Ala said he intended to see Kashani later in the day in an effort to persuade him to take a more forthright position.

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[1] Source: British National Archives, General Correspondence of the Foreign Office, FO 371/4564. Top Secret. According to a covering memorandum by A.K. Rothnie of the British Foreign Office, this memorandum is a paraphrase of a telegram from Henderson, which was handed to the British by Houghton of the U.S. Embassy in London.

188. Information Report Prepared in the Central Intelligence Agency[1]

CS–6963 Washington, April 8, 1953.

SUBJECT

1. Further Details Concerning General Zahedi's Plans for Supplanting Mossadeq
2. Counter Measures by Mossadeq Government

REFERENCES

CS–6360, CS–6434, CS–6672, CS–6961[2]

SOURCE

[*1 paragraph (6 lines) not declassified*]

1. On 5 April 1953 Ardeshir Zahedi, son of General Fazullah Zahedi, told [*less than 1 line not declassified*] the following:

a. The forces in opposition to Prime Minister Mossadeq are "marking time" until they are able to assess the reaction of the Shah and the public to Mossadeq's policy speech to be broadcast at 1430 hours (Tehran time) on 6 April.[3]

b. Although the Shah returned to Tehran on the evening of 5 April, General Zahedi decided not to contact the Shah until the latter had heard Mossadeq's address.[4]

c. In the interim, the Minister of Court, Hoseyn Ala, has been charged by the Zahedi group with the task of prevailing on the Shah to support General Zahedi.

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[1] Source: Central Intelligence Agency, DDI Files, Job 80–00810A, Box 9, Folder 65, CS Information Reports 6960–6969. Secret; Security Information; Control—U.S. Officials Only.

[2] For CS–6360, see Document 182. CS–6434, April 1, reported that "General Fazollah Zahedi continues to be active in his efforts to organize a coup d'état against the Mossadeq Government." (Central Intelligence Agency, DDI Files, Job 80–00810A, Box 9, Folder 12, CS Information Reports 6430–6439) In CS–6672, April 6, the CIA reported that Mosadeq had said he was in direct contact with the Tudeh "and that a 'sizable portion' of Iranian Government intelligence concerning possible military coups comes from the Tudeh. The Party promised Mossadeq that, if a coup were successful, the Tudeh would kill the coup leaders within a matter of days." (Ibid., Folder 36, CS Intelligence Reports 6670–6679) CS–6961, April 8, reported that the Ayatollah Borujerdi had "written to all the mullahs in the Majlis requesting that they organize their own political faction." (Ibid., Folder 65, CS Information Reports 6960–6969)

[3] The text of Mosadeq's radio address on April 6 was transmitted to the Department on April 8 in despatch 819 from Tehran. (National Archives, RG 59, Central Files 1950–1954, 788.13/4–853)

[4] *Field Comment.* A report from the same source, dated 2 April 1952 [*1953*], stated that General Zahedi intended to visit the Shah in order to request that Mossadeq be dismissed as Prime Minister and he (Zahedi) appointed in his place. [Footnote is in the original.]

d. General Zahedi will "delay" his planned effort to unseat Mossadeq if the Shah refuses to support the opposition. However, the Zahedi forces plan to stage a demonstration when and if enough deputies return to Tehran to permit a meeting of the Majlis.

e. If the Shah, after hearing Mossadeq's radio address, "takes a firm stand" against Mossadeq, the Zahedi group is "ready to take over the Government."

f. The Retired Army Officers' Association, which is part of the group supporting Zahedi, has set up emergency communications to assure "immediate" contact in the event of a "call to action."

g. The Government is maintaining continuous surveillance of the following:

(1) The Royal Palaces and the homes of the Shah's relatives and advisers.
(2) The homes of retired Generals Zahedi, Taqizadeh, and Gilanshah.
(3) The homes of all the Bakhtiari khans.

2. The Chief of Staff of the Iranian Armed forces, General Taghi Riahi, has appointed his cousin, General Esmail Riahi, as Commander-in-Chief of Kurdistan, Luristan, and Kermanshah, with headquarters at Kermanshah. The purpose of this move is to halt the pro-Shah, anti-Mossadeq conspiracies in northern and western Iran.[5]

3. Prime Minister Mossadeq has instructed General Mahmud Afshartus,[6] Chief of the Iranian National Police, to visit Azerbaijan and investigate personally reports of a "strong anti-Mossadeq movement" there.

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[5] See Paragraph 3, CS-6961. [Footnote is in the original. Paragraph 3 of CS–6961, April 8, reads: "Milani and Angaji told Borujerdi that the people of Azerbaijan were 'demanding' that they (Milani and Angaji) abandon the National Front and Prime Minister Mossadeq because of the latter's attitude toward the Shah."]

[6] *Washington Comment.* A report from a fairly reliable source [*1 line not declassified*] date of information 17–25 March 1953, stated that General Afshartus probably would participate in a coup d'état against Mossadeq. See Paragraph 5, CS–6360. [Footnote is in the original.]

189. Telegram From the Station in Iran to the Central Intelligence Agency[1]

Tehran, April 12, 1953.

TEHE 945. Re: TEHE 941 (IN 15134?).[2] For K. Roosevelt.

1. Station asset meeting with COS took place 11 April at 0900 hours as scheduled (TEHE 932–IN 14994).[3]

2. Following statements made by asset:

A. Shah will not fight against govt for protection his prerogatives.

B. Opposition giving impression it has dropped all plans overthrow Mossadeq. However opposition still working secretly to stir up public opinion against recommendation contained "Report of Majlis Cttee of Eight". Source doubts recommendation contained "report" (defining and drastically limiting Shah's powers) will pass Majlis, though only few deputies are for Shah. Large number a majority [*sic*] are against Mossadeq. "Report" is opportunity [to oppose?] Mossadeq on ground other than [illegible][4] opposition [illegible].

C. Mossadeq in difficult position. He not sure of majority on "report" or even of majority when and if vote confidence requested. Mossadeq now soft pedalling. He making friendly overtures toward opposition and in particular toward Shah. What he wants is Shah to endorse "report" without forcing Majlis vote, but source convinced Shah will never append his signature to "report". Source repeats "the Shah will do nothing, he will not fight for his privileges; he will not renounce them voluntarily. He is passive and will let events take their course." Mossadeq will not at this time take initiative of stirring mob and causing street demonstrations in support "report." Since incidents 23 Feb when his gate stormed and he had to climb over wall to save own life he has developed healthy fear against crowd.[5]

D. Thus neither opposition nor govt likely start acts violence.

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[1] Source: Central Intelligence Agency. Secret. This telegram was transcribed from microfilm in the Central Intelligence Agency specifically for *Foreign Relations,* 1952–1954, volume X, Iran, 1951–1954, although it was not released in that volume. The original telegram and its microfilm copy no longer exist. This is the case for all subsequent telegrams in this volume that are identified as having been transcribed for the *Foreign Relations* series. Please see the "Sources" chapter for more details.

[2] Not found. Question mark is in the transcript.

[3] Not found.

[4] The bracketed references in the telegram to illegible text are in the transcript.

[5] This incident occurred on February 28, when a mob attacked Mosadeq's home.

E. Source sums up situation as follows. [illegible]

End of message.

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190. Telegram From the Station in Iran to the Central Intelligence Agency[1]

Tehran, April 14, 1953.

TEHE 959. [*3 lines not declassified*]

1. Political situation Iran "completely changed" over weekend with following results:

A. Zahedi abandoned plans for "direct" attempt replace Mossadeq at present.

B. "Important" elements both National Front and opposition now considering possibilities Mossadeq's voluntary retirement in favor candidate acceptable both sides, possibly Alayar Saleh, Iran Ambassador to U.S.

C. Zahedi: Action agreeable "solution" mentioned in B above and willing cooperate therein with National Front in exchange for a cabinet post for Zahedi himself.

2. In meeting with Shah on 1 April deputy Hosein Makki urged Shah "prevent" any opposition action against Mossadeq now "because Mossadeq will retire voluntarily within 2 months".

3. Ayatollahs Kasanf [*Kashani*] and Ehbeganq [garbled].

4. Above source feels declaration will not be written.

5. Mossadeq cabinet member expressed opinion that "Mossadeq is trapped by anti-foreign forces he unleashed but which have now become uncontrollable "and even if Mossadeq govt falls" there no possibility oil settlement with British because "anti British feeling is too deeply rooted for anyone to solve problem".

6. Field comment: "Coalition" such as that suggested in para 1 above not unusual in Persian politics where theory "if you can't lick em join em" is old hat. In this case, Station feels both camps prefer alliance rather than showdown in which each uncertain of outcome.

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[1] Source: Central Intelligence Agency, DDO Files, Job 89–00176R, Box 1, Folder 18, Political Activities—Iran (Serial 440–579). Secret; Security Information. CS–7982, April 21, disseminated the information in this telegram. (Ibid., DDI Files, Job 8000810A, Box 10, Folder 69, CS Information Reports 7980–7989)

7. Source comment: Re para 2 above. This may be entirely selfish move by Makki because of business deals in which he and partner, (Mabugdji—also rec'd Malugdji) (FNU) man representatives selling machinery to 7 year plan and desire keep govt in power at least until commissions paid.

8. Wash only: Source paras 1–4 [*less than 1 line not declassified*] source para (portion garbled being serviced) [*less than 1 line not declassified*].

End of message.

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191. Information Report Prepared in the Central Intelligence Agency[1]

CS–7704 Washington, April 16, 1953.

SUBJECT

Opposition Test of Strength with Mossadeq

SOURCE

[*2 lines not declassified*]

1. The Iranian political crisis has been reopened with Prime Minister Mossadeq taking the initiative in a planned surprise attack in which the Government plans to use all of its assets to try to crush the opposition and to force Majlis acceptance of the report of the "Committee of Eight"[2] on 16 April 1953. Mass demonstrations, Government- and Tudeh-sponsored, are to be staged that day in the Majlis Square.

2. On 15 April a Court representative attempted to enlist Mullah Kashani's support of the following plan (to which the Shah "appeared favorably disposed") to oust Prime Minister Mossadeq and replace him by General Fazullah Zahedi:

a. Kashani would address a letter to the Shah stating that, in view of the lawless condition in Tehran and threats to the Majlis deputies, the Majlis no longer could function.

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[1] Source: Central Intelligence Agency, DDI Files, Job 80–00810A, Box 10, Folder 4, CS Information Reports 7700–7709. Secret; Security Information; Control—U.S. Officials Only.

[2] *Washington Comment.* The "Committee of Eight" was formed on 5 March 1953 to define the powers of the Shah. [Footnote is in the original.]

b. On the same day the above-mentioned Court representative would prevail upon the Shah to issue a firman and proclamations quoting Kashani's letter, relieving Mossadeq, and appointing General Zahedi as "Director of Public Security" to maintain order so that the Majlis could designate an able and capable new prime minister in an atmosphere free from violence.

c. In the event that the firman dismissing Mossadeq could not be obtained from the Shah, the opposition would refrain from participation in street conflicts, but opposition deputies would walk out of the Majlis in order to prevent the formation of a quorum.

3. Kashani preferred a variation of the above plan, by which he, Kashani, would draft a letter to be signed by Majlis members as well as by himself. Kashani claimed that he could obtain signatures of "possibly forty deputies" before the Government could demand a parliamentary showdown of the "Committee of Eight."

4. Royal Court officials are deeply concerned over the demonstrations scheduled for 16 April and anticipate bloodshed.

5. The following information increases Court fears of possible serious repercussions in the wake of Government-planned demonstrations on 16 April:

a. Bands of "hoodlums" have been directed by Government supporters to attack the Palace, Majlis buildings, and American installations, but the security forces have not been ordered to stop them.

b. The Army guard (including tanks) has been reinforced around Mossadeq's house and Radio Tehran.

c. The Government is giving a holiday to all workers on 16 April and the Bazaar is to close on the same day (thus freeing thousands to gather in the streets).

d. All schools have been ordered to be closed on 16 April.

192. Memorandum From the Chief of the Iran Branch, Near East and Africa Division (Waller) to the Chief of the Near East and Africa Division, Directorate of Plans, Central Intelligence Agency (Roosevelt)[1]

Washington, April 16, 1953.

SUBJECT

Transmittal of Branch 4 Estimate Entitled "Factors Involved in the Overthrow of Mossadeq"

Attached hereto is a Branch 4 Estimate entitled "Factors Involved in the Overthrow of Mossadeq". This estimate drafted by Mr. Wilber represents Branch thinking. It is believed that it will prove useful as a guide for our PP planning, and as a reference source of background information.

John H. Waller

Attachment

Estimate Prepared in the Iran Branch, Near East and Africa Division, Directorate of Plans, Central Intelligence Agency

Washington, undated.

FACTORS INVOLVED IN THE OVERTHROW OF MOSSADEQ

Summary

I. *Basic Assumptions*

II. *Evaluation of Principal Elements Concerned in Possible Replacement Operation*

A. General Fazlullah Zahedi

1. Current position

a. Biographical sketch (see Appendix A)[2]
b. Evaluation of personality and capability
c. Motivation
d. Elements supporting Zahedi

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[1] Source: Central Intelligence Agency, DDO Files, Job 80–01701R, Box 3, Folder 7, TPAJAX Vol. I. Top Secret; Security Information. Also distributed to the Chiefs of the Political Propaganda and Foreign Intelligence Divisions in NEA.

[2] An outline summary of Zahedi's career is not printed.

e. Relations with the Shah
f. Relations with Ayatollah Kashani

2. Negotiations with Zahedi

a. The Shah
b. Financial aid
c. Oil issue
d. Composition of government
e. Policy of government

B. The Shah

1. Personality

2. Negotiations with the Shah

C. Forces which will play a role in any effort to replace Mossadeq and to establish a stable government, and evaluation of their attitudes.

1. The Iranian Army

2. Tehran police

3. The Majlis

4. Political groups

a. Dissident elements of the National Front
b. Tudeh Party
c. Iran Party
d. Third Force
e. Baghai's Toiler's Party
f. Pan-Iranist
g. Sumka
h. Amayoun Party

5. Religious elements

a. Ayatollah Kashani
b. Respected political leaders
c. Fedayan Islam

6. Tribes

a. Qashqai
b. Other tribes

7. Social groups

a. Government officials
b. Merchants
c. Landowners
d. The general public

III. *Assets which may be directed toward the replacement of Mossadeq*

A. [*1 line not declassified*]

1. General factors

2. Political assets

3. Military assets
4. Religious assets
5. Press assets
6. Activist assets
7. Penetration assets
8. Other assets

B. Other assets of the field station

1. [*1 line not declassified*]
2. Qashqai leaders
3. Former ranking members of the army and the police
4. [*1 line not declassified*]
5. [*1 line not declassified*]

C. [*1 line not declassified*]

IV. *Estimate of the possibility of overthrowing Mossadeq by a Shah-Zahedi combination, supported by U.S. assets and policy*

Appendix A

Fazlullah Zahedi

Summary

This study is based upon the premises that U.S. interest and policy requires the replacement of Mossadeq and that appropriate Agency assets should be committed to the support of General Zahedi, the contender for the Premiership who is currently most active and appears to have the widest local support.

Agency assets in Iran are not by themselves capable of overthrowing Mossadeq's Government, but should Zahedi be supported by these assets and by financial backing his chance of success would be greatly enhanced.

Considerations bearing upon the replacement of Mossadeq and the firm establishment of a government headed by Zahedi are presented in the opening section of this study as a series of basic assumptions. Other sections of the study supply the background material upon which a number of the assumptions have been based.

Most vital of the basic assumptions is that which states that the government of Zahedi will not be able to establish itself or to remain long in power without the active support and moral leadership of the Shah. Hence, it is considered essential that a U.S. representative be placed in contact with the Shah in an effort to obtain a firm commitment of such support. Lacking such a commitment or faith that the commitment will really be carried out, the Agency should reconsider any plan to take positive action in support of Zahedi.

Should Zahedi fail in his effort to replace Mossadeq when Agency assets had been involved in this effort, the result would be that these assets would be compromised and possibly destroyed. In addition, such a failure would fan National Front and public antipathy to such an extent that the Point IV and Military Missions might be expelled from Iran. The reaction might include a swing to closer relations with the USSR on the part of the Mossadeq Government.

Should developments cause active Agency support [to] be withheld from Zahedi, a detailed plan of operations should be prepared for such a time as Mossadeq falls from power as the result of other pressures. Mossadeq's prestige and power is definitely on the decline and should this trend continue a successor, favored by the U.S., would find the task of taking over much easier than at the present time. In fact, it might be achieved without the backing of the Shah.

I. *Basic Assumptions*

These assumptions are listed in order of relative chronology. Sections which follow contain material in support of certain of the assumptions.

1. Mossadeq must go.

2. Appropriate U.S. covert assets will be directed toward his overthrow and U.S. policy action and financial aid will support his successor.

3. General Zahedi is the only currently active candidate to succeed Mossadeq who has a real chance of success.

4. For success Zahedi requires the energetic backing of the Shah which insures adequate support by the armed forces.

5. At this time Soviet reaction to a forced change in government would be limited in nature.

6. Failure of an attempted forced change would lead to violent Iranian reaction against the U.S.

7. Zahedi can last only if he manages the immediate removal of all dissident leaders.

8. Zahedi is allegedly anxious to settle the oil issue. A new proposal agreement must at least *appear* to be more generous than any previous one: it must *not* insist upon compensation for years in which concession would have covered.

9. Timing of oil agreement is of great importance as it should not be announced immediately after Zahedi takes office.

10. Zahedi's cabinet must include the strongest possible individuals, including a U.S. approved choice of his successor.

11. Kashani's influence with the Zahedi government must be restricted or neutralized.

12. Items 7 through 11 must be agreed upon in advance by Zahedi and the U.S.

13. [*2 lines not declassified*]

14. Should Zahedi himself fall from power the U.S. must act to replace him by the chosen member of his cabinet.

II. *Evaluation of Principal Elements Concerned in Possible Replacement Operation*

A. General Fazlullah Zahedi

1. Current position

a. Biographical sketch (See Appendix A)

b. Evaluation of personality and capability

[*3 lines not declassified*] indicate that he is competent, energetic, aggressive and patriotic. Derogatory comments also emphasize the aggressive aspect of his character.

Associated with the Nazi efforts in Iran during World War II, he has long been firmly anti-Soviet. A pro-Western orientation is reflected in the education of a son in the U.S. and the activity of this son in the Point IV office in Iran.

Local circles at Tehran believe him to be the only military man on the scene who would stage a coup and follow it through with forcefulness.

c. Motivation

Subject is personally ambitious, but at this particular time he probably feels he is the only man strong enough to bring order out of the present chaos. He has displayed reason and restraint in answering charges made against him by the National Front, and his self confidence has certainly been reinforced by the fact that various elements have asked him to assume leadership of the country. At least as early as the summer of 1952 he was preparing to take over the government.

d. Elements supporting Zahedi

On 2 April 1953 Zahedi claimed that he was supported by the following elements:

Ayatollah Kashani
Minister of Court Ala and other Court officials
Military elements: Association of Retired Army Officers, several Army officers in key posts, and General Batmangelish.
Amayoun Party (Group which consists largely of "old guard" anti-National Front Senators. This group has Free Mason overtones.)
Large segment of the bazaar, including leading merchant Nikpur
Former supporters of Ahmad Qavam
Majority of the people (*sic*)

An evaluation of the position of some of these elements is given in a following section. It must be noted that of this number only the Association of Retired Army Officers can be considered as wholeheartedly behind Zahedi. Until very recently Zahedi seemed interested in obtaining power by constitutional means—as the choice of the Majlis—but in April he was ready to stage a coup if he were to be appointed Prime Minister by a royal decree. At this time he claimed to have selected his cabinet and the heads of the army, gendarmérie and police.

e. Relations with the Shah

Zahedi was a faithful servant of the late Reza Shah and has enjoyed the confidence and good-will of his son, the present ruler. In 1947 the Shah named him Inspector General and in 1949 when General Razmara forced him out of the Army the Shah named him as his Adjutant. In 1950 the Shah appointed him to the First Senate and in 1951 he was Minister of Interior in the pro-Shah cabinet headed by Ala, present Minister of Court. Throughout 1952 there seems to have been little direct contact between the Shah and Zahedi. Then on 11 April the Shah is said to have favored Zahedi as successor to Mossadeq, but believed that the decision was up to the Majlis and must wait until Mossadeq's popularity had declined even lower.

f. Relations with Ayatollah Kashani

Kashani undoubtedly plans to direct the affairs of Iran as the power behind the successor of Mossadeq. As early as September 1952 Kashani is said to have selected Zahedi to replace Mossadeq.

On 2 April 1953 Zahedi claimed the support of Kashani and on 11 April he stated that Kashani was reaching an understanding with Borujerdi and Behbehani—influential religious leaders—on the necessity of encouraging the Shah to stand up to Mossadeq.

Certainly Zahedi and Kashani do not trust each other: Zahedi says he will get rid of Kashani in due course, while Kashani must feel that he could control Zahedi.

2. Negotiations with Zahedi

Within the first two weeks of April 1953 Zahedi appeared ready to insist that the Shah appoint him Prime Minister, but he has failed to press this point. It is believed that Zahedi will not act precipitously and will not attempt to carry out a coup or any more legalistic maneuver without assurances of U.S. support. [*3 lines not declassified*]

[*2 paragraphs (11 lines) not declassified*]

(3) Oil Issue

Zahedi will be presented with the draft of an oil agreement which is to be implemented after his government is firmly established. He will be assured that implementation of the agreement will be followed by a

very substantial sum from the U.S., either as a cash advance on oil sales or as a grant.

[2 *paragraphs (12 lines) not declassified*]

B. The Shah

1. Personality

"The Shah has vivacity, imagination, and wit, tempered with a deep sense of personal dignity and an almost mystical feeling of his mission and duty to Iran . . . The Shah identifies himself strongly with the Iranian Army, considering himself a qualified strategist and tactician. Devoting a great deal of his private fortune on charities, his popularity is now much greater than at his accession. Were he to make himself absolute dictator on the model of his father, the Iranian people . . . would acquiesce, but his attachment to democratic principles prevents such a step" (NIS).[3]

In spite of all of these admirable qualities, the Shah has shown himself to be vacillating, hesitating and indecisive. On many occasions when he has finally made up his mind as to a positive course of action he has soon failed to follow through and abandoned his plans. Not even those Prime Ministers in whom he had most confidence have enjoyed his positive backing over any extended period.

It has been stated that the Shah might rise to a vital emergency, assume the moral leadership of the country, and give sincere support to a constructive government. It is just as possible that he will never be able to overcome his handicaps of vacillation and indecision. However, in his one great test—that of the recovery of Azerbaijan from the pro-Soviet regime—he displayed real leadership. Again in March 1953 the public demonstrations in his favor caused him to refuse Mossadeq's demand to leave Iran. The Shah has stated that he is prepared to sacrifice his life or his throne for the good of his country.

2. Negotiations with the Shah

It has been assumed that Zahedi will not be successful in establishing himself through a coup or legalistic maneuver without the whole hearted support of the Shah. To support this assumption there is the example of the short-lived premiership of Ahmad Qavam in July 1952 where such support was lacking. With control of the armed forces now more firmly in the hands of Mossadeq, only the Shah has the capacity of appealing to the basic loyalties of the staff officers to a point where they *might* follow the orders of the Shah and of Zahedi rather than of Mossadeq.

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[3] National Intelligence Survey, in Central Intelligence Agency, DDI Files, Job 01–00707R, Box 1, Folder 1, CIA/NIS National Intelligence Survey Gazetteer 1948–1954.

Before definite negotiations are completed with Zahedi it is vital that a U.S. representative be placed in contact with the Shah. This representative should present the point of view that if the Shah will supply the moral leadership the U.S. will support, by every means, the most logical successor to Mossadeq. The alternative will be the continued disintegration and eventual collapse of Iran. The point should be stressed that this is the Shah's final time for decision and, that failing this time, he will have betrayed his country. Discussions should cover the steps to be taken by the Shah in replacing Mossadeq by Zahedi, worked out in all pertinent details. Should the Shah give the required assurances, negotiations would be concluded with Zahedi. If the U.S. representative felt that the Shah would not rise to the occasion, the projected operation should be discarded.

The choice of a suitable representative is of great importance. George Allen, largely responsible for the Shah's decisive action at the time of the recovery of Azerbaijan, would be the ideal choice. A military man, such as one of the former heads of the U.S. Military Mission to Iran, is another possibility. It would seem less advisible to employ the current diplomatic representative, because his presentation would lack the special quality of that of a special representative and because of the risk that his efforts might be disclosed and his usefulness in Iran ended.

C. Forces which will play a role in any effort to replace Mossadeq and to establish a stable government, and evaluation of their attitude

1. The Iranian Army

The bulk of the security forces have a strong sense of traditional loyalty to the Shah, but the rank and file may be expected to follow the orders of their superiors who were appointed to their present posts by Mossadeq. The events of July 1952 when the action of force at Tehran was not supported by the Shah tended to weaken the traditional bonds of loyalty between the throne and the army.

Any coup promoted by Zahedi or any legalistic maneuver to put him in power would fail unless supported by the armed forces at Tehran. Until about a year ago the First Division at Tehran, the so-called Guards Division, was in a position to control the course of events and this force was loyal to the Shah. Mossadeq, realizing the situation, had this division split into three separate brigades with officers of his own choosing in command. There are also two armored brigades and the central MP Brigade at Tehran. Headquarters has no information as to the personal sympathies or political inclinations of the commanders of these brigades. It is very doubtful if any of these commanders would obey orders of Zahedi directed at the overthrow of

Mossadeq, but more probable that some of them would execute orders of the Shah acting in support of Zahedi.

Should the commanders of the brigades at Tehran incline to neither side the outcome of any coup or legalistic maneuver to replace Mossadeq would depend upon whether Mossadeq or Zahedi could muster the largest civilian mobs.

There is no indication that Zahedi has control over armed forces in the provinces which he could move against Tehran.

2. Tehran Police

The Tehran Police have demonstrated—in July 1952—their inability to maintain order in face of mob violence. Hence they are not an element of importance, although headed by an officer appointed by Mossadeq.

3. The Majlis

The Majlis is not a[4] factor to be considered in the course of a forceful coup. Should Zahedi come to power by a legalistic maneuver, he might receive an initial vote of confidence particularly if effective political action were taken among the deputies.

The Majlis numbers 79 deputies but this total number has never been present at recent sessions. Of this number 30 are allegedly loyal to Mossadeq. Four deputies are on the fence and the balance of 46 members is potentially anti-Mossadeq. This potential opposition is as follows:

Freedom Faction (composed of former supporters of Mossadeq, led by Haerizadeh)	10
Ayatollah Kashani supporters	8
Opposition deputies	18
Pro-Shah deputies	10
Total	46

However, in spite of this potential opposition Mossadeq has won overwhelming votes of confidence in the past. These votes have been on his handling of the oil issue and on his retention of special powers. In recent weeks the opposition has increased in strength and should a test come on some such subject as the future position of the Shah in the constitutional government—and come at a time when a potentially strong successor is on the scene—Mossadeq might fall. Following the traditional pattern of past years, this successor would be given a vote of confidence by the Majlis.

[4] The words "not a" have been crossed out by hand and replaced with the word "another."

4. Political groups

a. Dissident elements of the National Front

Within the last year the National Front of Mossadeq—a very loose association of individuals of varying stature and power to influence the public—has tended to break up. These dissident elements are active within the Majlis—Haerizadeh, Baghai, and Makki—and without it. There seems little chance that these elements will coalese in positive support of such a figure as Zahedi and it also seems unlikely that they can assemble sizeable groups of anti-Mossadeq demonstrators.

b. Tudeh Party

The Tudeh Party has consistently and bitterly attacked the political activity of Mossadeq. However, since one of its basic aims is to disrupt internal security it has rushed to support of Mossadeq in his attacks against the Shah. By 4 April 1953 Tudeh members had been alerted to the possibility of a coup against Mossadeq and had been ordered to be ready to "protect" Mossadeq.[5]

The Tudeh Party may be able to assemble up to 10,000 demonstrators at Tehran from its Party members and the several pro-Soviet front groups active there. However, on 15 April 1953 it assembled only about 1,000 people in a pro-Mossadeq, anti-Shah demonstration.

c. Iran Party

This group is a leftist element of the National Front and is strongly pro-Mossadeq. It claims a membership of 10,000, with the percentage at Tehran not defined. This figure is much exaggerated, especially in view of the resignations of ranking members that took place at the recent annual convention of the Party. The Party's strength is in the membership of a considerable number of high level permanent officials of the government and the Party has *not* mustered its members for demonstrations.

d. Third Force

This political group is headed by Khalil Maleki, once a leader of the Tudeh Party and more recently party organizer and theoretician for Baghai. Maleki claims 10,000 members, certainly an exaggeration as the party publications appeal to intellectual socialists. The Third Force has been pro-Mossadeq and is not expected to lend its support to the Shah. It has no record of mustering demonstrators.

e. Baghai's Toilers Party

Earlier a lieutenant of Mossadeq, Baghai has openly opposed him over the allegedly undemocratic and unconstitutional methods of Mossadeq. Should a show down between Mossadeq and the Shah be di-

[5] See Document 185.

verted to a vote on the continuation of Mossadeq's plenary powers, Baghai would probably oppose Mossadeq. Baghai has not more than three faithful followers among the Majlis deputies. The Party claims 10,000 members but—given the defection of Maleki, probably has less than 2,000 active members. The Party has *not* been mustered for street demonstrations.

f. Pan-Iranist

This group is violently anti-Soviet and anti-foreign in general. Small in total numbers, it does have branches in many provincial towns and its importance resides in the fact that it can call out small groups of street fighters. The group has been consistently pro-Mossadeq, but has a strong inherent loyalty to the Shah and might split on the issue of which of these individuals it should support.

g. Sumka

This National Socialist Party is small in size but capable of producing fanatical street fighters. Repressed from time to time by Mossadeq, it might side with the Shah in a show down. It is very anti-Soviet. In October 1952 its leader tried to interest Zahedi in supporting his party.

h. Amayoun (or Amiyun) Party

Zahedi claims the support of this group. It is believed to be an association of individuals of conservative leanings who have formerly held high posts in the government and have more recently been members of the Senate. Ala, Minister of Court, is a member. The group has British and Masonic overtones.

5. Religious Elements

a. Ayatollah Kashani

On the occasion of recent show-downs with Mossadeq Kashani has always lost out. For this reason he has turned to support of the Shah in an effort to build up a coalition—directed by himself—which would be capable of replacing Mossadeq. As president of the Majlis Kashani has considered it beneath his dignity to actually preside at the sessions and from this and other indications it seems certain that he is not interested in becoming Prime Minister himself, but in directing a successor to Mossadeq.

Kashani's power is not that of a spiritual leader, but of a schemer who can obtain the funds necessary to call out mobs from the bazaar section of Tehran. To date these mobs have not been as effective as the groups mustered by either Mossadeq or the Tudeh Party.

b. Respected religious leaders.

This element is headed by Ayatollah Borujerdi, resident at Qum, the supreme spiritual leader of the Moslems. It includes such figures as the influential Behbehani at Tehran. These individuals have tended to

avoid entanglement in the political arena, but on 11 April 1953 Zahedi reported that Kashani, Borujerdi and Behbehani were reaching an understanding on the need to bolster the Shah in resistance to Mossadeq.[6] About this same time two clerics who are also deputies in the Majlis from Tabriz informed Borujerdi that the people of Azerbaijan were demanding that they leave the National Front because of Mossadeq's attitude toward the Shah. Borujerdi is alleged to have instructed them to form a religious faction within the Majlis.

While it is extremely unlikely that he could be persuaded to take such a step, were Borujerdi to call for the active support of the Shah his spiritual associates could assemble a very large force of demonstrators and influence public opinion to a very high degree.

c. Fedayan Islam

This group of fanatics, with a record of political assassinations, is unfavorably disposed to Mossadeq and bitterly opposed to certain members of his government. This small group is currently cool toward Kashani, who is allegedly trying to establish good relations with them. Quiet at present, this group may break out at any time. However, it is not known how its leader, Navvab Safavi, may be influenced in any specific direction.

6. Tribes

a. Qashqai

Two of the leaders of this most powerful of the Iranian tribes are deputies in the Majlis. They have consistently given their support to Mossadeq, largely because of their antipathy to the present Shah which stems from the severe repression of the tribe by Reza Shah. At the same time these leaders are reported to be on good terms with Zahedi. If offered substantial political and economic benefits by Zahedi they might remain passive in the event of the replacement of Mossadeq. Otherwise they might resort to armed action—as in 1946—and so disrupt the internal security of southwestern Iran.

b. Other tribes

The Bakhtiari leaders would probably support Zahedi, as would the Lur, Shahsevan, Khamseh and Zolfaghari tribal elements. The Kurds would probably not take sides. It is unlikely that any of these groups would take up arms, either in support of Mossadeq or of the Shah.

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[6] See Document 193.

7. Social groups

None of these groups could be expected to pursue an active role in the replacement of Mossadeq. However, individual members might be sources of funds or aid in maintaining internal stability.

a. Government officials

With the exception of members of the Iran Party, the higher officials would tend to remain neutral with respect to Mossadeq. The lower levels, subject to increasing economic uncertainty, would be glad to see him go.

b. Merchants

Kashani can muster the support of a large segment of the leading merchants in the bazaar. The top level, engaged in foreign trade, might well furnish funds for activity against Mossadeq and Zahedi claims to have the financial backing of one member of this group. The mass of small shopkeepers, without influence, support Mossadeq.

c. Landowners

The majority of the landowners are opposed to Mossadeq and would employ their influence to attempt to keep order in the provinces in the event of his overthrow.

d. The General Public

Zahedi claims the support of the "majority of the people", but it is far more likely that the man in the street continues to admire Mossadeq for his strong stand against the British and as a symbol of resurgent nationalism. However, this element is of no practical value to either side unless effectively organized and led. Action by this element will come only from the groups already listed in earlier headings.

III. *Assets which may be directed toward the replacement of Mossadeq*

These assets should be mobilized only in relation to a detailed plan of operations and such a plan would be the primary responsibility of the field station. Should all these assets be engaged in an all-out effort, it is certain that some of them would be exposed. Should the operation fail, some of these assets might be totally destroyed.

A. [*1 line not declassified*]

1. General Factors

[*2 paragraphs (7 lines) not declassified*]

2. Political Assets

[*6 paragraphs (19 lines) not declassified*]

3. Military Assets

[*1 paragraph (5 lines) not declassified*]

4. Religious Assets

[*6 paragraphs (17 lines) not declassified*]

5. Press Assets

[*less than 1 line not declassified*] have extremely wide connections with the Tehran press. These contacts could be used to create an atmosphere favorable to Zahedi once he had taken over power. At the present time the great bulk of the press is already anti-Mossadeq. Once Zahedi was in power it should be possible to use the very severe press law put into effect by Mossadeq to suppress all pro-Mossadeq organs. [*less than 1 line not declassified*] should also make a major effort to win over the two most important Tehran papers, *Ettelaat* and *Keyhan*, to the support of Zahedi. *Keyhan* would probably be more receptive to such an effort.

[*less than 1 line not declassified*] also have the capability of producing and distributing posters, pamphlets and throw-aways.

6. Activist Assets

[*less than 1 line not declassified*] have the capabilities of bringing out gangs of street fighters. Through [*less than 1 line not declassified*] contacts with leaders of various segments of the Pan-Iranists they have encouraged this group to engage in street fights with the Tudeh Party. It is questionable whether [*less than 1 line not declassified*] could bring out the Pan-Iranists to fight for the Shah. They might be able to establish contact with the Sumka Party for this purpose and they probably could produce small, independent groups [*less than 1 line not declassified*].

7. Penetration Assets

[*1 paragraph (5 lines) not declassified*]

8. Other Assets

[*3 paragraphs (8 lines) not declassified*]

B. Other Assets of the Field Station

[*4 paragraphs (13 lines) not declassified*]

2. Qashqai Leaders

The field station has [*less than 1 line not declassified*] contact with the several brothers who head the Qashqai tribe. This contact has been in preparation for Qashqai resistance of the Soviet invasion of Iran and the station has not attempted to influence these leaders with respect to current political situations. With regard to the replacement of Mossadeq, it is not possible that the station would persuade these leaders to support the Shah. The most the station could do would be, as an intermediary between Zahedi and these leaders, to pass on assurances of political and economic benefits if they would refrain from open hostility toward Zahedi.

3. Former ranking officers of the army and the police

The station has [*1 line not declassified*] and who could be directed to attempt to win the support of present army commanders for an operation against Mossadeq.

4. [*1 line not declassified*]

[*1 paragraph (4 lines) not declassified*]

5. [*1 line not declassified*]

[*1 paragraph (7 lines) not declassified*]

C. [*1 line not declassified*]

[*5 paragraphs (24 lines) not declassified*]

IV. *Estimate of the possibility of overthrowing Mossadeq by a Shah–Zahedi combination, supported by U.S. assets and policy*

The act of overthrow would be either a coup d'état or a rapid legalistic maneuver with Zahedi put into office by royal decree.

The attitude of two factors would determine the success of such an attempt. These factors are: (1) the Tehran Army garrison, and (2) the Tehran mobs.

Neither Zahedi nor any other military figure would be able to persuade the commanders of the Tehran garrison to follow his orders rather than those of Mossadeq as delivered through the Chief of Staff. However, should Zahedi be able to approach these commanders in the name of the Shah he should at least be able to neutralize the opposition of a large part of the garrison. Thus, a firm decision on the part of the Shah is essential to success.

Tehran mobs are composed of a number of elements. On at least two occasions in recent years they have overcome the resistance of the police and military to take over the capital for a matter of hours. Such a situation occurred in the "bread riots" of 1944 and on 21 July 1952. Up until the present Mossadeq has been able to draw the greatest street crowds, but this activity may have been more spontaneous than planned and directed. In fact, information as to how pro-Mossadeq crowds are summoned and directed is completely lacking. All available assets in Iran engaged in the operation of overthrowing Mossadeq should concentrate on the tasks of weakening the ability of Tudeh and Mossadeq to call out mobs and of building up the size and leadership of pro-Shah mobs.

Should the Shah–Zahedi combination be able to get the largest mobs in the streets and should a sizeable portion of the Tehran garrison refuse to carry out Mossadeq's orders, the overthrow of Mossadeq would be certain.

193. Information Report Prepared in the Central Intelligence Agency[1]

CS DB–3966 Washington, April 17, 1953.

SUBJECT

1. Attitude of Shah toward General Zahedi's Plans for Ousting Mossadeq
2. Attitude of Shah and Opposition Leaders toward Present Crisis

SOURCE

[*4 lines not declassified*]

1. As of 10 April the Shah's attitude toward General Fazullah Zahedi's plans for ousting Mossadeq was reported to be as follows:

a. The Shah is sympathetic to Zahedi's candidacy but he prefers a "parliamentary" solution to the present crisis rather than forceful action to remove Mossadeq.

b. The Shah does not want to appoint Zahedi by *firman* at this time and thus incur personal responsibility for the overthrow of Mossadeq. The reason for this attitude of the Shah is his lingering fear of the British who he believes do not want to see Mossadeq out of power just now. The Shah is convinced that the British have two policies in Iran:

(1) An official policy which follows to a certain extent the American line;

(2) A secret policy, the real one, which currently calls for the support of Mossadeq. The Shah is influenced in this latter supposition by the fact that certain personalities, such as Deputies Abdullah Moazami, Jayad Ganjei, and Haji Agha Reza Rafi who in the past have been considered as spokesmen for British interests, are now approaching him and urging that he accept the recommendations contained in the report of the Majlis "Committee of Eight" which, if accepted, would drastically curtail the powers of the Shah.[2, 3]

c. The Shah fears that a Zahedi "experiment" might bring about a repetition of the Qavam fiasco.

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[1] Source: Central Intelligence Agency, DDI Files, Job 80S01540R, Box 10, Folder 100, CSDB Intell Reports TS–88046 3966. Top Secret; Security Information; Control—U.S. Officials Only.

[2] *Source Comment:* Mossadeq is fully cognizant of the Shah's character and superstitiousness and he intentionally selects such men as Moazami to advise and influence the Shah. [Footnote is in the original.]

[3] *Washington Comment:* According to an Iranian Home Service dispatch, dated 12 March, this Committee, which was constituted on 5 March 1953 to define and clarify the relationship between the Shah's powers and the Government, is composed of the following: Hoseyn Makki, Javad Ganjei, Haerizadeh, Braham Majzadeh, Abdullah Moazami, Mozzafar Baghai, Reza Rafi, Kavim Sanjabi. [Footnote is in the original.]

d. The Shah is inclined to postpone a change of government until such time as Mossadeq's popularity will have further ebbed. The Shah feels that there is a strong undercurrent sapping away Mossadeq's power and that this should be allowed to take its course.

2. As of 11 April:

a. the Shah would definitely not fight against the Mossadeq Government to protect his prerogatives but would continue his completely passive position and let events take their course;

b. the political opposition to Mossadeq had dropped, at least temporarily, all plans to overthrow the Prime Minister. However, the opposition was still working secretly to stir up public opinion against the recommendations contained in the report of the "Majlis Committee of Eight." The opposition asked its friends and supporters not to attempt or encourage street demonstrations against Mossadeq or in favor of the Shah. Furthermore, the opposition urged Zahedi not to run the risk at this time of further compromising his political future by attempting a test of strength with Mossadeq. The opposition decided to conserve its assets by making a strategic withdrawal;

c. Mossadeq was beginning to doubt his ability to command a Majlis majority in support of the report of the "Committee of Eight" or even for a vote of confidence. Mossadeq, therefore, was reluctant to force a decision on the report in the Majlis although he was still hopeful that he could persuade the Shah to endorse the "report" without Majlis action. The Prime Minister was, in fact, making conciliatory gestures toward the opposition, and, in particular, toward the Shah.

3. On 11 April, Mullah Borujerdi, Kashani, and Behbehani, leading clerical figures from the spiritual and/or political point of view, were reaching mutual understanding on the need to bolster the Shah in his resistance to Mossadeq.

4. On 12 April:

a. Majlis opposition leader Seyyed Abul Haerizadeh indicated to Zahedi and other colleagues in the group opposing Mossadeq that this was not the time to attempt to force Mossadeq's resignation;

c. Moscow's recent overtures of conciliation toward the West also were having their effect on the opposition by lessening the fear of the Tudeh Party.

194. Briefing Notes Prepared in the Central Intelligence Agency for Director of Central Intelligence Dulles[1]

Washington, April 21, 1953.

THE IRANIAN SITUATION

The failure of the Iranian Parliament to meet during the past week again underscores Prime Minister Mossadeq's current political weakness.[2] A report sponsored by the Prime Minister, aimed at further reducing the Shah's powers, has been before parliament for the last month. Mossadeq's supporters, however, have been unable to secure the necessary quorum to act on it.

Eight opposition deputies have left Tehran and thus have blocked all efforts to convene a quorum. Mossadeq reportedly asked the Shah to dismiss parliament, but the latter refused.[3]

Mossadeq's extensive but disunited opposition is also in a weak position, mainly because of the Shah's unwillingness to take any initiative. General Zahedi and other leading political figures who have been plotting against Mossadeq have, according to late reports, postponed plans for a coup, awaiting a more propitious time.[4] Mullah Kashani, president of parliament, a long-time critic of Mossadeq, has moved cautiously in the present situation. Opposition elements to Mossadeq in the army are apparently not well coordinated with his political opponents.

Mossadeq controls the Army Chief of Staff and he has a large popular following which the Communist Tudeh party has temporarily joined.[5] While he has not been able to secure parliament's cooperation

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[1] Source: Central Intelligence Agency, DDI Files, Job 80R01443R, Box 1, Folder 14, NSC Briefing 22 Apr 53. Secret; Security Information. Prepared for DCI Dulles for his briefing of the NSC on April 22. The official minutes of the April 22 NSC meeting record that DCI Dulles gave an oral briefing on Iran and that the NSC noted the March 20 Progress Report on NSC 136/1 and directed that "all outstanding copies of this Progress Report be recalled by the Executive Secretary." (National Archives, RG 273, Records of the National Security Council, Official Minutes 1947–1961, Box 26, 140th Meeting) The Progress Report is Document 180. The memorandum of discussion at the NSC meeting of April 22, drafted by Gleason, notes that "Mr. Dulles spoke briefly about the situation in Iran. He noted a further decline in both the prestige of the Shah and the power of Mossadegh. He described the situation as one of perpetual crisis, but predicted no dramatic turn of events within the next several weeks." (Eisenhower Library, Whitman File, NSC Series, Box 4, 140th Meeting of the National Security Council)

[2] This sentence is underlined by Dulles.

[3] This paragraph is underlined by Dulles.

[4] Most of this sentence is underlined by Dulles.

[5] Most of this sentence is underlined by Dulles.

in recent days, Mossadeq has a compact bloc of parliamentary votes, which can, in turn, prevent effective action against him by his parliamentary opposition. Since neither the Prime Minister nor his opponents appear at present strong enough to win decisive control, the situation is deadlocked for the moment.

The rioting on the 15th and 16th in Shiraz, in the southwest, which threatened the lives of American Point IV personnel was apparently caused by Communist exploitation of demonstrations by rival factions.

Current Tehran cables reflect high tension and suggest that the situation is building up to a climax which could result in a breakdown of public order as antagonistic groups struggle for power.[6]

[6] Most of the last two paragraphs are underlined by Dulles. Henderson reported on the attacks on the Point IV office in Shiraz in telegram 4085 from Tehran, April 18. (National Archives, RG 59, Central Files 1950–1954, 788.00/4–1853)

195. Information Report Prepared in the Central Intelligence Agency[1]

CS–8550 Washington, April 24, 1953.

SUBJECT

Activities of Anti-Mossadeq Groups

SOURCE

[2 *lines not declassified*]

1. The opposition to Mossadeq was "greatly discouraged" by the American Embassy's statement regarding the Shiraz incident,[2] but is continuing its efforts to unseat the Prime Minister.

2. The Shah promised "two weeks ago" to give financial aid to General Fazullah Zahedi but to date no aid has been received.

3. Dr. Mossafar Baghai has joined Zahedi against Mossadeq.

[1] Source: Central Intelligence Agency, DDI Files, Job 80–00810A, Box 11, Folder 27, CS Information Reports 8550–8559. Secret; Security Information; Control—U.S. Officials Only.

[2] *Washington Comment.* On 20 April the American Embassy in Tehran issued a press statement to the effect that United States policy toward Iran has not changed as a result of the Shiraz incident. [Footnote is in the original.]

196. Information Report Prepared in the Central Intelligence Agency[1]

CS–8642 Washington, April 27, 1953.

SUBJECT

Zahedi Campaign to Replace Prime Minister Mossadeq

SOURCE

[*3 lines not declassified*]

1. General Fazullah Zahedi appeared before the Shah on the night of 19 April 1953 to request that the Shah support Zahedi's campaign to replace Mossadeq as Prime Minister.

2. The Shah answered (in essence) that he agreed that "something" must be done and that Zahedi was the man to act, but Zahedi should wait until the Shah felt that the time was opportune. The Shah stated that he would give Zahedi a more definite answer on 24 or 25 April.

3. On 22 April 1953 the Shah received Mustafa Kashani, the son of Mullah Kashani, who urged the Shah to take action "now," thereby capitalizing on public concern over the disappearance of Chief of Police General Mahmud Afshartus.[2] [3]

4. The Shah told Mustafa Kashani to wait "two days—not two weeks or two months, but only two days."

5. Meanwhile, Prince Ali Reza, the Shah's brother, told the Shah that he was tired of the present situation and that, if the Shah refused to act against Mossadeq, Ali Reza would act on his own.

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[1] Source: Central Intelligence Agency, DDI Files, Job 80–00810A, Box 11, Folder 36, CS Information Reports 8640-8649. Secret; Security Information; Control—U.S. Officials Only.

[2] *Washington Comment.* General Afshartus disappeared on the evening of 20 April 1953 while on duty in Tehran. According to the *New York Times* of 22 April 1953, a reward of about $6,000 was being offered for information leading to his whereabouts. According to the 27 April 1953 issue of the *New York Times,* the mauled and garroted body of Afshartus was found about twenty miles from Tehran on 26 April. [Footnote is in the original.]

[3] *Washington Comment.* According to the same source, Ardeshir Zahedi, son of General Zahedi, and the following three members of the Iranian Retired Officers Association were arrested on 23 April 1953 by order of the Military Governor:

General Ali Ashgar Mozayeni
General Ali Monnazeh
Colonel Davalou (FNU)

The arresting party also went to the home of General Zahedi, but he was absent. After a short interrogation concerning the whereabouts of his father, Ardeshir Zahedi was released. According to an Associated Press dispatch dated 23 April 1953, it was "assumed" that the arrests were connected with the disappearance of General Afshartus. [Footnote is in the original.]

6. Ali Reza was "very busy" among young Army officers, agitating against Mossadeq.

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197. Information Report Prepared in the Central Intelligence Agency[1]

CS–8818 Washington, April 28, 1953.

SUBJECT

Current Iranian Situation

REFERENCES

CS–8817[2]

SOURCE

[*3 lines not declassified*]

1. The Shah appointed Abol Ghassem Amini as "Deputy Minister of Court" as a "token of good will toward Mossadeq and to calm Mossadeq's suspicions of the Royal Court." Amini is a relative and supporter of Mossadeq.

2. Ali Reza Gharagazlu, the Shah appointee to replace Minister of Court Hoseyn Ala, has declined the appointment. The post will remain vacant and Amini will assume Ala's former duties and responsibilities.

3. By these actions the Shah is attempting to "placate" Mossadeq in an effort to prevent the latter from making public "documents" which are alleged to implicate the Shah and the Royal Court with:

a. the kidnapping of Police Chief Mahmud Afshartus;[3] and
b. the tribal rebellion led by Abol Ghassem Bakhtiari, a kinsman of the Queen.[4]

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[1] Source: Central Intelligence Agency, DDI Files, Job 80–00810A, Box 11, Folder 53, CS Information Reports 8810–8819. Secret; Security Information; Control—U.S. Officials Only.

[2] CS–8817, April 28, reported that the Shah had "appointed Abol Ghassem Amini, a Mossadeq supporter, as 'Chief of Court' in order to 'balance' the appointment of pro-Shah Ali Reza Gharagazlu as Minister of Court replacing Hoseyn Ala." (Ibid.)

[3] *Washington Comment.* According to press dispatches, Afshartus was found strangled to death about 20 miles outside of Tehran on 26 April. [Footnote is in the original.]

[4] *Washington Comment.* According to a 20 April 1953 AFP Radioteletype from Paris, France, Abol Ghassem has surrendered to military authorities. [Footnote is in the original.]

4. Seyyed Abul Hasan Haerizadeh, leader of the Mossadeq opposition in the Majlis, stated on 23 April that he (Haerizadeh):

a. favors the support of Ali Reza Gharagazlu, "an old and greatly respected man," as Prime Minister;

b. fears General Fazullah Zahedi and can no longer support him for the Prime Ministership but feels it to be "essential" that Zahedi be named Minister of the Interior in a government headed by Gharagazlu.[5]

[5] *Field Comment.* The information in CS–8808 and CS–8817 may indicate the Shah's capitulation to Mossadeq and may signal the end of Zahedi as an immediate threat to the Prime Minister. [Footnote is in the original. CS–8808 is in Central Intelligence Agency, DDI Files, Job 80–00810A, Box 11, Folder 52, CS Information Reports 8800–8809.]

198. Telegram From the Embassy in Iran to the Department of State[1]

Tehran, April 30, 1953, 2 p.m.

4252. 1. Regret delay reply Deptel 2549, April 2.[2] Been hoping clarification Iranian internal situation would render possible give affirmative reply re both programs mentioned. Still difficult with future so murky make firm recommendations re advisability adoption village council program. Successful executive should contribute significantly future Iran. Spirit constructive cooperation necessary in rural communities if Iran have healthy economic life. Without special training type envisaged this program it would probably take generations before rural communities would acquire understanding necessary as basis for public spiritedness and free cooperation. Question is whether in present conditions which, in view economic situation, severity internal conflicts and stresses resulting from foreign pressures likely continue unsettled for some time, program this character closely identified as it is with Mosadeq's political fortunes and requiring multiple contacts with explosive elements in town and village has sufficient chance success to warrant adoption. Recent trends cause me believe chances

[1] Source: National Archives, RG 59, Central Files 1950–1954, 788.00/4–3053. Secret. Received at 9:50 a.m.

[2] In telegram 2549 to Tehran, April 2, the Department asked the Embassy for "comments regarding probable political consequences of proceeding with implementation TCA support Mosadeq's agrarian development and urban housing program." (Ibid., 788.00/4–253)

success not (repeat not) good and I see no (repeat no) immediate prospect just now (repeat now) reversal these trends.

2. I recommend adoption housing program which might with advantage be strengthened to absorb some of funds not (repeat not) used in village council program if decision made not (repeat not) adopt latter or reduce its scope.

3. Despatch going forward next pouch treating in more detail problems touched on herein and discussing in light recent developments certain other problems re aid. In this despatch conclusions drawn that (A) aside from difficulties of political and security character which any kind aid must encounter in deteriorating situation here, technical assistance not (repeat not) accompanied by economic assistance not (repeat not) likely achieve worthwhile results in country so economically arid as Iran; and (B) if Congress approves for Iran technical assistance programs say in neighborhood 10 million dollars for 1954 without adding at least twice as much for supporting economic aid, chances in Embassy's opinion success such technical aid so slight consideration should be given withdrawal TCI entirely.[3]

4. I am showing this telegram Warne, Director TCI for whose judgment and courageous fighting spirit I have respect and have invited him comment on it either by telegram or despatch.[4]

Henderson

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[3] In despatch 895 from Tehran, May 1, Henderson wrote that the continuation of technical assistance was construed by Iranians as an indication of U.S. support in their oil dispute with the British. Hence, "the time may come in the not too distant future when conditions in Iran will have degenerated to such an extent that the continuance of the extension of limited amounts of technical and economic aid will no longer serve useful purposes; when the continuance of the extension of such aid might be more disadvantageous to the United States than its discontinuance . . . I do not believe that that time has as yet come . . . The Department should know however that the possibility exists that it may come." (Ibid., 788.00/5–153)

[4] In telegram 4253 from Tehran, April 30, Warne defended the Village Council Project and advised against "any decision pull back piecemeal from our acknowledged objectives, as decision not (repeat not) go forward on Village Council Project this late date would seem start do." (Ibid., 788.00/4–3053) The Department responded in telegram 2816, May 4, in which it instructed, "in view worldwide objectives TCA, Congressional interest land reform, and probable adverse reaction by Mosadeq should TCI withdraw this time from Project, go ahead with Village Council Project." (Ibid.)

199. Telegram From the Embassy in Iran to the Department of State[1]

Tehran, May 4, 1953, 4 p.m.

4304. 1. During my talk Mosadeq May 3 he said he contemplating new approach oil problem. NIOC or government bring suit against AIOC in Iranian courts to recover on claims during period AIOC operated concession and on new claims arising from damages inflicted since nationalization. AIOC would be invited appear bring records submit counter claims. Case would be conducted with fairness apparent to all impartial observers. What would I think such approach?

2. I said it might afford considerable international entertainment but not (repeat not) likely solve oil problem. Public UK and various other countries could not (repeat not) be convinced trial such circumstance would be fair. AIOC almost certain not (repeat not) answer summons. Trial absentia would have little weight. Prime Minister insisted Iranian courts proper tribunal; AIOC might not (repeat not) be interested pressing its claims against Iran but Iranian claims active and could not (repeat not) languish. I said I thought free world would consider international tribunal more appropriate than Iranian courts for settlement claims. I asked if he would object my informing US Government his plans. He said matter still under consideration not (repeat not) discussed with leading political advisers. Therefore confidential. I could however tell US Government if I thought no (repeat no) leaks.

3. Prime Minister remarked I did not (repeat not) seem favorably impressed his idea. I repeated I did not (repeat not) think his contemplated approach would serve any useful purposes so far as settlement oil dispute was concerned. Prime Minister apparently on impulse said "I am willing have this dispute settled by someone whom Britain and I can trust. I agreeable President Eisenhower act as arbiter. I ready give him full power to decide issue. Will you be good enough to ask President Eisenhower if he would undertake settle this matter for us?" I replied I had no (repeat no) authority convey any additional messages re settlement oil dispute. Appropriate way to make suggestions re settlement dispute by direct contact with British or through Swiss who represented British interests. Prime Minister said he wished make no (repeat no) formal suggestions unless he had some reason hope they might be acceptable. Would I not (repeat not) be willing at least report our conversations US Government? I agreed provided it be clearly understood he was not (repeat not) making any proposals to me; that we

[1] Source: National Archives, RG 59, Central Files 1950–1954, 888.2553/5–453. Secret; Noforn. Received at 2:23 p.m.

were not (repeat not) reviving discussions re settlement oil problem. Was I to understand he prepared give President Eisenhower full powers with no (repeat no) strings attached settle oil dispute and accept without reserve whatever decision President might make? Prime Minister hesitated. He said only decision President Eisenhower would be called upon to make would be amount of compensation due after deduction Iran's counterclaims. Although he trusted President completely, Iran public sentiment would never allow any foreigner decide question British return Iran. British could never return regardless of Iranian Government in power. After further thought Prime Minister said if British indicate willingness abide by decision US President, he would ask Majlis gave him full power go to US to lay case before President. After arrival in US he would send message requesting Majlis to permit him transfer his full powers to President. He must obtain Majlis approval for each step in explosive problem matter this kind. I asked if he sure, (a) Majlis would give him full powers, or (b) Majlis would later be willing authorize him transfer full powers to President. He said if British in good faith would be willing to give full powers to President and British would cease for time being causing him trouble through their agents in Iran he convinced Majlis would follow his lead this matter. I said then danger this new idea might give rise false hope of settlement. If British should be prevailed upon to give President full powers Iran public might well say British willingness this regard indicates British sure decision will be their favor. Prime Minister said he sure he could manage situation Iran if UK Government could manage in London. I would report our conversation to US Government but not (repeat not) in form of offer. US President faced with staggering burden duties. It would not (repeat not) be easy for him act as arbiter in case this kind. Furthermore, task of thankless character sure to create resentment in both countries. Nevertheless if President had reason believe dispute might be disposed of as result his personal arbitration he might view importance to free world of obtaining settlement undertake task. Unfortunately I not (repeat not) in position as result of informal conversation this kind assure US Government there good reason believe dispute could be settled this way. In past, Prime Minister had suggested various approaches to me but after consulting his advisers had attached so many conditions approaches proved blind alleys. Nevertheless I would report his remarks to State Department.

4. I also told Prime Minister that even if US Government should be willing again to become involved in this dispute it would not (repeat not) be easy induce UK endeavor find solution oil dispute so long as Mosadeq remained Prime Minister. UK Government seemed believe as it made concession after concession Mosadeq continued to retreat apparently in expectation that British would make fresh concessions. My impression was British had lost practically all hope any settlement

while Mosadeq remained Prime Minister. Prime Minister maintained he desired dispute settled; he had never moved backwards; in fact on occasions he had been willing make concessions which would have rendered him vulnerable sharp criticism by Iran public and by political leaders opposed to him including even stooges of British.

5. In view my previous experience with Mosadeq I not (repeat not) inclined place hope in settlement oil problem through channels which he now suggests. Even if British Government would find it possible entrust President decide dispute it would in my opinion be very difficult for Mosadeq obtain full powers from Majlis or transfer those powers to President. In any event Majlis likely insist decision be in framework nine-point national law and in right pass on President's decision. Furthermore I doubt British would be happy at idea of matter of compensation being completely divorced from question future disposition Iran oil.

6. Even though Mosadeq's latest suggestion likely collapse before making appreciable headway I do not (repeat not) think it in interest free world for US take completely negative attitude at time we stressing settlement question compensation may be key future fate Iran. I venture suggest therefore unless it decided President in no (repeat no) event should become involved in this troublesome problem matter be discussed with British and they be informed unless they strenuously object US answer be that President did not (repeat not) believe he could be useful in this matter unless he should be informed jointly by Iran and UK their desire submit to him such differences as they unable to settle between themselves for decision and that government of both countries would do utmost persuade their respective legislatures to approve any decision President might make. US Government therefore suggests if after careful consideration Prime Minister desires make such approach he might directly contact UK or contact through Swiss. If it believed unwise for President become involved I might be authorized inform Mosadeq that although this expression confidence in President deeply appreciated, President believes he could be more useful to both Iran and UK in future if he should refrain from making decisions on merits their respective claims; that he hoped Iran and UK would be able find solution as result direct contact or by agreement on some arbiter other than President in whom both would have confidence.

7. Have marked this telegram Noforn merely because Department and London might desire decide between themselves what if anything tell British.

Henderson

200. Telegram From the Embassy in Iran to the Department of State[1]

Tehran, May 4, 1953, 6 p.m.

4311. 1. I have met Amini, new Acting Minister Court twice briefly since his appointment. First April 30 at reception Embassy and second afternoon May 2 Iraqi Embassy. On latter occasion I congratulated him on and wished him success in new difficult position. He replied task exceedingly difficult. He found himself in most awkward situation. I said I could understand. I personally had highest regard for Ala, his predecessor, who had been my friend for many years. I had deep respect and affection for Shah and I exceedingly fond Mosadeq whom I considered one of great men Middle East. Amini said he in same position. I told him I would be pleased call on him at his convenience. He replied he would welcome opportunity talk with me and would be glad see me even though there was no (repeat no) protocol requirement that chiefs of diplomatic missions call on Minister Court. I took hint and said perhaps he and his wife would like have tea some afternoon with wife and self. He indicated that would be preferable but I did not (repeat not) set date.

2. May 3, Chief CAS informed me Khosro Qashqai had told him he understood Chief would like have chat with Amini and he had arranged for him see Amini discreetly same evening. Chief had replied he had not (repeat not) indicated desire see Amini but would be glad meet him. I approved meeting.

3. Chief informs me during discussion in presence Qashqai Amini stated differences between Shah and Mosadeq should be settled soonest. Present situation of suspense weakens court, excites opposition and benefits only Tudeh. Basis of settlement of differences will have important bearing on future Iran. If this settlement is to benefit Iran and be permanent it should be in harmony with US policies. It impossible Iran remain neutral. Iran must be committed to West and only logical association is with US. Said before advising Shah regarding terms settlement he must know (question A) what US policy is regarding Iran particularly regarding Mosadeq? Amini continued that as soon as differences between Shah and Mosadeq settled Amini will suggest Shah visit Caspian. Afterwards he wishes arrange Shah go abroad.

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[1] Source: National Archives, RG 59, Central Files 1950–1954, 788.00/5–453. Top Secret; Security Information; Priority. Received at 9:39 p.m. At the top of the page is a handwritten note that reads: "Tehran given instructions Deptel 2823 5/5. Brit Emb informed. Emb London informed by airgram." Telegram 2823 to Tehran is ibid., 788.00/5–553.

He would like suggestions regarding country which Shah might visit, preferably one with monarchical government. (Question B)

5. [*sic*] Re question B, chief said choice country for Shah visit could best be determined by court itself. It would seem, however, that important factor to be taken into consideration was what reaction Iranian public opinion would be. He would ask Ambassador whether Embassy might be able assist in arranging invitation.

6. In reply question C, chief stated in his opinion US would not (repeat not) favor attempt effect change in regime. In view geographical position Iran and internal political pressures change of regime would be hazardous venture which might seriously jeopardize Iranian independence and social stability. Shah could be sure US would not (repeat not) condone move this kind. Chief remarked he sure Khosro would agree attempt change regime might be fatal to country. Khosro who on previous occasions in past had commented to members Embassy staff "Shah must go" and he "favored republic" said on this occasion he not (repeat not) against Shah provided latter behaved as "their Shah" and not (repeat not) like "Prime Minister".

7. Amini asked if it possible have answers his questions by May 6 or latest May 8.

8. After departure Amini chief informed Khosro it would be preferable for all concerned if next interview could be between Amini and chief alone. He hoped Khosro would take initiative in suggesting this to Amini since he did not (repeat not) wish Amini gather impression chief trying arrange private meeting without Khosro's knowledge.

9. Amini has raised some delicate questions which in my opinion should be carefully considered before reply given. Several days ago Shah through trusted source sent message to me he did not (repeat not) have full trust in Amini and Embassy should not (repeat not) fully credit Shah certain views which Amini might express on Shah's behalf. Understand Amini has made progress of late in obtaining Shah's confidence. Fact that Amini carried on this conversation in presence Khosro who although Amini's close friend one of most vindictive enemies of Shah might indicate Amini playing some kind of game, Khosro undergoing change attitude or Amini naive.

10. After discussion appropriate members staff and some thought, I shall make recommendations re type answers to be given. My present thinking is Amini's position so unclear it might be preferable in answering question A state US refraining from intervening in Iranian internal affairs and, therefore, not (repeat not) supporting any particular person. It has great respect for Mosadeq and wishes cooperate with him in correct manner during time he Prime Minister. It also regards Shah as factor for stability in country which should not (repeat not) be weakened. Re economic aid we might point out extremely difficult so

long as situation re oil remains unchanged obtain support US public opinion for substantial economic aid to Iran. Re question B, we might say in case Shah should desire US assistance in arranging for some friendly country invite him for visit, US Government willing do what it can although it not (repeat not) convinced it in interests Iran for Shah leave country in present circumstances. Re question C, US Government of opinion any attempt effect change in head of state or form Iranian Government might produce situation instability dangerous to Iranian independence.

11. Leave to discretion Department extent to which this conversation should be brought to attention UK.

Henderson

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201. Telegram From the Embassy in Iran to the Department of State[1]

Tehran, May 5, 1953, 2 p.m.

4324. 1. Key members Embassy staff in agreement with me Amini Acting Minister Court has not (repeat not) as yet proved trustworthiness to extent warranting our giving him specific reply question A [*less than 1 line not declassified*] (Embassy telegram 4311, May 4).[2] Amini member influential family Kajar blood and not (repeat not) likely sincerely support present Shah whose father ousted Kajars. Family considered ambitious and opportunistic prepared form temporary alliances to its advantage. Its friendship with equally opportunistic Qashqai Khans and MFA Fatemi strengthens our doubt regarding its motivations.

2. Various unconfirmed rumors afloat regarding present objectives this family. One is it hopes brigadier brother Minister Court now chief gendarmérie will be made chief staff and be in position with alliance Qashqais and other prominent political and military figures effect coup which would eliminate both Shah and Mosadeq and make brigadier dictator. Another rumor is that Minister Court working with Mosadeq get Shah out of country and in absence make Prince Abdor Reza suc-

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[1] Source: National Archives, RG 59, Central Files 1950–1954, 788.00/5–553. Top Secret; NIACT; Security Information. Received at 8 a.m. Printed from a sanitized version; the original was not found.

[2] Document 200.

cessor. Mother Abdor Reza Kajar and wife sister of wife Minister Court. These rumors should not (repeat not) be taken too seriously. Nevertheless they serve illustrate complicate character present political situation.

3. If Department approves I would like authorize [*less than 1 line not declassified*] reply somewhat as follows Amini's questions:

Answer question A Ambassador states fixed policy US Government not (repeat not) intervene Iranian internal affairs by giving political support any particular Iranian political leader or groups. US Government would like maintain friendly relations and cooperate loyally with Iranian Government headed by Mosadeq just as with constitutional Iranian Government headed by another Iranian political leader who indicated by public word and action desire to maintain friendly relations with US. Ambassador unable at this time give assurances regarding extension on part US financial or substantial economic aid to Iran. He thinks it would be difficult in view public opinion in US to extend this kind aid in view present status oil dispute. US Government while not (repeat not) intervening in matters primarily domestic concern Iran is of opinion that institution Shah is stabilizing and unifying factor and that any substantial weakening of institution Shah in present circumstances might result in series of events which would undermine Iranian independence.

Answer to question B Ambassador understands US Government believes it might endanger Iran independence for Shah to leave country in immediate future. He doubts therefore willingness US Government become involved in facilitating Shah's departure.

Answer to question C as worded in reference telegram.

4. In case Amini should inform [*less than 1 line not declassified*] that if US unable extend financial substantial economic aid to Iran Mosadeq may have no (repeat no) choice other than to ally himself with Tudeh and continue cooperate with extremists of Iran party, [*less than 1 line not declassified*] might reply US Government not (repeat not) convinced it necessary for Mosadeq make such alliance or continue such cooperation merely because US cannot (repeat not) give assurance in present circumstances financial or economic assistance. If however Mosadeq with support Majlis and tacit acquiescence Shah decides to go in such direction responsibility for what might happen to Iran will fall upon him, Majlis and Court.

Henderson

202. Monthly Report Prepared in the Directorate of Plans, Central Intelligence Agency[1]

Washington, May 6, 1953.

IRAN

April 1953

A. *General Developments*

1. The opposition to Premier Mossadeq appears discouraged and has shelved its immediate plans for the overthrow of the present government in favor of biding its time and conserving its assets. This discouragement is in large measure owing to the Shah's ineffectuality and his unwillingness to resist Mossadeq's demands (as exemplified by his recent replacement of Minister of Court Ala by a man more acceptable to Mossadeq). The opposition was further discouraged by Ambassador Henderson's statement to the effect that U.S.–Iran relations had not been disturbed by the mob attack on the Point IV office in Shiraz,[2] a statement which was generally interpreted to mean that the U.S. government still favored Mossadeq as Prime Minister.[3]

2. [*1 paragraph (3 lines) not declassified*]

B. *Station Synopsis*

[*3 paragraphs (19 lines) not declassified*]

C. *Operational Summary*

[*3 paragraphs (26 lines) not declassified*]

D. *Paramilitary Operations*

[*2 paragraphs (7 lines) not declassified*]

John H. Waller
Chief, NE–4

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[1] Source: Central Intelligence Agency, DDO–IMS Files, Job 81–01061R, Box 1, Folder 4, Monthly Report—April 1953, Country Summaries and Analyses. Top Secret; Security Information.

[2] See footnote 2, Document 195.

[3] [*text not declassified*]

203. Telegram From the Embassy in Iran to the Department of State[1]

Tehran, May 8, 1953, 2 p.m.

4356. 1. In considering various policy problems re Iran Department may be interested brief evaluation by Embassy present position Mosadeq. Although at present Court appears to be weakening in struggle with Mosadeq and opposition in Majlis unable mobilize its resources effectively against him Mosadeq's position is certainly weaker than it was before he undertook struggle against Shah last February.

2. Appointment Amini Acting Minister Court as successor Ala generally regarded here as victory for Mosadeq. Since his appointment Amini has been intermediating between Mosadeq and Shah and has been issuing number conciliatory and optimistical though at times conflicting statements re progress in achieving understanding between Mosadeq and Court. Doubt exists however that Amini really working in interest either Mosadeq or Shah. Objectives powerful Kajar–Amini family not (repeat not) entirely clear but activities Amini may eventually serve further to weaken position Mosadeq without strengthening Shah.

3. Although opposition in Majlis has not (repeat not) been able take effective offensive it has not (repeat not) been dispersed and continues through guerrilla tactics to prevent Majlis from having quorum and government from engaging in constructive activities. Even if, as is being optimistically predicted in pro-government circles, Majlis may be able meet within next few days there is justified doubt that it can take action of character which will appreciably strengthen Mosadeq's position. For instance unless some surprise event should take place government may encounter extreme difficulty in depriving Baqai of Parliamentary immunity. Government failure in this respect will reflect on its strength following official announcement charging Baqai with complicity murder police chief Afshartus. Government will also face stubborn opposition in attempting obtain unqualified Majlis approval Committee of Eight report substitute measure limiting Shah's powers. Fact that General Zahedi is being given in general sympathetic reception by mass Majlis during his present period of asylum there indicates decline in prestige and authority Mosadeq in Majlis.

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[1] Source: National Archives, RG 59, Central Files 1950–1954, 788.00/5–853. Secret; Security Information; Priority. Repeated to London. Received at 6:11 p.m. The telegram is printed with redactions in *Foreign Relations,* 1952–1954, vol. X, Iran, 1951–1954, pp. 726–727 (Document 325).

4. During last six months there has been sharp shift in basis Mosadeq support among political leaders. Most elements original National movement now (repeat now) in open or tacit opposition. Indications friction appearing between him and Iran Party one of last National movement elements which still supports him. Mosadeq's support now (repeat now) appears largely to rest on security forces which he tells me he does not (repeat not) trust, government bureaucracy including newly appointed governors general whose loyalty untested, government monopoly of radio and variety groups and individuals with widely divergent interests such as Qashqai Khans and some prominent Kajar and merchant families. When it serves party's interests Tudeh also rallies to his support in times of strain. His most important strength still is his great reputation as Nationalist leader struggling free Iran from foreign control. Also fact that for two years he has been Prime Minister gives him certain prestige among rank and file. Nevertheless his failure solve oil problem by way economy advantageous Iran, economic deterioration of country, his frequent use of mass demonstrations in order bring pressure on opposition, his inability obtain cooperation outstanding political leaders country, and his resort military law maintain order have served weaken his popularity even among masses.

5. Mosadeq still however, outstanding political figure Iran. His opponents thus far have not (repeat not) shown courage and spirit unity necessary seriously to threaten him. Most dangerous threat which we can see at present moment is that coming from Amini group working from within. This group would require exceptional skill however, if it to succeed overthrow Mosadeq either by peaceful methods or by force. Zahedi has to [some?] extent retrieved position taking refuge in Majlis and by presenting his case individually to Majlis leaders and press. Zahedi thus far however, has not (repeat not) been able obtain support Shah which he has considered essential his success. Moazami only deputy who in past has frequently contrived make himself middle of road compromise candidate for office now being discussed certain circles as possible successor Mosadeq who would be acceptable to National movement as well as various opponents that movement. He may eventually become real threat. Shah fears and respects him allegedly because Shah considers him underground agent for Brit.

Henderson

204. Despatch From the Embassy in Iran to the Department of State[1]

No. 953 Tehran, May 15, 1953.

SUBJECT

Embassy Conversation with Source Close to Shah

There is attached for the Department's information a memorandum of a conversation which I recently had with a source[2] close to the Shah in the presence of two members of the Embassy. In this instance it is believed that the memorandum is self-explanatory. It should be noted that this emissary of the Shah expresses on behalf of the Shah views which differ from those expressed by Acting Minister of the Court Amini. The Acting Minister has taken the position that it would be advantageous to Iran and to the Western world for the British to try to come to an oil settlement regardless of whether the Government of Iran is headed by Dr. Mosadeq or some other prime minister.

Loy W. Henderson
Ambassador

Attachment

Memorandum of Conversation

Tehran, May 14, 1953.

On the evening of May 13, the Ambassador had a conversation with a person extremely close to the Shah. Commander Pollard, Embassy Naval Attaché, and Mr. Melbourne, First Secretary of Embassy, were present.

The emissary of the Shah stated he had a message from the Sovereign expressing strong appreciation for the efforts that the Ambassador had made during the period when pressure was being applied to oblige the Shah to leave the country. The Shah wished the Ambassador to know that he believed if it had not been for the actions of the Ambassador at that time the institution of monarchy in Iran would have been

[1] Source: National Archives, RG 59, Central Files 1950–1954, 788.00/5–1553. Top Secret; Security Information. Received May 22. A copy was pouched to London. Drafted by Henderson; the attached memorandum of conversation was drafted by Melbourne.

[2] At the bottom of the page is a handwritten note by Richards that reads: "In a personal letter LWH identifies source as Ernest Perron."

overthrown and the country would have been partitioned. Further, the emissary wished the Ambassador to know that the Shah deeply appreciated the continuing support for him which was being given by the American Government.

The emissary wished to make clear to the Ambassador certain fundamental features of the Shah's policy toward Dr. Mosadeq. The latter had come to power as the result of careful planning over a period of several years before actually assuming power. He had stirred the emotions of the Iranian people when he took office, and he had had public and Majlis support. The Shah had not willingly agreed to make Mosadeq Prime Minister, but he had bowed to the forces behind him and now believed that the only way to obtain Mosadeq's eventual dismissal from office was through the same parliamentary means which had granted him the premiership. The Shah believed that time was discrediting Mosadeq and that the Soviet menace to Iran had receded since the death of Stalin so that Mosadeq's removal in a legal way would be achieved in the not too distant future. The Shah preferred this method to others, such as a military coup, an arbitrary move of the Shah removing Mosadeq and appointing another prime minister, the imprisonment of Mosadeq, his exile, or even his death at the hands of a Tehran mob. In all of these alternatives Mosadeq would be made a martyr or a source of serious future trouble. It was the Shah's policy toward Dr. Mosadeq to bow slowly to Mosadeq's pressure, but at the same time to regain as much ground as possible through taking advantage of shifting conditions. If the Shah had rigidly opposed Mosadeq, the Shah would have been completely eliminated, like a tree which would have crashed through the force of a violent wind. Such explanations were made by the emissary to depict the Shah's policy, which he understood had caused a certain dissatisfaction on the part of American officials who wished the Shah to take a much stronger stand toward Mosadeq.

In discussing various personalities, the emissary said that the Shah did not extend confidence to the newly appointed Acting Minister of Court, Mr. Abol Qasem Amini. However, Amini was important under present circumstances and the Shah did not therefore wish to antagonize him. The emissary hoped that the Ambassador would keep the Shah's attitude toward Mr. Amini in mind in determining his own relations with Amini.

Turning to a discussion of the oil situation, the emissary said that the Shah believed that it was in the real interest of Iran and of free world unity for the Ambassador in the course of official meetings with Dr. Mosadeq to discourage any attempts by the latter to discuss the oil question and possible means of settling it. Dr. Mosadeq was not serious in such talk. It would be possible to discuss oil matters, such as the

question of compensation, only with a government other than that of Dr. Mosadeq. The emissary said the Shah was gratified that the Ambassador was following the practice of telling Dr. Mosadeq, when the question of oil was raised in the course of their official visits, that the United States was not in a position to make further efforts to help solve the oil problem and that if Dr. Mosadeq had any ideas in this regard it would be wise to bring them, by other means than the United States Government, to the attention of the British Government. The emissary concluded that although it would serve no useful purpose for oil discussions to be reopened with Mosadeq, nevertheless the United States and Great Britain should, without loss of time, reach a full agreement between themselves as to the kind of oil settlement which could be made with Iran in the future. It was important that the problem of Iran should not be aggravated by Great Britain and the United States pursuing conflicting policies with respect to it.

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205. Despatch From the Embassy in Iran to the Department of State[1]

No. 975 Tehran, May 19, 1953.

REF

Embassy Despatch 953, May 15, 1953[2]

SUBJECT

Further Conversation with Source Close to Shah

There is attached for the information of the Department a memorandum of a conversation which I had on May 17 with an emissary of the Shah in the presence of several members of the Embassy. A previous talk with this same source was summarized in the above referenced despatch.

Loy W. Henderson
Ambassador

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[1] Source: National Archives, RG 59, Central Files 1950–1954, 788.00/5–1953. Top Secret; Security Information. Received May 27. A copy was pouched to London. Both the despatch and the attached memorandum of conversation were drafted by Cunningham.

[2] Document 204.

Attachment

Memorandum of Conversation

Tehran, undated.

PARTICIPANTS

The Ambassador
Source
Commander Pollard, Naval Attaché
Mr. Melbourne, First Secretary of Embassy
Mr. Cunningham, Third Secretary of Embassy

At approximately 9 p.m. on the evening of May 17, an emissary of the Shah met the Ambassador and the other officers listed above in order to deliver a message from the Shah. He stated that the same message would probably be repeated to the Ambassador the next day by Mr. Amini, but that he, the source, was, in addition, bringing private comments from the Shah which would not be entrusted to Amini. The message was to the effect that:

a) The Mosadeq Government was prepared to support the West surreptitiously, while pretending to be neutral, and would take firm measures against communists in Iran if the Shah would agree to support the Government.

b) The Mosadeq Government would accept substantial financial or economic aid from the United States Government, provided that the United States Government did not insist that, in return for such aid, Iran openly renounce its avowed policy of neutrality and indicate publicly that it was a part of the free world.

c) The Shah had agreed to the condition of cooperation contained in a) above.

The Shah's private comments upon this message were that he would cease giving apparent support to the Mosadeq Government if Mosadeq undertook to undermine him, particularly his position with regard to the Army. In fact, if Mosadeq insisted on relieving the Shah of the latter's responsibilities with regard to the Army, the Shah would leave Iran.

The Shah expressed concern over the announcement appearing currently in the Iranian press to the effect that the courts had decided that the Tudeh Party (communist-front party) was not in any way acting contrary to the Constitution and laws of Iran and that, therefore, there was no case against Iranian subjects who were being prosecuted as leaders of that party. The Shah said that if this announcement was

true, it would seem to him that Mosadeq had already forfeited any claim he might have had to the Shah's support.

The Sovereign felt that the United States should use its present bargaining position, arising from Dr. Mosadeq's great eagerness to obtain United States support, to force a change in Mosadeq's attitude towards indigenous communist groups. Such a change could take the form of strong measures against the Tudeh Party and would involve the dismissal of the fellow-traveler Minister of Justice on the pretext that he acted without authority in liberating communist leaders. The Shah believed that Mosadeq was desperate enough to accept these terms as the price of United States support.

The Ambassador pointed out to the source that such an approach on the part of the United States would tend to under-emphasize the importance of obtaining a settlement of the compensation problem. Mosadeq might, therefore, gain the impression that, by making certain concessions to the West, in the matter of dealing more firmly with Iranian communists, he could obtain substantial economic aid from the United States regardless of the fact that Iran had not agreed to pay compensation for the losses resulting to the AIOC from the nationalization of oil.

The source commented that Mosadeq, his supporters, and the Iranian people generally were convinced that they could obtain American aid without having arrived at any solution in the oil problem simply because the United States could not permit the increase in communist influence which would result from further economic deterioration of the country. The Shah, he said, suggested the issuance of an official statement by the United States, making it very clear to Iran and to the world that there could be no further American aid until at least definite willingness to achieve a solution of the oil problem had been demonstrated. It was pointed out that, were such a declaration to be issued at this time, Mosadeq could reply that he had offered to initiate conversations with the British regarding compensation for oil and had been turned down. The source then suggested that attempts be made to induce the British to begin conversations with Mosadeq, so that when such conversations broke down, as they surely would, the United States could issue the declaration in question without leaving itself open to the Mosadeq rejoinder.

In the Shah's opinion, said his emissary, no settlement of the oil question was possible so long as Mosadeq remained Prime Minister. The Shah was convinced that Mosadeq should be overthrown by action of the Majlis, but felt that covert means must be employed to prevail upon the Majlis to act. Specifically, such underground means would include material aid and encouragement from the United States to General Fazlollah Zahedi and Dr. Mozaffar Baqai. The Shah was sure that

both of these men were upright, loyal, and sincere, and that the best chance for Iran to find a way out of its difficulties was for General Zahedi to become Prime Minister.

Although the Shah had given no outward sign of his advocacy of Zahedi, it was merely because he realized that any such sign would only serve to intensify the Mosadeq Government's persecution of the General. The emissary conceded that a few months ago the Shah might not have been so favorably disposed toward Zahedi, but said that recent developments had convinced him that Zahedi represented Iran's only chance out of its current dilemma.

One factor which retarded the Shah's change of heart with regard to Zahedi was the fact that Hosein Ala, when Minister of Court, was quite suspicious of Zahedi and regarded him as just another ambitious military man. The mention of Ala's name introduced a digression concerning his part in the crisis over the Shah's intended departure and subsequent decision to remain in Iran. The source maintained Ala was initially in favor of the Shah's leaving Iran, but that, after Ambassador Henderson's discussions with him, he changed his mind and exerted all his influence to persuade the Shah to remain. (The Ambassador is convinced that Ala was opposed to the Shah's departure from the very beginning.) Ala was dismissed as Minister of Court only because of Mosadeq's pressure, not because Ala had offended the Shah; Mosadeq held Ala responsible for the blow to his political prestige resulting from the February 28 crisis.

The Shah felt that Ala, though completely honest and loyal, was nevertheless stupid; the emissary commented that one often has more to fear from stupid friends than from intelligent enemies. When Ala was Minister of Court, the Shah tended to open his heart to him, but found that sometimes Ala innocently passed along the Shah's confidential remarks to Dr. Mosadeq. As matters now stood, the Shah had no confidence in Mr. Amini, told him nothing he did not want Dr. Mosadeq to hear, and so could not be betrayed.

Returning to the question of support for General Zahedi, the source outlined the Shah's views regarding the present political alignment in Iran. On the one hand, there was a clique consisting of Moazami, Fatemi, and the Amini family, with Maki on the fringe as opposed to Mosadeq's policies, which was attempting to gain control of the key positions in the Government. These men contemplated keeping Dr. Mosadeq ostensibly in power, realizing that his day was done and using him as a front for their own activities and as an ever-present threat against the Shah. They realized that no one except, as the emissary put it, a man as insane as Mosadeq would dare to flout the Shah's prestige as the present Prime Minister has done. On the other side, there was a group led by General Zahedi and Dr. Baqai, who wished to

overthrow Mosadeq and bring a semblance of sanity and purpose to the Iranian Government. The Ganjei faction and other independents would throw in their lot with the stronger of these two parties when a showdown occurred.

The Shah's representative emphasized that Baqai was in no way involved in the murder of General Afshartus. In fact, it was Baqai who asked the generals now under arrest for the murder to involve his name in their confessions in order that he might be able to reply to these accusations and use the opportunity to lay many accusations of his own at the door of Dr. Mosadeq. Baqai, being a courageous man and being endowed with parliamentary immunity, was in a better position than most to attack Mosadeq.

The source affirmed as a personal comment that the United States Government must not conclude from the Shah's inactivity that he was weak. The Shah was merely being extremely cautious, having been betrayed so often in the past that he wished to take no chances now. However, the Shah recognized these most worthy of trust and had made the obvious choice between the Moazami–Fatemi–Amini faction, which he believed would be disloyal to him and would ruin Iran, and the Zahedi–Baqai group, which would respect him and try to save the country.

The Shah believes that financial aid from the United States to the Zahedi faction could be transmitted through Ardeshir Zahedi, the General's son, who was absolutely honest, and suggested that it could be intimated to those who received it from Ardeshir that the money came from the Shah. Since the Shah's accounts were closely controlled and supervised by Mosadeq partisans, he could give Zahedi no economic support of any kind. In order to bring about the final collapse of the Mosadeq Government, he suggested that the United States might induce Mosadeq to turn against the Tudeh Party, as outlined earlier. Once he had done this, Mosadeq would be forced to lean on the Court and the Majlis for support. If his power in the Majlis had been undermined by covert support to Zahedi and Baqai and if the Court refused to assist him in any way, Mosadeq would be doomed. The Shah wished to initiate no domestic action himself against Mosadeq; he felt that, having achieved power by parliamentary means, Mosadeq should fall by similar means, without apparent royal intervention.

It was brought out that the Shah had been greatly distressed by what he believed to be evidence of United States support of Mosadeq and his partisans and of Maleki, a confirmed opponent of the Shah. The emissary was assured that this was an erroneous impression; the United States had not actively supported the Mosadeq faction in any way, and had suspended assistance to Maleki as soon as it was realized that he worked against the Shah. The source reaffirmed that the Shah

was deeply grateful for the role played by the United States in Iranian affairs in the past few years.

The emissary brought out the Shah's deep concern regarding the British Government's attitude toward him. Apparently some of the Shah's associates, professing to speak for the British Government, were, in fact, merely attempting to further their own ends and should be definitively neutralized by a communication from the British Government to the Shah. The source considered that through the Embassy a statement of views regarding the Shah might be obtained from the British and conveyed to the Shah. The Ambassador pointed out to the source that, although the British might feel that the Shah had not been as firm as he should have been, they were in no way opposed to him. In fact, their stand in the February 28 crisis gave ample evidence of their favorable attitude toward the Shah.[3]

As an afterthought, the Shah's representative stated that Mr. Amini, in his May 18 interview with the Ambassador, might suggest that the Ambassador induce Dr. Mosadeq to replace General Riahi as Chief of Staff with General Mahmoud Amini. The Minister of Court would suggest that the Ambassador tell Dr. Mosadeq that, as proof of his good faith, he should remove General Riahi, whose alleged connection with the Iran Party rendered him antagonistic to the United States, and replace him with General Amini. Amini was in no way acceptable to the Shah as Chief of Staff and the Shah, although initially doubtful of Riahi's suitability, was gaining increasing confidence in him.

The points enumerated above were then summarized to ensure that the Shah's representative and the Ambassador clearly understood each other and the meeting ended at about 12:30 [a.m.].

[3] See Document 210.

206. Memorandum From the Counselor of Embassy (Mattison) to the Ambassador to Iran (Henderson)[1]

Tehran, May 19, 1953.

SUBJECT

Your Conversations with the Secretary[2]

The following is an attempt to jot down some thoughts in connection with your conversations with the Secretary on present problems in Iran.

1. *Present situation in Iran*

We have every evidence that the speed of Iran's economic and political decline has accelerated in recent months.

On the economic side some small sales of oil have had a temporary propaganda affect, but there has been nothing which would affect the basic economic picture. The need for foreign exchange has become acute; the open market rate which a year ago stood around 75 is now over 100. The urgent essential demands for foreign exchange have to a certain extent been met by TCI assistance but that has not been enough to counteract the overall down-hill trend, and the prospect of reduced TCI aid in the 1954 fiscal year makes the picture even darker. Local currency needs have been met in the printing press route and there has been a non-admitted increase in note circulation of perhaps three billion rials (official rate 32 rials to the dollar; "open market" rate 100 rials to the dollar). The inflationary effect of this is only just beginning to be felt.

On the political side we find that there has been a similar deterioration. The National Movement upon whom Mosadeq depends for support has split up into numerous factions. The Majlis has been unable to

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[1] Source: National Archives, RG 59, Central Files 1950–1954, 788.00/5–2153. Top Secret; Security Information. The memorandum is attached to a May 21 letter from Mattison to Richards which reads: "Before the Ambassador left I tried to jot down a few things with regard to 'our' problem of Iran. The Ambassador, before leaving for Karachi, suggested that we send this to you for your information. Needless to say, I don't claim complete pride of authorship as the Ambassador and Roy both had some suggestions for changes which were incorporated in the memo. You will note that no recommendations are contained in the document, primarily because we are not at all sure of what the best course is. We hope that the Ambassador's conversations with the Secretary may help to firm up our ideas."

[2] Dulles and Stassen visited the Near and Middle East May 9–29. Henderson and Warne flew to Karachi on May 22 to brief Dulles on the current situation in Iran. In telegram 4472 from Tehran, May 20, Henderson summarized the points that Mosadeq wanted him to convey to Secretary Dulles. See *Foreign Relations,* 1952–1954, vol. X, Iran, 1951–1954, pp. 727–728 (Document 326).

conduct normal business for over a month. Mosadeq and the Shah have come into conflict which has weakened both. This conflict has also had the effect of increasing the Prime Minister's reliance upon the Tudeh Party as the only organization which can give him the kind of support in the streets that he feels himself to need. To gain this support he has had to tolerate further Tudeh penetration of the Government. Intrigue and counter intrigue continue but there has yet not appeared on the scene any political or military figure who has the ability to carry the Shah with him in a decisive move against Mosadeq.

2. *Problem created by the situation*

This set of circumstances has produced problems which render the determination of and operation of U.S. policy in Iran extremely difficult. The following are some of the major problems:

a. In the abscence of an oil settlements there is a possibility which should not be over emphasized but which nevertheless exists that Iran will fall behind the Iron Curtain.

b. An oil settlement seems remote as a result of the attitude of both sides; one while Mosadeq is Prime Minister appears almost out of question. Other factors sharpen the desirability that Mosadeq be replaced by a more reasonable person. However, no opponent who had a reasonable chance of succeeding in overthrowing Mosadeq has yet presented himself.

c. A greater degree of economic or financial assistance than we are presently giving would strengthen the position of Mosadeq in his determination not to reach a settlement. Withholding of such assistance on the other hand strengthens the determination of the British for a "tough" settlement.

d. Prompt financial assistance to a successor government without an oil settlement as a condition precedent might well result in the new government's being equally stubborn on the question.

e. A demand on our part that a new government make an oil settlement as a prerequisite of financial aid might if yielded to by the new government result in its immediate overthrow. In other words there is a possibility that no Iranian government in the foreseeable future would be in a position to accept oil proposals which would be agreeable to the British Government.

f. Any attempt by a coup or by foreign intrigue to bring about a more "reasonable" government in Iran could be dangerous. If it should fail it would probably hasten the country's disappearance behind the Iron Curtain.

g. The political and economic decline in Iran has produced factors of unrest and distrust which have been exploited by extremist elements against the United States and have made our operations in Iran increas-

ingly difficult. Americans and American installations have been attacked. There have been no serious injuries to persons as yet but these may occur any day.

h. The withdrawal or sharp curtailment of the number of American dependents in Iran would cripple the Technical Assistance program in Iran, as the very nature of the program requires a comparatively large staff of technicians and most of these technicians will not come to Iran or remain in Iran unless their dependents are with them.

3. *Alternatives available to the U.S.*

None of the alternatives is easy. Some of them are extremely difficult. The following represent a few of them with comment on the probable effects.

Alternative A

We could inform the Iranians that under present conditions in Iran it was impossible for our Technical and Military assistance programs to operate, and that we were curtailing their number or if necessary withdrawing all of them and reducing our diplomatic establishment to a minimum type of operation.

Comment:

Favorable: This action might give the Iranians pause. Under conditions in the foreseeable future the emphasis on the TCA and Military approach requires the presence of large numbers of U.S. technicians and their families, which is and will be a mounting irritant to the Iranian public. The removal of a sizeable number of Americans would lessen Iranian public irritation over the presence of Americans and also indicate to the public that U.S. did not intend to maintain Americans where they were not wanted.

Unfavorable: This might merely hasten chaos in Iran and speed up the coming into power of a Tudeh or Tudeh controlled government. It could be interpreted as a defeatist policy on our part at a time when positive action is called for. It would discourage many of our friends and encourage our enemies. Furthermore, the help which our aid missions render still contributes to Iranian stability in spite of the difficulties which these missions are encountering.

Alternative B

We could inform the British that we considered the situation in Iran so serious that we could no longer continue to refrain from purchasing Iranian oil or from granting Iran financial or substantial economic aid. This in effect would mean the adoption of a policy independent of that of the British. Such a policy could take two forms.

a. Outright substantial financial assistance to the present or a successor Iranian Government in sufficient amount to permit it to survive without an oil settlement.

Comment:

Favorable: Such a source of action, for a time at least, would undoubtedly be popular with the Iranian Government and public. Our stock would soar and we could in all probability achieve most of our policy aims in Iran.

Unfavorable: The effect of such action might be disastrous to our overall world-wide relationships with the British. Such action might also be regarded as flouting a recognized principle of international economic relations through countenancing appropriation without compensation.

b. An offer on a take it or leave it basis to the Iranian and British Governments containing proposals which we considered fair for settlement of the problem on a lump-sum compensation basis. This offer would also include a statement of the maximum financial assistance which we would make available to Iran to tide it over during the transition back to an oil economy.

Comment:

Favorable: If the Iranians should accept this proposal and the British refuse, we could consider ourselves free to proceed with outright economic aid and purchase of oil. If neither side should accept we would then be in a position to re-evaluate our policy and take decisions with a free hand. Such a course would also force the Iranians to "put up or shut up" insofar as their announced willingness to pay compensation goes.

Unfavorable: If the British should accept and the Iranians refuse, we would be forced to wash our hands of the Iranian problem. Both parties might well be resentful at U.S. interference. The British public, for instance, might regard it at another illustration of the way the U.S. is trying to dominate the U.K.

Alternative C

We could attempt to intervene by all practicable means in the internal affairs of Iran and endeavor to bring in a government that was willing to reach an agreement on British terms.

Comment:

Favorable: On the theory that anything which would achieve our ends would be good, this might sound like an excellent solution.

Unfavorable: This would probably take the form of a military dictatorship or a dictatorship supported by the military, as there is some

doubt that sufficient popular support could be obtained for a settlement on present British terms.

It might be accomplished by "peculiar" pressure on the Chamber of Deputies. However, no agreement would be of value or be enforceable for any substantial period of time unless it was reasonably acceptable to the Iranian public. There is at present no Iranian on the political scene who has displayed the necessary force and personality successfully to replace Mosadeq.

Alternative D

We could renew our pressure on both the British and Iranians to come to a more reasonable attitude with regard to compensation. This is essentially a policy of continuing our policies in Iran of using every suitable occasion to impress upon Iranian leaders the necessity of coming to an arrangement on this matter and of inaugurating a policy with regard to the British of insisting that they do not remain passive in this matter. The British should understand that sooner or later if they maintain their present attitude (a) Iran will be lost to the free world or (b) Iranian oil will find its way into the world markets in quantities and in a manner which can create acute discomfort for the AIOC.

Comment:

Favorable: This alternative would seem to contain less immediate hazards than those mentioned heretofore. It would be in keeping with the practice which the U.S. customarily follows in trying to bring about a solution of problems between its friends.

Unfavorable: There is a possibility despite all that we might do along these lines, that Iran will drift into chaos and that we would be open to the accusations of not taking sufficiently positive action.[3]

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[3] Telegram 4524 from Tehran, May 25, Henderson transmitted the text of an oral message Dulles authorized him to convey to Mosadeq upon the Ambassador's return from meeting with the Secretary in Karachi. The Secretary wished to communicate to Mosadeq that his trip to the Near East and Middle East had been a fact-finding trip and that he was disappointed at not having been able to visit Iran. He nevertheless wished to express his regret "hear you apparently coming opinion it would serve no useful purpose continue searching for solution problem compensation; and that therefore you thinking of ignoring that problem in making plans restoration Iranian economy." The Secretary urged Mosadeq to continue to work with the British to find a solution to the oil dispute. Telegram 4524 is printed in full in *Foreign Relations,* 1952–1954, vol. X, Iran, 1951–1954, pp. 728–729 (Document 327).

207. Memorandum From the Director of the U.S. Technical Cooperation Administration Mission in Iran (Warne) to the Ambassador to Iran (Henderson)[1]

Tehran, May 20, 1953.

DISCUSSION WITH MINISTER AKHAVI

Dr. Ali Akbar Akhavi, Minister of National Economy, asked me to call on him today. He had heard that I was to go with you to Karachi, though I have not spread it around.

There were several things about Point 4 operations that he wished to discuss, such as a request from him and the Prime Minister for an American adviser for the Iranian Insurance Company, but I gained the impression that, in the main, he wanted to say some things that he hoped I would repeat in Karachi. I believe, also, that he said to me about what he earlier had said to you.

In brief, these are the points he made:

1. This is the time to help Iran, and if Dr. Mossadegh is given assurance of help he will put the Tudeh down.

2. The Prime Minister cannot fight on two fronts, the pro-British elements who are opposing him, and the Tudeh, so he has felt that he has had to tolerate the Tudeh. He knows that the Tudeh also are enemies, but right now they are not fighting him.

3. If the Prime Minister were given the resources he would and could easily take in hand both groups of opposition, the pro-British and the Tudeh.

4. The anti-American activities come from what Dr. Akhavi describes as the extreme right and the extreme left. He says there are very few leading this movement and we should not be alarmed by it.

5. Dr. Akhavi believes that the extreme rightist are the representatives of corruption and pro-British influence. They lack the moral stamina to overcome Dr. Mossadegh. Zirazadeh, he says, spends much money but none of his own. Dr. Baghai, the same, though not so blatantly.

6. Those who have not experienced the effects of British Imperialism may not be able to appreciate the depths of the hatred in Iran of it, but it is the one incontestable fact that makes Tudeh and the middle parties compatible at all.

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[1] Source: National Archives, RG 469, Records of U.S. Foreign Assistance Agencies 1948–1961, Mission to Iran, Executive Office Subject Files (Central Files) 1951–1961, Box 7, Folder 6, 350. Secret; Security Information.

7. If Iran is helped to become strong through the development of her resources, she will stand like a bastion of the free world in the Middle East because she is not involved in the Israel-Arab fight and is not conjoined with any neighboring country or its problems.

William E. Warne[2]

[2] Printed from a copy that indicates the original was signed.

208. Despatch From the Embassy in Iran to the Department of State[1]

No. 982 Tehran, May 20, 1953.

SUBJECT

Informal Outline of General Zahedi's Proposed Program for Iran

I have the honor to transmit a copy of a communication received May 19 from a responsible Iranian who had seen General Zahedi and who, after talking with him, outlined at the request of the General a tentative program which he would try to follow in the event he became Prime Minister.

It may be noted that General Zahedi proposes to take a strong stand toward the communists and to restore order in the country, after which he would turn to economic and social reforms that presumably would require substantial economic and financial aid from abroad.

The General has a tentative suggestion upon the oil problem. He also believes that it will be necessary for the United States Government to intervene in Iranian affairs, asserting that it is impossible for Iranians to remove the present Government by their own efforts. Lastly, the General expresses willingness to collaborate with any other Iranian who as Prime Minister can successfully implement the program he has described.

Loy W. Henderson
Ambassador

[1] Source: National Archives, RG 59, Central Files 1950–1954, 788.00/5–2053. Top Secret; Security Information. Received May 27. Drafted by Melbourne.

Attachment

Excellency:

General Zahedi asked me to meet him yesterday evening in the Parliament Buildings.

He wanted me to deliver to Your Excellency a message stating what would be his policy if and when he comes to power.

1. His first and most immediate order will be to restore order, discipline and security. From the first day, he will crush the Tudeh and puppet communist organizations. He feels sure that after three months, there will be no Tudeh in the streets of cities in Iran and as there are no communists in the country (this means among the peasantry) the present confused position will come to an end. Most of it comes from Government presently encouraging and intriguing with the communists.

2. Once the order restored and the communists completely crushed, he will turn to economic and social reforms as follows:

a. Increase in agricultural production by small loans to peasants (up to 5,000 rials per head); increase in the purchase price of wheat and barley by bringing those in line with world prices (present internal prices are 1/3 of world prices) by Government purchases and sale of Iranian cereals to such countries as Pakistan, India, Japan, which are in need of same.

This would increase the purchasing power of the peasantry which represents 80% of the population of Iran.

b. Equalization of wealth, by imposing higher taxes on luxury goods and property.

c. Land reform and improvement of bad or waterless lands.

d. Quick and massive program of public works—this will need financial help from World Bank, Export-Import Bank or better U.S. Government.

3. The oil problem will be solved by an international committee of three Iranian members, three British, and two neutrals, one of which will be chairman of the committee. The decision of such committee will be approved by Parliament of Iran.

4. He will begin on the first day a ceaseless fight against bribery by appointing Cabinet members well known for their integrity and a thorough purge of bad public officers. Position of present Government—he says that deputies are prepared to sign a non-confidence motion bearing signatures of half plus one of the deputies; this may be done at any moment now. Deputies are afraid Shah will not act on this motion without strong pressure by U.S. and British. He feels that sooner or

later America will have to take action with Shah because Iranians cannot save themselves. As the present position has arisen as a result of foreign interference, it is impossible for Iranians to oust the present Government by themselves.

The sooner this action is taken, the easier it will be to restore order and start re-establishing the economic and social position. General Zahedi adds that in case the U.S. Government does not trust him for carrying out this program, he is ready to support and collaborate with any other person who can carry out with success these reforms and abandon his efforts to become Prime Minister in favor of the former.

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209. Briefing Notes Prepared in the Central Intelligence Agency for Director of Central Intelligence Dulles[1]

Washington, undated.

IRANIAN TUDEH PARTY IS NO LONGER ILLEGAL

1. The Communist Tudeh party is no longer illegal, and can now engage in overt activity, following an Iranian court ruling of 16 May.

a. Some imprisoned members have already been released.

b. It is not clear whether or not this action was approved or sponsored by Mossadeq's government, which, however, has thus far permitted the decision to stand.

c. A statement by Hossein Fatemi, the foreign minister, who on Sunday said merely that the last word had not been spoken in the matter, seemed to evade the issue of what the government would or would not do.

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[1] Source: Central Intelligence Agency, DDI Files, Job 80R01443R, Box 1, Folder 19, NSC Briefing 20 May 53. Secret. Prepared for DCI Dulles for his briefing of the NSC on May 20. The official minutes of the NSC meeting of May 20 record that DCI Dulles briefed the National Security Council on Iran, and included a "reference to the legalizing of the Tudeh Party in Iran. This development," Dulles said, "indicated further deterioration for the interests of the free world in Iran." (National Archives, RG 273, Records of the National Security Council, Official Minutes 1947–1961, Box 27, 145th Meeting)

210. Memorandum for the Record[1]

Washington, May 21, 1953.

Ambassador Henderson has recently been informed on a number of occasions by close associates of the Shah that he is disturbed regarding British attitude toward himself. He has reportedly stated on occasions, "The British threw out the Qajar dynasty; they brought in my father; they threw out my father; and they can throw me out or keep me as they see fit. If they desire that I should remain and that the Court should retain powers given it by the Constitution, I should be informed. Likewise, if the British wish me to go, I should know immediately so that I can quietly leave. Do the British wish to substitute another Shah for me or to abolish the monarchy? Are the British back of present efforts to take away my powers and deprive me of my prestige in Iran and abroad?"

On May 17, the Shah sent an emissary to Ambassador Henderson to say that much would be done to clarify the situation if Ambassador Henderson could ascertain secretly and unequivocally the British attitude toward the Shah.

Ambassador Henderson plans to leave Iran on June 3 to return to the United States on leave and will see the Shah prior to his departure.

Attachment

Message From British Prime Minister Churchill[2]

"You may certainly inform the State Department that while we do not interfere in Persian politics we should be very sorry to see the Shah lose his powers or leave his post or be driven out. Perhaps Mr. Henderson will convey this assurance to the Shah and say that it comes personally from me."

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[1] Source: National Archives, RG 59, GTI Files, Lot 57 D 529, Alleged British Intrigues. Top Secret. Drafted by Richards.

[2] A handwritten note by Richards below this message reads: "*Note* Message for Shah from Sir Winston Churchill handed to me by Beeley on 5/28/53."

211. Memorandum From Acting Secretary of State Smith to President Eisenhower[1]

Washington, May 23, 1953.

Ambassador Henderson has personally written several despatches giving his own analysis of trends in Iran and of recent conversations with the Iranian Foreign Minister and other officials. I have made the following extract of the most important paragraphs of these despatches. I believe they are a very accurate expression of the situation and national state of mind in Iran, so accurate in fact that I suggest you read them.

"On the one hand the Iranian press as well as most Iranians capable of expression condemn in principle foreign interference in Iran. On the other hand relatively few politically conscious Iranians really believe that it is possible for a power like the United States to refrain from interference in Iran. Most Iranian politicians friendly to the West would welcome secret American intervention which might assist them in attaining their individual or group political ambitions and are inclined to believe in the absence of United States interference on their behalf that the United States must be supporting rival politicians.

"Iranian distrust of foreigners is so intense that it is not difficult to stimulate resentment against any foreigners engaged in activities in Iran even though these activities are clearly beneficial to Iran. Therefore, *the more American nationals there are in Iran and the more energetic and conspicuous these Americans are, the easier it is for various Iranian elements who dislike the presence of Americans or who wish to create difficulties between the United States and Iran to incite Iranians to violence against United States citizens in Iran.* It is only fair to the Prime Minister to point out that undoubtedly one of the reasons why he has been so anxious that a minimum amount of publicity be given to activities, beneficial though they may be to Iran, of the so-called American military advisers and of TCI personnel is his awareness that the more attention that is attracted to the activities of these American nationals the more susceptible the Iranian people in general are likely to be to appeals to throw the Americans out of the country. It is difficult, of course, for the average American to understand the lack of appreciation of the Iranian public of disinterested efforts made by individual American nationals in Iran for the benefit of Iran. There are historical and psychological reasons for this phenomenon which I shall not attempt to set forth in this despatch. Nevertheless those in the United States who are inclined to believe that

[1] Source: Eisenhower Library, Whitman File, Box 32, Iran 1953–59(9). Secret; Security Information. There is no drafting information on the memorandum.

a mere increase in publicity of efforts of Americans in Iran to assist Iran will contribute to a solution of some of the problems which we are facing here at the present time should not overlook the fact that there are extremely important psychological differences between the public mind of Iran and that of the United States.

"The frustrations of practically all sections of the Iranian public, including those supporting as well as those opposing Dr. Mosadeq, as they note the deteriorating conditions of the country fan the embers of xenophobia. Only those sympathetic to the Soviet Union and to international communism have reason to be pleased at what is taking place in Iran."

W.B.S.[2]

[2] Printed from a copy that bears Smith's typed initials.

212. Memorandum of Conversation[1]

Tehran, May 30, 1953.

PARTICIPANTS

His Imperial Majesty the ShahinShah of Iran
Loy W. Henderson, American Ambassador

At a suggestion made by the Shah several days ago I had an audience with him this morning. In order to guarantee privacy he received me in the Palace garden. Our conversation lasted about 80 minutes.

After the exchange of a few introductory remarks I told him that it was my understanding that he was not certain regarding the British attitude towards himself. I therefore had taken the liberty of making an inquiry in this respect and was in a position to inform him that Mr. Churchill had authorized me to say that the British would be very sorry

[1] Source: National Archives, RG 59, Central Files 1950–1954, 788.00/5–3053. Top Secret; Security Information. Drafted by Henderson, who provided a summary of this conversation in telegram 4573 from Tehran, May 30, which is printed with redactions in *Foreign Relations*, 1952–1954, vol. X, Iran, 1951–1954, pp. 730–732 (Document 329). The memorandum is attached to a covering letter to Byroade, May 30, in which Henderson wrote that "the character of my conversation was so confidential that I do not wish to describe it either in a telegram or a despatch."

to see him lose his powers or leave his post or be driven out.[2] The Shah seemed to be gratified at this statement. He said that his concern regarding the British attitude had been due primarily to the fact that certain members of the Majlis who were known to maintain close contacts with the British were among those most active in endeavors to curtail the Royal powers. In the past General Frazer had endeavored to persuade him that he should become merely a Constitutional Monarch in the European sense. Ambassador Bullard had taken that position shortly after the Shah had ascended the Throne and successive British Chiefs of Mission including even Middleton had intimated on various occasions that the Shah should keep himself "up in the clouds and avoid taking any part in Iranian political life." He said that judging from the message from Mr. Churchill the British were changing their attitude with respect to the powers of the Shah. He himself was convinced that, Iran being what it is, the Shah must play a certain role in the political and particularly the military life of the country. If the Shah did not do so confusion and chaos would reign.

The Shah said he must frankly confess that he had not been able to live up to his oath to enforce the Constitution. The Constitution had been openly flouted by the present Government for over a year. Unfortunately he was not in a position to interfere.

I told the Shah that I would like to have a frank statement from him regarding his attitude towards the candidacy of General Zahedi for the Prime Ministership. Was or was not General Zahedi acceptable to the Shah? The Shah replied that he did not consider General Zahedi an intellectual giant nevertheless the General would be acceptable to him as Prime Minister on three conditions: (1) that he would come into power through legal, parliamentary means—not through a coup; (2) that the General would come in with a wide measure of political support—not like Qavam who found himself quite isolated as Prime Minister; (3) that the General would be acceptable to the United States and to the United Kingdom and that either the United States or the United States and the United Kingdom would be prepared almost immediately to give the new government substantial financial and economic aid. If no plans had been made in advance for emergency financial support and for massive economic aid so that the people of the country would see hope of a better life in the not too distant future it would be preferable that there would be no change of government. Razmara had come into power in the belief that he would obtain aid from the United States. This had not materialized, and Razmara was headed for disaster at the time of his assassination. Similarly, any change of government at the

[2] See the attachment to Document 210.

present time which was not followed by substantial foreign financial and economic aid would merely be preparing Iran for its ruin.

In response to an inquiry of the Shah I said that I had the impression that the British would welcome a new government headed by General Zahedi. I was also quite confident that the United States Government would welcome such a government provided it was sure that His Majesty would give it his full and sustained support. It would be disastrous for Iran if the United States and British Governments would endeavor to help General Zahedi and then at the last moment would find that the Shah had changed his mind with regard to the General and did not want him to form a government.

The Shah said that he would not change his mind. It was important, however, that the conditions which he had laid down above be clearly understood. If General Zahedi should come in as a result of a coup d' état he would hesitate to give the General support unless he could become convinced that the General had behind him a strong array of political leaders as well as a considerable popular support.

The Shah said that he did not in any event believe that General Zahedi could come in through a coup. The key positions in the Army were gradually being taken over by friends of Brigadier General Amini, the brother of the Acting Minister of Court. Several months ago the present Acting Minister of Court had endeavored to persuade the Shah to come out openly in support of General Zahedi. Since Amini had become Acting Minister of Court, however, his attitude had changed. He was not maintaining that General Zahedi did not have the qualifications and experience to serve as Prime Minister and was suggesting that it might be better in case the Prime Minister should resign to appoint a "stop-gap rather weak National Front Government" which could later be followed by a strong government. The Shah asked me what I would think of a "stop-gap" government.

I said that it seemed to me it would be extremely difficult to try to ride two horses at the same time. If the present government was to be overthrown its opponents should concentrate on a candidate to succeed Dr. Mosadeq and should not support a candidate half-heartedly while looking around for some alternative weaker candidate to act as a "stop-gap." The Shah said that he thought there was some truth in my remark nevertheless in view of their strength the Amini group might be able to block General Zahedi.

I told the Shah that I would like for him to repeat for my benefit the statement of his attitude toward General Zahedi since such a statement was needed by the U.S. Government in connection with certain decisions which it would have to make. His Majesty said I could tell the U.S. Government that he would welcome General Zahedi as Prime Minister subject to the conditions which he had already outlined to me.

I said that it might be extremely difficult for General Zahedi to be brought into power by ordinary Parliamentary methods. For instance if it should become apparent that a majority of the Majlis was opposed to the retention of the present Government, the National Movement Fraction might boycott the Majlis so that it would be impossible to obtain a quorum. The Majlis might therefore be unable to function for an indefinite period and could not vote lack of confidence in Dr. Mosadeq or register inclination for General Zahedi. If, in such an event, a majority of members of the Majlis should send a petition requesting the Majlis to appoint General Zahedi as Prime Minister what would his Majesty do? The Shah replied that he could not answer this question without ascertaining what his powers were under the Constitution. Even if he should find that he had powers in such circumstances to appoint General Zahedi, he would not wish to commit himself in advance since he must make his final decision in the light of the situation of the moment.

The Shah asked me about my recent trip to Karachi to meet Mr. Dulles and also inquired regarding my latest conversations with the Prime Minister. Were there any serious conversations now going on with regard to the oil dispute? Did I believe that the U.S. would purchase any quantity of oil from Iran? Did I think that there was any possibility that the U.S. would extend substantial economic assistance to Iran under a Mosadeq Government? I informed the Shah that the U.S. was no longer acting as intermediary between the U.K. and Iran in the matter of the oil dispute. So far as I knew no effort was being made at the present time to effect a settlement of the oil problem. I did not believe in the foreseeable future, in the absence of a solution of the compensation problem, that the U.S. would purchase any substantial quantity of Iranian oil. I thought that it would be extremely difficult for the U.S. to give substantial financial or economic assistance to the Mosadeq Government in the absence of a solution of the compensation problem.

I asked the Shah whether in his opinion: (a) Further efforts should be made to find a solution for the compensation problem while Dr. Mosadeq remained as Prime Minister and (b) whether in the absence of such a solution the U.S. should extend financial and economic assistance to a Mosadeq Government?

The Shah replied that he was still of the opinion that it would be easier to effect a settlement of the oil problem with Dr. Mosadeq than with any successor to Dr. Mosadeq. He also thought that Dr. Mosadeq could make a settlement more advantageous to the British than that which any successor might make. He realized that it was extremely difficult to deal with Dr. Mosadeq. Nevertheless any avenue which might lead towards a settlement of the oil dispute with Dr. Mosadeq should not be ignored. Even if an attempt at such a settlement might result in

Dr. Mosadeq's remaining in power somewhat longer, it should be made if there was any possibility whatsoever for success.

The Shah also said that the present economic position of Iran is so dangerous that he would like to see the U.S. give financial and economic assistance to the country even though Dr. Mosadeq was still in power and even though the extension of that assistance might make it appear that the U.S. was supporting Dr. Mosadeq.

The Shah asked me if I did not agree that it would be advantageous to settle the oil dispute, if possible, with Dr. Mosadeq. I said that I had always believed this to be true. I was beginning to feel, however, that there was no chance of any oil settlement so long as Dr. Mosadeq was Prime Minister. The British had come to the conclusion that it was useless to deal with Dr. Mosadeq. If, therefore, the oil problem was to be settled while Dr. Mosadeq was Prime Minister it seemed to me that he must take the initiative in making concrete proposals of a character which would cause the British to believe that he was serious. After the experiences of the last two years it would not be easy for Dr. Mosadeq to convince the British that he really wished to be a party to a fair and reasonable settlement of the oil dispute.

The Shah said that he wished to be frank with me and with the U.S. Government. The Crown Prince of Saudi Arabia was planning to visit Iran in the early part of July. If the situation remained as it is at present, it was the intention of the Shah to go abroad shortly after the departure of the Crown Prince. It was too humiliating for him to remain in Iran in present circumstances. He was referring particularly to his relationship with the Army. He no longer was receiving reports with regard to what was going on in the Army and Army officers no longer dared to visit him. This was intolerable. He would prefer therefore not to be in Iran under such conditions. He hoped that the U.S. Government would not change its attitude with respect to him if he left the country for a period. He was of the opinion that it would be better for him and better for Iran for him to be abroad than for him to remain in the country in circumstances which were certain seriously to undermine his prestige and to lower him in the esteem of the nation.

I told the Shah that in my opinion his departure from the country would be interpreted as a sign of weakness and defeat. Nevertheless a decision of this kind was one for him to make. I was confident that the U.S. Government which regarded his presence in Iran as a factor of stability for the country would regret his departure. The Shah said that before he left the country he would let the U.S. Government know that he had definitely decided to get out.

The Shah said that Mr. Amini, the Acting Minister of Court, would be certain to question him regarding our conversation. It was probable also that Mosadeq would try to obtain certain information from me in

this regard. His suggestion was that he inform Amini in the utmost confidence that I had told him about my visit to Karachi and my conversation with Mr. Dulles and that I had indicated to him that there seemed to be little chance in present circumstances of a settlement of the compensation problem. He would go on to tell Amini that he had said that, in his opinion, it would be much easier for a settlement of the oil dispute to be effected with Dr. Mosadeq than with some subsequent Prime Minister and that he had expressed to me the hope that if it should prove impossible to achieve an oil settlement, the Government of the United States would nevertheless give sufficient economic and financial assistance to Iran to enable it to pass through its present economic crisis.

Loy W. Henderson

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213. Monthly Report Prepared in the Directorate of Plans, Central Intelligence Agency[1]

Washington, undated.

IRAN

May 1953

A. *General Developments*

1. May was marked by relatively minor parliamentary skirmishes between supporters and opponents of Mossadeq. The government's base of support in the Majlis is narrowing, but the opposition still lacks the unity of leadership and design to challenge Mossadeq's authority effectively. While the Tudeh's popular strength remains about the same, its relative political position has grown relatively stronger as a result of continuing penetration of government agencies and the disruptive effects of Mossadeq's struggle with the opposition.[2]

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[1] Source: Central Intelligence Agency, DDO–IMS Files, Job 81–01061R, Box 1, Folder 5, Monthly Report—May 1953—Country Summaries and Analyses. Top Secret.

[2] In commenting on the effectiveness of the CIA's anti-Tudeh propaganda program, the May 1953 Monthly Project Status Report on [*text not declassified*] states that "the project's effectiveness can be seen in the growing government interest and Tudeh opposition to certain items distributed by the [*text not declassified*] net. The vehement Tudeh protest and subsequent government crackdown is indicative of the effectiveness of the black attack on Borujerdi. An excellent Psychological Warfare success resulted from the discovery and publication of the unissued and heretofore secret government order absolving Tudehites from complicity in the attempted assassination of the Shah. Finally, in

2. There has been considerable speculation over the reasons for Secretary Dulles' failure to visit Iran on his recent Middle Eastern tour and for Ambassador Henderson's return to the U.S. Opposition attempts to describe these developments as manifestations of U.S. dissatisfaction with Mossadeq are being vitiated by reports of a probable increase of Point IV aid in the near future.

3. [*1 paragraph (3 lines) not declassified*]

B. *Station Synopsis*

[*3 paragraphs (12 lines) not declassified*]

C. *Operational Summary*

Political and Psychological Warfare

[*1 paragraph (15 lines) not declassified*]

Paramilitary Operations

[*1 paragraph (3 lines) not declassified*]

John H. Waller
Chief, NE–4 (Iran)

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the field of political activism, groups under [*text not declassified*] sponsorship played an important part in reducing Tudeh May Day activities to an unimpressive level. (Ibid., DDO Files, Job 59–00133, Box 5, Folder 13)

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214. Summary of Operational Plan

Nicosia, June 1, 1953.

[Source: Central Intelligence Agency, History Staff Files, CSHP 208. Secret. 8 pages not declassified.]

215. Memorandum of Conversation[1]

Washington, June 2, 1953.

SUBJECT

Economic Aid to Iran

PARTICIPANTS

Mr. Norman Paul, DMS
Mr. Robert Black, DMS
Mr. Arthur L. Richards, GTI
Mr. R. Bernard Crowl, GTI
Mr. John H. Stutesman, Jr., GTI

At their request, Mr. Paul and Mr. Black called on Mr. Richards following instructions from Mr. Stassen to open conversations with the Department regarding increased economic aid to Iran.

Mr. Paul stated that he was informed that Secretary Dulles and Mr. Stassen in Karachi had discussed the Iranian situation and had come to the conclusion that it was not practical to press for a solution of the Anglo-Iranian oil dispute at this time. They were of the opinion, however, that Iran's agrarian economy should be kept afloat and that perhaps $15 or $20 million should be added to the presently-proposed TCA and economic aid programs for Iran in FY 1954. The thought was that Iran's essential foreign exchange requirements might be met in some degree in ways such as purchasing vehicles, spare parts, and similar commodity items for Iran. The conversations between DMS and State should determine (1) a general level of the FY 1954 program, and (2) the kind of items necessary to include in the program.

Mr. Richards stated that he expected Ambassador Henderson's arrival on consultation this week to give rise to high-level policy discussions regarding Iran. He pointed out that it was still somewhat unclear whether our government policy was to endeavor to keep Iran's economy afloat even though Dr. Mosadeq's government might thereby be strengthened. He pointed out that there was an influential body of opinion that any assistance to Iran beyond the present level could only serve to keep Mosadeq in power and remove certain pressures upon the Iranians to come to an early settlement of the oil dispute.

Mr. Paul said that they have no intention of "running with the Ball" but would appreciate being advised when a policy decision has been taken in regard to increasing presently-proposed levels of economic aid for Iran.

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[1] Source: National Archives, RG 84, Tehran Embassy Files, general classified records, Box 14. Secret; Security Information. Drafted by Stutesman.

216. Memorandum of Conversation[1]

Washington, June 6, 1953, 10:30–noon.

PARTICIPANTS

General Cabell (DDCI); Ambassador Loy Henderson; Mr. Frank Wisner (DD/P); Mr. Kermit Roosevelt (CNEA); Mr. John Waller (CNEA/4)

SUBJECT

Outline of Preliminary Operational Plan in Implementation of Project TPAJAX

PURPOSE OF CONVERSATION

Briefing of Ambassador Henderson With Regard to Subject in Order to Solicit His Views Prior to Mr. Roosevelt's Forthcoming Discussions [*less than 1 line not declassified*] in London

Mr. Roosevelt reviewed the preliminary operational plan which had been prepared by [*cryptonym not declassified*] officials and KUBARK representative [*less than 1 line not declassified*]. A summary of the plan as presented by Mr. Roosevelt is hereto attached.[2] Ambassador Henderson interjected his views and comments as Mr. Roosevelt described specific aspects of the plan. Significant remarks made by Ambassador Henderson during the course of the conversation are summarized below:

1. *With regard to the Plan's basic premise that [cryptonym not declassified] will cooperate actively*:

Ambassador Henderson stated categorically that this premise was fallacious; that [*cryptonym not declassified*] could not be relied upon to give the required backing to [*cryptonym not declassified*] when the time for action comes unless extreme pressure were exerted on [*cryptonym not declassified*]. The Ambassador suggested that such pressure might even have to take the form of an actual or implied threat that ODYOKE and [*cryptonym not declassified*] would consider replacing [*cryptonym not declassified*] by one of his brothers if [*cryptonym not declassified*] did not take the leadership in removing [*cryptonym not declassified*]. Ambassador Henderson added that we had ample evidence of [*cryptonym not declassified*] inherent weakness and reluctance to play a strong role in Iran; and the time may have arrived when we should give serious consideration to his replacement. In this connection, Prince Abdul Reza, as possible successor to the throne, was discussed. The advisability of feeling out [*cryptonym not declassified*] regarding the replacement of

[1] Source: Central Intelligence Agency, DDO Files, Job 80–01701R, Box 3, Folder 7, TPAJAX Vol. I. Top Secret; Security Information. Drafted by Waller on June 8.

[2] Not found attached, but see Document 214.

[*cryptonym not declassified*] with the best available successor, was also discussed.

2. The Ambassador expressed concern that without [*cryptonym not declassified*] active and energetic cooperation or possibly even with it the Iranian Army could not be relied upon to play the major role assigned it by the preliminary plan. The Ambassador repeatedly and forcefully made the point that it would be highly advisable to enlist in some way the participation of the Amini brothers—(Brigadier General Mahmud Amini, Gendarmérie Chief and possible future Chief of Staff; and Abul Ghassem Amini, Minister of Court) since the latter has a firm hold on the Army. In this connection, the Ambassador recalled his own reports from Tehran in which he described approaches made to him by Minister of Court Amini [*less than 1 line not declassified*].[3] From this and from available intelligence reports, the Ambassador felt that the Aminis [*less than 1 line not declassified*] would be susceptible to an ODYOKE approach despite their alleged loyalty to [*cryptonym not declassified*]. Ambassador Henderson felt that both the Aminis [*cryptonym not declassified*] were wavering in their support of [*cryptonym not declassified*] and would break completely if it were politically advantageous for them to do so.

3. *With regard to Stage 1 in Acquiring [cryptonym not declassified] Cooperation in TPAJAX (I–B–1(a))*

Ambassador Henderson stated that in a conversation with [*cryptonym not declassified*] just prior to departing from his post he had told [*cryptonym not declassified*] that ODYOKE and [*cryptonym not declassified*] were in agreement that [*cryptonym not declassified*] should not remain in office and that both ODYOKE and [*cryptonym not declassified*] were supporting [*cryptonym not declassified*] solidly.

4. *With regard to Stage 2 in acquiring [cryptonym not declassified] cooperation: Special U.S. representative to [cryptonym not declassified] (I–B–2):*

A. Ambassador Henderson commented that it would be extremely difficult for the special ODYOKE representative—whoever he may be—to gain an audience with [*cryptonym not declassified*] as required by the plan without others present.

B. Considerable discussion followed with regard to choice of a special U.S. representative. Among those names mentioned in the conversation were General Zimmerman, former Chief of the U.S. Military Mission, Iran; General Schwartzkopf, former head of the U.S. Military Mission to the Iranian Gendarmérie; Ambassador George Allen; Mr. George McGhee, former Assistant Secretary of State; [*name not declassi-*

[3] An apparent reference to Henderson's meeting with Amini and Khosro Qashqai reported in Document 200.

fied] and Mr. Kermit Roosevelt. No decisions were reached although General Schwartzkopf's name was given most favorable consideration. Appropriate cover for General Schwartzkopf was also discussed and the suggestion was made that he might visit other Middle Eastern countries as well as Iran [*1 line not declassified*].

5. *With regard to Stage 2: Statement to [cryptonym not declassified] that no aid will be forthcoming so long as [cryptonym not declassified] remains in power (I–B–2(d)):*

Ambassador Henderson pointed out the inconsistency of our Point Four program to Iran with our political objectives to remove [*cryptonym not declassified*]. He recalled specifically that he had advised against TCI's $3,400,000 Village Council program but he added that it was too late now to stop this program without risking possible serious retaliatory moves by [*cryptonym not declassified*].

6. *Stage 2: Statement to [cryptonym not declassified] that ODYOKE [cryptonym not declassified] financial aid would be forthcoming to a successor government (I/B/2–(f)):*

Ambassador Henderson stated that this was an extremely important point and that ODYOKE must be fully prepared to render such aid. He stated that ODACID should prepare itself immediately to make specific financial commitments although he pointed out that such commitments are difficult to make since congressional action would probably be necessary.

7. *With regard to Stage 2: Statement to [cryptonym not declassified] regarding the head of a successor government (I–B–2 (d)):*

Rather than request [*cryptonym not declassified*] to suggest the head of a successor government as called for in the preliminary plan, Ambassador Henderson urged that the special ODYOKE representative to [*cryptonym not declassified*] should take the initiative in stating that [*cryptonym not declassified*] ODYOKE desires [*cryptonym not declassified*]. Ambassador Henderson pointed out that otherwise [*cryptonym not declassified*] who basically fears a strong Prime Minister such as [*cryptonym not declassified*] would name an individual like [*cryptonym not declassified*].

8. *With regard to Stage 2: Statement to [cryptonym not declassified] that an acceptable oil settlement must ultimately be offered by a successor government (I–B–2(g)):*

Ambassador Henderson warned that the terms of such an oil settlement must be clearly defined to us by [*cryptonym not declassified*] prior to the advent of a new government and such terms must be at least as favorable as those heretofore presented by [*cryptonym not declassified*]. Ambassador Henderson stated that [*cryptonym not declassified*] is mainly motivated by financial considerations and might well

seize the opportunity presented by [*cryptonym not declassified*] fall to present an oil settlement unfavorable to Iran.

9. *With regard to Stage 2: Warning to [cryptonym not declassified] not to discuss the approach by the special ODYOKE representative with anyone.*

Ambassador Henderson pointed out that [*cryptonym not declassified*] security is poor and that in all likelihood he could not refrain from discussing ODYOKE's approach with close advisors, most of whom are untrustworthy from our point of view.

10. *With regard to arrangement with [cryptonym not declassified]: Discussions with [cryptonym not declassified] concerning quasi-legal method of succeeding to premiership (II–B–1).*

Ambassador Henderson pointed out that [*cryptonym not declassified*] if he cooperated at all, would insist that [*cryptonym not declassified*] replace [*cryptonym not declassified*] by legal procedures. Specifically, not only would the Majlis have to give a vote of censure or non-confidence to [*cryptonym not declassified*] but would have to grant a vote of inclination to [*cryptonym not declassified*] before [*cryptonym not declassified*] would issue the royal firman naming him Prime Minister.

11. *With regard to relations with religious leaders: Fedaian should be encouraged to threaten direct action against pro-[cryptonym not declassified] deputies.*

Ambassador Henderson urged that no assassination be included in the [*cryptonym not declassified*]/ODYOKE plan.

12. *With regard to Press and Propaganda program: Successor government Press Chief should be prepared to publicize ODYOKE and [cryptonym not declassified] official statements on the new government. (IV–E).*

Ambassador Henderson suggested that such statements should not be made by [*cryptonym not declassified*] or ODYOKE too quickly after the successor government takes over lest it reveal ODYOKE/[*cryptonym not declassified*] implication in the plot.

13. *With regard to relations with Tribes: Major problem is neutralization of [less than 1 line not declassified] (VIII–B).*

Ambassador Henderson felt that [*less than 1 line not declassified*] who currently support [*cryptonym not declassified*] would present a serious problem. He stated that the [*less than 1 line not declassified*] leaders, who are closely allied with the Amini brothers (Brigadier Amini, possible new Chief of Staff and Minister of Court Amini) should be included somehow in the plan or otherwise bought off, so that they would contribute to the undermining of [*cryptonym not declassified*] rather than the support of the latter. Ambassador Henderson pointed out that the [*less than 1 line not declassified*] were already wavering in their support of [*cryptonym not declassified*] and could probably be manoeuvered into the opposition ranks providing they felt [*cryptonym not*

declassified] cause was a lost one, and if they stood to benefit politically by cooperation with the opposition.

14. *With regard to Mechanics of Quasi-legal overthrow: Exploitation of illegal printing of money as grounds for Majlis crisis precipitating [cryptonym not declassified] ouster (IX–B–2).*

Ambassador Henderson stressed that it would be inadvisable to attack [*cryptonym not declassified*] on the grounds of illegally printing money and to publicize the decreased backing of the Iranian currency caused thereby, unless [*cryptonym not declassified*] ODYOKE were prepared to grant considerable aid to the successor government.

John H. Waller
Chief, NE–4 (Iran)

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217. Memorandum Prepared by the Naval Attaché in Iran (Pollard)[1]

EN3–11/EF55 Tehran, June 11, 1953.

I met Ardeshir at his request at 9:00 p.m. last night as arranged, and cleared through you yesterday. He had just left a meeting of the opposition deputies which included Makki, Baghai, Mir Ashrafi, Mostafa Kashani and others.

The opposition is now concentrating on organizing the deputies in order that Kashani be re-elected as "Speaker" of the Majlis. He then stated that at this moment the opposition is guaranteed of 42 votes for Kashani in these elections. I expressed surprise and Ardeshir explained that by law this election must be secret, and that by extensive campaign "methods" the opposition group, now openly led by Zahedi, had persuaded enough deputies to vote for Kashani to make up a total of 42. These he said would be identified by distinguishing marks on their ballots so that it could be determined which deputy, if any, had failed to keep his bargain. This he said must be kept strictly secret in order to

[1] Source: Central Intelligence Agency, DDO Files, Job 80–01701R, Box 3, Folder 7, TPAJAX. Top Secret; Security Information. On the covering sheet to this memorandum is a handwritten note, apparently from Waller to [*name not declassified*], which reads: "A cable went out to Station complaining that Pollard is crossing wires with us."

avoid counter-action by Mossadegh, and by covert methods available to the Soviet Embassy.

He requested that because of the extreme sensitivity of this that I retain it for my own information and not transmit it to the Embassy. I agreed, but have quoted all that he said on this subject. In this case, I do not believe that any useful purpose would be served by referring this to the various members of the Political Section of the Embassy for possible compromise by attempts to confirm.

The opposition feels that this election will be the turning point, if not the crucial point, in the drive to oust the Mossadegh government for a Zahedi government. He explained this by saying that until the election the opposition will conduct a concentrated campaign of propaganda through their new newspapers, and the present opposition newspapers, but would conduct their campaign for votes for Kashani covertly. The deputies, in addition to the opposition's original 25, are only willing to vote for Kashani in a secret ballot, and if not identified. This, at present, seems assured. The result, however, if Kashani is reelected over the express opposition of Mossadegh, is close to a vote of no confidence. The opposition feels that if Kashani's reelection is followed by intense campaigning that many more deputies will be encouraged to come out openly for Zahedi, in a sort of "get on the band-wagon" movement. Indeed 42 votes for a candidate not favored by Mossadegh would certainly be an accomplishment and would indicate that there is an opposition to Mossadegh which is strong, contrary to the views of many foreign observers.

In addition, the opposition is attempting to change the political orientation of Ghashghai and Abol Amini. Previously both of these characters were firmly behind Zahedi and it is felt that with the proper persuasion that they can again become supporters of an opposition government. *Ardeshir stated that one of the secret ballots in favor of Kashani would be that of Khosrow Ghashghai.*

General Zahedi, in addition, feels that General Riahi requires some attention. Through a number of Army officers his exact orientation is being determined along with estimates of the possibility of a change. In his position, the opposition feels that this must change or there are plans for his assassination (ugh!). Particularly repulsive to the opposition are his intense political activities in attempting to organize the Army as a political party in favor of Mossadegh.

Ardeshir is certain that most of the police officers in police headquarters will be replaced by Army officers. However, he stated that this would not be more than a nuisance as most of the Army officers involved are great admirers of General Zahedi. That the present police leadership is at least secretly behind Zahedi can easily be proven. There

are many examples of this—one of interest refers to the fact that Ardeshir is a fugitive and that twice now official announcements have been made demanding that he present himself to police headquarters. Pertaining to this, when the Ambassador asked me if I could contact Ardeshir, I stated that I could, and proceeded to contact the man that Ardeshir had indicated—this man is the Chief of Detectives, Imperial Iranian Police Force.

Ardeshir is aware that Mossadegh is planning to try to force the Shah to sign a Firman to close the Majlis and is fearful that by some means he might come close to success in this. However, in the meantime, intense campaigning revealing Mossadegh's plan is now being planned and will be evident in a day or two in the newspapers and in the Majlis. If Mossadegh ever attempts to close the Majlis without a Firman from the Shah, Ardeshir feels that this would be Mossadegh's greatest mistake and with the present strength of the opposition would be almost, literally, fatal to him.

He also mentioned that in the voting for "Speaker" of the Majlis the opposition papers are encouraging the present internal quarrelling within the National Front. At present a bitter struggle is being carried on between Shayegan, Moazami and Razavi to be the National Front candidate for Speaker; this could weaken the National Front considerably.

Ardeshir stated that it is evident to most Iranian observers that the British aim in Iran is as follows: To officially agree that Mossadegh should go, but not to actively, covertly, work to this end, feeling that the strength of the opposition itself will work this out and that there remains a possibility that by a weak change in government the British might be able to control the next government. The number one aim of the British, however, is to weaken the Shah's powers to intervene in time of crises to the point that at some time in the future when a pro-British Prime Minister appears the most can be made of it. He feels that in spite of the weak character of the Shah such a curtailment of powers would be disastrous to the country and would place the country at the mercy of whatever adventurers might temporarily be in position of political power, and that the country is not yet ready for this. In addition, the only symbol which holds the diverse elements of Iran together is the Shah himself.

He asked me if it was not a sign of the strength of the opposition that in the Majlis which was practically handpicked by Mossadegh there were men who realized that his course led only to Communism and who had the courage in the face of serious intimidation to oppose him and that among these men were the organizers of Mossadegh's strength—Kashani, Makki, Baghai, etc.

This is an objective report of the statements of Ardeshir Zahedi and there are no reflections of the opinions of the author contained in any of the various points enumerated above.

Eric W. Pollard[2]
Commander, U.S. Navy

[2] Printed from a copy with Pollard's typed signature.

218. Memorandum From the Deputy Assistant Secretary of State for Near Eastern, South Asian, and African Affairs (Jernegan) to the Deputy Under Secretary of State (Matthews)[1]

Washington, June 15, 1953.

SUBJECT

Need for Certain Policy Decisions on the Iranian Problem

There is some urgency that the Department's position be clarified on several matters concerning Iran. Advantage may be taken of the presence in the Department of Ambassador Loy Henderson from June 18 to about June 28 to obtain his views. Meetings will be set up of all interested persons after Ambassador Henderson arrives in Washington, but it is suggested that some preliminary thinking be done on the subjects listed below prior to his arrival:

(A) What reply, if any, is to be given Dr. Mosadeq's request that President Eisenhower act as an arbitrator in the oil dispute?[2]

It is GTI's recommendation that no reply be given Dr. Mosadeq on this matter, unless he raises the question again.[3]

(B) What guidance should be given the prominent oil consultant, Mr. Walter Levy, who has suggested that he send, as a private citizen, a

[1] Source: National Archives, RG 59, Central Files 1950–1954, 888.2553/6–1553. Secret; Security Information. Drafted by Stutesman and Richards. Copies of the memorandum were sent to Assistant Secretary for European Affairs Merchant, Assistant Secretary for Economic Affairs Waugh, and Robert Bowie, Chairman of the Policy Planning Staff.

[2] See Document 199.

[3] To the left of this recommendation in the margin is the handwritten word "no."

suggestion to Dr. Mosadeq of a figure which would be a basis for a lump sum settlement of the compensation question in the oil dispute?[4]

It is GTI's recommendation that the U.S. Government avoid any unwanted interference in the oil dispute, while at the same time permitting Mr. Levy, as a private citizen, to request by letter Dr. Mosadeq's reaction to his suggestion for an equitable lump sum settlement.[5]

(C) What reply should TCA make to the National Iranian Oil Company's request to have 100 employees trained in the United States?[6]

It is GTI's recommendation that TCA be informed that there is no policy objection to acceptance of the Iranian request.[7]

(D) What reply should President Eisenhower make to Dr. Mosadeq's letter of May 28 requesting increased U.S. aid to Iran?[8]

It is GTI's recommendation that the President inform Dr. Mosadeq that the present level of economic aid to Iran will be increased in FY 1954.[9]

(E) What reply will be made to Mr. Stassen who has instructed DMS to open conversations with the Department on the basis of his understanding that U.S. economic aid to Iran is to be increased by approximately $15,000,000 in FY 1954?

It is GTI's recommendation that DMS be informed that we consider U.S. policy objectives would be furthered through an increase in

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[4] Walter Levy made the proposal in early May. (Memorandum from Richards to Byroade, June 9, which is tab B to another copy of the memorandum in National Archives, RG 59, GTI Files, Lot 57 D 155, Box 41)

[5] To the left of paragraph B in the margin is the handwritten word, "delay."

[6] According to a memorandum from Richards to Byroade, June 8, TCI had been requested by the NIOC to accept 100 NIOC employees into the United States for "advance training in mechanical, electrical, and chemical engineering, and in petroleum technology and accountancy." Henderson recommended that the request be met because it accorded with the overall objectives of technical assistance to Iran. Ambassador Aldrich in London, on the other hand, warned that "any move by the United States to facilitate training of individuals on behalf of the NIOC would be interpreted in London as United States Government approval of, or at least acquiescence in, Iran's oil policy." (National Archives, RG 59, GTI Files, Lot 57 D 155, Box 41)

[7] To the left of this sentence in the margin is the handwritten word "Delay."

[8] The text of Mosadeq's letter, May 28, is in Eisenhower Library, Ann Whitman File, Box 32, Iran 1953–59(9). In a memorandum to Dulles on June 5, Byroade described the three principal points of the letter as: "(1) A recitation of the difficulties experienced by Iran, allegedly as a result of British attitudes and activities. (2) An expression of grave concern over the probable consequences of a further deterioration of the financial and economic situation in Iran, which deterioration can be reversed only by (a) the removal of obstacles to the sale of oil or (b) increased economic aid from the United States. (3) An urgent appeal to the U.S. for increased aid 'if the American Government is not able to effect a removal' of the obstacles to the sale of Iranian oil." The full text of Byroade's memorandum is in *Foreign Relations,* 1952–1954, vol. X, Iran, 1951–1954, p. 732 (Document 330).

[9] To the left of this sentence in the margin is the handwritten word "no."

economic aid to Iran in FY 1954 and that we will welcome an opportunity to discuss the level and nature of such a program.

In addition to the foregoing problems which require urgent decision, there are the following questions which might also receive attention while Ambassador Henderson is in Washington:

(F) Should the Department remove policy objections to the Export-Import Bank's consideration of a $25,000,000 loan to Iran for agricultural and road-building machinery?[10]

It is GTI's recommendation that the Export-Import Bank be informed that we consider U.S. policy objectives would be furthered if the Export-Import Bank makes the previously contemplated loan to Iran.[11]

(G) What funds can the U.S. Government use to subsidize an American airline in affiliation with Iranian Airways, which is at present bankrupt and in great danger of falling under the control of persons favorably inclined toward the Soviet Union?[12]

It is GTI's recommendation that a policy decision be taken that it is in the U.S. national interest to subsidize a U.S. airline in affiliation with Iranian Airways (Transocean Airlines has already made the agreement but will need assurances of financial support this month) in order to prevent communist entry into Middle East airlines and to support the Iranian economy without directly strengthening Dr. Mosadeq.[13]

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[10] An Export-Import Bank loan of $25,000,000 for agricultural and road-building machinery for Iran had been proposed in mid-1950 but its approval had been delayed. Extensive documentation on the loan proposal is in *Foreign Relations,* 1952–1954, vol. X, Iran, 1951–1954. In a memorandum to Byroade, June 10, Richards discussed the policy considerations that had contributed to delays in extending the loan to Iran. "The policy considerations mentioned above have been essentially that the aid proposed would strengthen the Mosadeq Government and would reduce some pressure upon Mosadeq to come to a settlement of the oil dispute. On the other hand, the aid will restore some Iranian confidence in American promises and will materially assist in preventing the collapse of Iran's agricultural economy." Richards therefore recommended "that the Export-Import Bank be informed that there is no policy objection to their loaning $25,000,000 to Iran for road building and agricultural machinery if the Bank desires to go ahead with it." (National Archives, RG 59, GTI Files, Lot 57 D 155, Box 41)

[11] To the left of this question in the margin is a handwritten note that reads: "Postpone. Mossadegh."

[12] In a memorandum to Byroade, June 11, Richards discussed assisting Transocean Airlines to reach an "affiliation agreement" with Iranian Airways in order to keep Iranian Airways from "falling under control of persons favorably inclined toward the USSR." According to Richards, the President of Transocean Airlines expected "some financial support from the US Government in order to carry out his proposal." Richards recommended that the U.S. Government provide assistance through the TCI program. (National Archives, RG 59, GTI Files, Lot 57 D 155, Box 41)

[13] To the left of this paragraph in the margin is the handwritten word "Yes."

(H) What action, if any, should the U.S. Government take to increase Iran's diplomatic and commercial relations with West Germany?[14]

It is GTI's recommendation that the Bonn Government be encouraged to establish diplomatic and commercial offices in Iran?[15]

(I) Should additional efforts be made to strengthen Iran's military establishment with the objective of increasing its political importance and position in the national economy?[16]

It is GTI's recommendation that the present objectives of our military aid program in Iran, aiming at technical standards of equipment and training for the Iranian army, should be broadened to allow our military aid to seek to increase the political importance of Iran's armed forces and their position in the national economy.[17]

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[14] In a memorandum to Byroade, June 11, Richards explained that Iran–West German trade had increased in the last year despite the oil dispute with Great Britain. "This trade not only strengthens Iran's ties with non-communist areas but siphons off trade which might otherwise go towards the communist bloc." (National Archives, RG 59, GTI Files, Lot 57 D 155, Box 41)

[15] To the left of this paragraph in the margin is the handwritten word "Yes."

[16] In a memorandum to Byroade, June 11, Richards wrote that the military in Iran "is being reduced in strength and prestige by Dr. Mosadeq and is being infiltrated by communist agitators." The Defense Department intended to reduce military aid to Iran in FY 1954, but Henderson and McClure "have already suggested certain measures which might be taken to broaden the type of military aid presently being given. These and other ideas for broadening the objectives of US military aid to Iran can be studied in Washington, if the policy decision is made that it is in the US interest to work towards a restoration of the Iranian Army's political position in Iran." (National Archives, RG 59, GTI Files, Lot 57 D 155, Box 41)

[17] To the left of this paragraph in the margin is the handwritten word "Yes." In a memorandum to Acting Near East and Africa Division Chief [*name not declassified*] of the Directorate of Plans, June 12, Waller commented on the above questions and recommendations made by GTI. He grouped questions A through E as "part A," and questions F through I as "part B." After reviewing GTI's recommendations in part A, recommendations, he wrote, that "if accepted, would reverse American policy toward Mossadeq as stated by Under Secretary of State Smith," Waller also warned that the recommendations "would prolong Mossadeq's tenure of office. Furthermore, latter recommendations would make Project TPAJAX inoperable but also inconsistent with national policy." (Central Intelligence Agency, DDO Files, Job 80–01701R, Box 3, Folder 7, TPAJAX Vol. I)

219. Telegram From the Embassy in Iran to the Department of State[1]

Tehran, June 19, 1953, noon.

4684. Last night Dr. Gholam Mosadeq, son Prime Minister, told First Secretary Melbourne that week ago his father had received confirmatory evidence that large sum of money, some 400,000 rials, was being expended by opposition elements led by Kashani. This sum had been used to establish group new opposition newspapers and for other activities. Government had traced source of funds to Shah and court circles thus giving Prime Minister impression Shah's duplicity. Shah while asserting his full support for Mosadeq and non-involvement in politics by prolonging his stay in Rmamsar, was in actuality subsidizing opposition.

Government taking steps counter such opposition moves and had already arrested one Abdol Eqbal (otherwise unidentifiable, no (repeat no) record Embassy files) who Mosadeq alleged was a leading pay-off man for opposition activities. Evidence was accumulating concerning others. Likewise in Isfahan area Askar Masud, son Sarem-E-Dowleh, who considered by government as British agent, had been arrested for alleged complicity in Bakhtiari tribal agitation sponsored by Abol Qasom Bakhtiar. Mosadeq claimed to have seen numerous letters between them. Mosadeq asserted that government-sponsored demonstration today, June 19, was designed counteract opposition propaganda typified by "unrepresentative" activity in Majlis and press and to give public, which was ardent supporter Prime Minister opportunity to show that support. He further claimed that demonstration would be carefully controlled and that government had no (repeat no) intention permit Tudeh adherents organize separate demonstrations or to allow any acts violence.

Mattison

[1] Source: National Archives, RG 59, Central Files 1950–1954, 788.00/6–1953. Confidential; Security Information; Priority. Also sent to London. Received at 8:53 a.m.

220. Memorandum of Conversation[1]

Washington, June 19, 1953, 4 p.m.

SUBJECT

Certain Decisions on the Iranian Problem

PARTICIPANTS

G—Mr. Matthews
S/P—Mr. Bowie
E—Messrs. Waugh and Schaetzel
BNA—Mr. Raynor
NEA—Mr. Jernegan
Ambassador Henderson
GTI—Messrs. Richards and Stutesman

At 4:00 p.m. June 19, the above noted persons gathered in Mr. Matthews' office to discuss a memorandum from Mr. Jernegan to Mr. Matthews dated June 15,[2] listing nine problems related to Iran which required consideration in order to clarify the Department's position.

Mr. Jernegan opened the discussion by stating that these problems should be viewed in the light of three alternative approaches: 1) an assumption that Mosadeq is going to stay in power; 2) an assumption that it is not to the advantage of the U.S. to take any measures which would assist Mosadeq to remain in power; 3) an assumption that the situation in Iran has changed drastically and a non-communist successor to Mosadeq has arisen. The problems raised in Mr. Jernegan's memorandum of June 15 were then studied in order.

A) What reply, if any, is to be given Dr. Mosadeq's request that President Eisenhower act as an arbitrator in the oil dispute?

It was agreed that no reply should be given Dr. Mosadeq on this matter, unless he raises the question again.

B) What guidance should be given Walter Levy who has suggested that he send, as a private citizen, a suggestion to Dr. Mosadeq of a figure which would be a basis for a lump sum settlement of the compensation question in the oil dispute?

It was agreed that the U.S. Government would avoid any unwanted interference in the oil dispute and would urge Mr. Levy, at least for the present, to postpone any trip to Iran or communication with Dr. Mosadeq on the subject of a lump sum settlement.

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[1] Source: National Archives, RG 59, Central Files 1950–1954, 888.2553/6–1953. Secret; Security Information. Drafted by Stutesman on June 20 and approved by Jernegan and Richards.

[2] Document 218.

C) What reply should TCA make to the National Iranian Oil Company's request to have 100 employees trained in the U.S.?

It was agreed that no reply should be given the Iranians on this matter for the present. If they press us for a reply, however, they may be informed that we have the matter under study.

D) What reply should President Eisenhower make to Dr. Mosadeq's letter of May 28 requesting increased U.S. aid to Iran?

It was agreed that a reply should be drafted for the President to send Dr. Mosadeq politely refusing his request for immediate increased economic aid but not burning any bridges in case at some later date we might wish to make budgetary and economic aid available to an Iranian Government.

In the discussion of this matter it was agreed that it would be unfortunate at this time to give Mosadeq any ammunition which would strengthen his political position. In view of the unlikelihood that Mosadeq will ever come to a reasonable settlement of the oil dispute with the British, it seems that keeping Mosadeq afloat will serve only to perpetuate the present frustrating situation. Ambassador Henderson stated that the chances of getting a successor better than Mosadeq are better now than the chances of getting someone worse. However he emphasized most firmly that we must be prepared to give any non-communist successor to Mosadeq immediate budgetary and economic support in substantial quantities. Without that, we would surely lose Iran.

E) What reply will be made to Mr. Stassen who has instructed DMS to open conversations with the Department on the basis of his understanding that U.S. economic aid to Iran is to be increased by approximately $15,000,000 in FY '54?

It was agreed that confidential conversations could be held with DMS to prepare a position, on a contingency basis, to give budgetary and economic support to a non-communist successor to Mosadeq if one should arise.

F) Should the Department remove policy objections to the Export-Import Bank's consideration of a $25,000,000 loan to Iran for agricultural and road-building machinery?

It was agreed that this matter would not be raised with the Export-Import Bank for the present.

G) What funds can the U.S. Government use to subsidize an American airline in affiliation with Iranian Airways?

It was agreed that it is in our national interest to support the affiliation of an American airline with Iranian Airways and that we may so inform Mr. Nelson, President of Transocean Airlines who is interested

in making such an arrangement. However, it was agreed that he should be asked not to consummate any agreement for the moment.

As to the source of funds to subsidize Transocean Airlines affiliation with Iranian Airways, Mr. Matthews stated that efforts to find such funds could be made on the basis that it is the Department's position that it is in our national interest to make such a subsidization and other agencies of the Government can be so informed.

H) What action, if any, should the U.S. Government take to increase Iran's diplomatic and commercial relations with West Germany?

It was agreed, barring some objection by GER, that the Bonn Government should be encouraged to establish diplomatic and commercial offices in Iran.

I) Should efforts be made to strengthen Iran's military establishment with the objective of increasing its political importance and position in the national economy?

It was agreed that, so long as there would be no substantial increase in the cost of military aid to Iran, we could request the views of DMS, Defense, and the Embassy and Military Missions in Iran upon measures which might be taken to broaden present objectives for our military aid program in Iran, probably involving some increased flexibility in the types of aid and expenditures presently envisaged.

During the meeting an additional question was raised which had not appeared on Mr. Jernegan's memorandum of June 15.

Should MSA purchase asphalt from Iran at a 50% discount from prevailing market prices for use in Indo-China?

It was agreed that under present circumstances MSA should not make such purchases.

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221. Draft Operational Plan

undated.

[Source: Central Intelligence Agency, History Staff Files, CSHP 208. Secret. 29 pages not declassified.]

222. Memorandum From the Chief of the Iran Branch, Near East and Africa Division (Waller) to the Chief of the Near East and Africa Division, Directorate of Plans, Central Intelligence Agency (Roosevelt)

Washington, June 24, 1953.

[Source: Central Intelligence Agency, DDO Files, Job 80–01701R, Box 3, Folder 7, TPAJAX Vol. I. Top Secret. 3 pages not declassified.]

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223. Memorandum Prepared in the Bureau of Near Eastern, South Asian, and African Affairs[1]

Washington, undated.

Preliminary to any joint US–UK move to inspire the Iranians to replace Mosadeq, there should be prior understanding with the British that:

1. Our common primary objective is to encourage the establishment of a more stable government in Iran, which government would be oriented toward the West.

2. Although it is earnestly hoped that an equitable solution of the oil problem will eventually be possible with the new government—such a solution would in fact be necessary if Iran is to achieve stability—it must be recognized that any successor government would be unlikely to survive if it were to indicate early willingness to accept proposals previously rejected by Mosadeq, including the proposals of February 20, 1953, or probably even were it to indicate an early willingness to reopen negotiations on any basis which might be acceptable to the British.

3. The object being to get a stable government, and it being agreed that the new government would find it difficult, if not impossible, to accept proposals previously rejected, maximum ingenuity and flexibility should be demonstrated in coming forward at the proper time with new proposals.

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[1] Source: Central Intelligence Agency, DDO Files, Job 80–01701R, Box 3, Folder 7, TPAJAX Vol. I. Top Secret; Security Information. Drafted by Richards on June 25. Printed from an uninitialed copy.

4. To be acceptable to the Iranian public opinion and thus to the Iranian government, such proposals should:

(a) Recognize nationalization.
(b) Provide that the Iranians should have complete control of all property, installations and production in Iran.
(c) Allow the Iranian Government complete freedom of choice of technical and managerial personnel.
(d) Beyond such specific sales contracts as may be worked out in connection with a settlement, allow the Iranians complete freedom of sales of oil and oil products.
(e) Dispose of the problem of compensation within the framework of the Nine-Point Law and on a basis which would show that Iran is not being saddled with excessive indebtedness to the AIOC.

5. No commercial concessions or special political privileges should be asked of Iran.

6. While the US agrees with the UK that it would be desirable for the amount of compensation to be determined by impartial international arbitration or adjudication, other methods of determination (or possibly even a moratorium) should not be excluded on principle.

7. Recognizing that the economic and political stability of Iran is to a large degree dependent on the revival of its chief industry, both the US and the UK will take appropriate steps to encourage and facilitate the resumption of large-scale exports of Iranian oil.

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224. Notes on the Remarks of the Ambassador to Iran (Henderson) to the National Security Council Planning Board[1]

Washington, June 25, 1953.

In March 1952 we didn't see how the Mossadegh Government could last out the summer. It had great financial problems. It apparently could not expand its currency and it was without the heavy revenues from oil. As a matter of fact, the government did fall in July and Qavam became Prime Minister. But the Shah did not back Qavam and the mobs forced him out in two days. The Shah apparently withheld his support because he hoped for a leader better from his point of view than either Mossadegh or Qavam. Mossadegh came back to power and

[1] Source: Eisenhower Library, Special Staff File, Box 4. Top Secret; Security Information. There is no drafting information on the notes.

was very much stronger than before. He was granted full powers for six months by the Majlis, the legislative assembly. Mossadegh, in order to finance the government, started issuing currency. We estimate that so far he has issued about 3,500,000 rials.

When I (Mr. Henderson) spoke to the Planning Board last November, I was hopeful that an oil agreement would be achieved which would preserve the basic existing principles of international commercial intercourse.[2] The U.S. favored a lump-sum settlement which would not detail reasons, to avoid the argument of whether compensation should be made for loss of future profits. By mid-January of this year Mossadegh's statements gave us some hope, but then he and his three advisers, all of whom are unfriendly to the West and very nationalistic, considered the plan and rejected it. They offered counter-proposals. On February 20 we presented the most liberal proposal so far. On March 20 it was rejected.[3]

Mossadegh did not listen to the other political leaders in Iran, and this alienated them, including Kashani. Mossadegh came to believe that the Shah was backing these oppositional elements. In January, therefore, he began making demands on the Shah. First, he demanded that the Shah give up his role as commander-in-chief of the armed forces. Secondly, he attacked the use the Shah was making of Crown lands. The Shah was using the funds from these lands for charity in the name of the Crown, and giving the lands away gradually in a land reform movement. Mossadegh, a big landowner himself, believes in the traditional landowning institutions and didn't like this royal example. He demanded that the Crown lands be turned over to the nation, and that the profits be given to charity in the name of the nation rather than in the name of the Crown. Thirdly, he demanded that certain religious shrines in the custody of the Shah, from which considerable funds are derived, be turned over to an appointee of the Prime Minister. A man named Ala is one of our best friends in Iran. He was at one time the Iranian Ambassador to the U.S. and for many years Court Minister (adviser to the Shah), but has now been forced out of power. This man advised the Shah not to give way to Mossadegh's demands. The Shah was

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[2] An apparent reference to Henderson's participation in the NSC Senior Staff meeting of December 6, 1952. See Document 150.

[3] In telegram 3296 from Tehran, February 20, Henderson reported on Mosadeq's reaction to the Anglo-American joint proposals for settlement of the oil dispute presented to the Iranian Government on February 20. "Referring to proposals in general he said he was afraid he would have to reject them primarily because of terms reference; nevertheless he did not (rpt not) wish do so without discussion with his advisers." (National Archives, RG 59, Central Files 1950–1954, 888.2553/2–2053) Despatch 780 from Tehran, March 24, contains the text of Mosadeq's radio address of March 20 discussing the oil dispute and the reasons for his rejection of the February 20 proposals. (Ibid, 888.2553/3–2453) See also Document 157.

unwilling to accede to Mossadegh, and yet was unwilling to test his own power. He planned to leave the country on February 28. The Communists (Tudeh Party) put out anti-Shah leaflets. We believe that the Shah, despite his weaknesses, is a factor for Iranian stability. And so, as the hour for his scheduled departure came closer, I telephoned the Shah. He said he expected to leave in two hours. Then I called Mossadegh, and asked him to remove the pressure on the Shah to leave. Mossadegh charged me with interfering with Iranian internal affairs, but we both understood each other. Mossadegh did not budge. A large mob, favorable to the Shah, surrounded his palace, kept him from leaving, and then attacked Mossadegh's residence. Mossadegh went to the Shah and asked him what they should do. The Shah decided to leave the question up to the Majlis and his indecision again cost him the situation. Mossadegh told me later that there had been an attempt on his life, but I don't take this seriously as the Shah has "old-fashioned ideas against assassination". After this crisis blew over, Mossadegh presented a memorandum to the Majlis transferring the powers of the Shah to him. It still has not been acted upon.

An important time for Iran is near. Next month a new president of the Majlis is due to be elected. The incumbent president, Kashani, is opposed by Mossadegh. Having only 30 votes out of 80 in the Majlis, Mossadegh's National Front is going to prevent a quorum by absenting themselves.

I saw Premier Mossadegh the day I left and was asked for U.S. aid. This despite his previous declaration that he would never ask the U.S. for aid. The reason for this change of heart is that, while the internal situation in Iran is satisfactory, the foreign exchange balance is critical. Last year a good crop helped this foreign exchange picture. And Point Four has been very helpful to Iran, giving it sugar which otherwise would cost scarce dollars.

It is impossible for the U.S. to give further aid to Iran at this time because of what it would do to our relations with the British. A real crisis again is impending. But it is hard to say what will happen, because the Iranians are very lucky. For the last hundred years they have made out somehow, despite their own ineptness. Right now the Communist "peace offensive" is helping them, since it is relaxing the pressure from the Tudeh Party.

It is my opinion that there is no hope of settling the oil problem so long as Mossadegh is in power.

[This concluded the statement by Mr. Henderson.][4]

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[4] Brackets in the original.

225. Editorial Note

Kermit Roosevelt's memoir of Operation TPAJAX, *Countercoup: The Struggle for the Control of Iran,* opens with an account of a high-level meeting at the State Department on June 25, 1953. At this meeting, Roosevelt wrote that he gave a presentation based on the "London Draft" plan of June 19 (see Document 221) to Secretary of State Dulles, Secretary of Defense Wilson, Director of Central Intelligence Dulles, Under Secretary Smith, Deputy Under Secretaries Murphy and Matthews, Director of the Policy Planning Staff Bowie, Assistant Secretary Byroade, and Ambassador Henderson. It was at this meeting, according to Roosevelt, that he obtained high-level approval for the operation. No official record of this meeting has been found. Neither the classified study of TPAJAX by Donald Wilber, *Overthrow of Premier Mossadeq of Iran* (CSHP 208), nor the Claude H. Corrigan study, *The Battle for Iran* (MISC–16), mentions such a meeting, although the Wilber study does mention that the above-named individuals were aware that an operational plan was in progress. A chronology entitled "Significant Dates in Implementation TPAJAX Project," signed by Waller and Roosevelt and initialed by DCI Dulles, makes no mention of a June 25 meeting at the Department of State. Indeed, this chronology indicates that the "Department of State and the British Foreign Office granted authorization for the implementation of TPAJAX operation" on July 11. A handwritten addition to the chronology, made apparently by Waller, indicates that the "DCI also obtained approval of President" on July 11. No written authorization from the President has been found. (Central Intelligence Agency, DDO Files, Job 80–01701R, Box 3, Folder 12, Misc. Correspondence—TPAJAX) See also Document 232.

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226. Editorial Note

In a letter to Sir James Bowker of the British Foreign Office, June 26, 1953, Sir Roger Makins, British Ambassador to the United States, described his conversation with Ambassador Henderson on June 25 in Washington. Henderson said that he had concluded that one could not deal with Mosadeq and added that only the emergency powers accorded Mossadeq after the July 1952 political crisis had enabled him to survive. Makins and Henderson then discussed alternatives to Mosadeq. This section of Makins' letter reads as follows:

"An alternative solution might be found through the Amini brothers who, he said, were growing rapidly in authority and ambition. He personally did not trust the brother who was Minister of Court. The brothers were trying to work in both with the Shah and Mussadeq. They were in touch through Qashquais [*sic*] with Kazemi. Henderson thought they would not hesitate to doublecross both the Shah and Mussadeq.

"Asked what the Aminis might do, Henderson tentatively suggested that they might get rid of the present Shah and put in his place the young son of the Shah's third brother who, I understand, is the only member of the family with Kajar blood in him. They would then set up a regency and hope to enjoy power for many years until the boy grew up, when they could decide what to do with him. Henderson repeated that he did not like this solution very much owing to his distrust of the Amini. While the brothers were at present pretending to be on the Western side, he thought the family were just as likely to doublecross us as the Shah and Mussadeq." The full text of this letter is in the British National Archives, Files of the Ministry of Fuel and Power, POWE 33/2087.

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227. Memorandum of Conversation[1]

Washington, June 26, 1953.

Memorandum of Conversation Between

Brigadier General H. Norman Schwarzkopf, Administrative Director, Department of Law and Public Safety for the State of New Jersey, and Mr. John H. Waller, CNEA/4

I. Without revealing any specifics of TPAJAX, Mr. Waller outlined to General Schwarzkopf latter's proposed role with [*cryptonym not declassified*].

II. General Schwarzkopf indicated complete willingness to cooperate in any way with the U.S. Government. Specifically, he explained his willingness to undertake the sort of mission outlined in TPAJAX. He requested the following in the event the proposed trip to Iran materialized:

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[1] Source: Central Intelligence Agency, DDO Files, Job 80–01701R, Box 3, Folder 7, TPAJAX Vol. I. Top Secret; Security Information.

A. That he be fully briefed on the political situation and the specific plan of which he is a part.

B. That he be allowed to represent himself notionally to [*cryptonym not declassified*] as Major General instead of his actual rank of Brigadier General. He explained that this request was motivated by prestige reasons and explained that the Iranians, including [*cryptonym not declassified*], who are exceedingly rank conscious, would attach a disproportionate degree of importance to this point.

C. That he be allowed to offer some explanation of his trip to Governor Driscoll of New Jersey and the Attorney General for the State of New Jersey for whom he presently works. At Mr. Waller's request, he promised to say nothing at this time to either of the above officials but wanted to give them as much advance notice as possible before his departure.

III. [*1 paragraph (2 lines) not declassified*]

A. It be arranged that the Pakistan Government invite him to Karachi for the purpose of giving advice on police and security matters.

B. He visit the Sheikh of Kuwait as notional representative of a police equipment corporation and attempt to negotiate a substantial sale of police equipment to the Sheikh of Kuwait.

IV. General Schwarzkopf was amenable to either of the above suggestions or a combination of both. He had no alternative suggestions to make at this time.

Drafting Officer's Note: Since General Schwarzkopf must make some explanation to Governor Driscoll and the Attorney General for New Jersey, suggestion (A) above would appear preferable because sales representative cover, which ostensibly represents private enterprise, would make it more difficult for General Schwarzkopf to justify an absence from work.

V. General Schwarzkopf wanted KUBARK to know the following as it might have a bearing on his mission:

A. Prior to General Schwarzkopf's departure, then Chief of Staff Razmara, who was jealous of General Schwarzkopf's command power over the Persian Gendarmérie and who desired that the Gendarmérie be largely absorbed by the Army, to some degree poisoned [*cryptonym not declassified*] mind against General Schwarzkopf. The result of this was that General Schwarzkopf's relations with [*cryptonym not declassified*] were slightly strained at the time of former's departure. Furthermore, while [*cryptonym not declassified*] was visiting the U.S. in 1949, General Schwarzkopf attempted to see him but was unsuccessful. This could be attributed to the tight schedule which [*cryptonym not declas-*

sified] was maintaining, but could also possibly represent coolness toward General Schwarzkopf.

John H. Waller

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228. Letter From the Chief of the Near East and Africa Division, Directorate of Plans, Central Intelligence Agency (Roosevelt) to the Chief of Station in Iran ([*name not declassified*])[1]

[*text not declassified*] 804 Washington, June 29, 1953.

Dear [*name not declassified*],

It appears to be more or less decided that I shall proceed to Tehran for the culminating phases of TPAJAX. Ascham has made the reservation that if my presence should arouse undesirable publicity prior to culmination, I could still be withdrawn. Presumably [*cryptonym not declassified*] will agree to this.

It seems to me that I should arrive at about the same time that Roach[2] does, since the course of his conversation with [*cryptonym not declassified*] is likely to present us with the necessity for making most crucial decisions. There should be time to consult headquarters about such decisions, but I would like to be able myself to receive a detailed first hand account of the conversation or conversations. According to present estimates, that would mean that I should be present in Tehran for something approximating three weeks. (My hope is that if all goes well, the time table could be speeded up, but obviously we cannot count on this.)

I have been giving considerable thought to the ways in which my visit might be handled and I would very much appreciate any views that you and others would care to offer. Perhaps you could send me a note [*less than 1 line not declassified*] giving any suggestions that you have. I will of course keep you fully informed on the timing of my movements.

It seems to me that we must decide at the beginning whether we are going to try to keep the visit more or less secret or, if that is considered to be a hopeless undertaking, whether we should not aim for the casual note from the very beginning. If the latter course is to be fol-

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[1] Source: Central Intelligence Agency, DDO Files, Job 80–01701R, Box 3, Folder 7, TPAJAX Vol. I. Secret. Sent by air as [*text not declassified*] on June 29.

[2] In the margin next to the word "Roach" is handwritten: "Schwarzkopf."

lowed, I do not think that I should start out by staying with KUCLUB personnel in the Compound. I should think it might be more logical for me to spend a little while visiting someone in Shimran and then perhaps move down to the Compound as a matter of convenience. I quite agree that I should not stay [*less than 1 line not declassified*]. I think it would be better if I did not stay in any one place too long and as long as I have only casual infrequent meetings with other than station personnel, there would be no reason for any one person to realize the length of my stay. A cultivated air of boondoggling might also help. Perhaps I should go, or at least appear to go, for a few days shooting. Perhaps illness would be the best arrangement for at least part of the time. I could arrive for a few days visit and then have to stay on because of sickness. I do think that, if we put our minds to this, between us we should be able to work out something that can make my stay relatively inconspicuous.

I believe that there is a slight and so far unacknowledged difference of opinion as to whether or not I am to be in direct contact with any principals during my visit. The request from [*cryptonym not declassified*] that I be made available for this assignment mentioned the desirability of having someone on the spot who could stiffen any characters who begin to waiver at the last minute. My own feeling and that of Ascham is that I should not see any of the locals, except in case of emergency where I felt that my own appearance in the picture could make a sufficient difference to warrant the risk. I would appreciate your views on this point also. Presumably we will overlap for a few days in Tehran and can discuss this matter then. Incidentally your departure could provide a perfectly plausible reason for my initial visit.

I trust you have come up with some constructive ideas as to how we can get rid of [*cryptonym not declassified*]. Head [*less than 1 line not declassified*] feels that this can be left to [*cryptonym not declassified*] but I think that [*less than 1 line not declassified*] may need some assistance. I feel also that if we could arrange for [*less than 1 line not declassified*] to be away during the days of decision, it would be most helpful. During our discussions [*less than 1 line not declassified*] we had not anticipated that [*less than 1 line not declassified*] would be present and I must admit that [*less than 1 line not declassified*] return came as an unexpected blow to me. We should also be giving some advance thought to [*cryptonym not declassified*] further travels. [*2½ lines not declassified*]

With best regards,

Kermit Roosevelt[3]

[3] Printed from a copy that bears this typed signature.

229. Letter From Director of Central Intelligence Dulles to the Administrative Director of the Department of Law and Public Safety in New Jersey (Schwarzkopf)[1]

Washington, June 30, 1953.

Dear General Schwarzkopf:

Mr. Waller has filled me in fully on his meeting with you. I wish to express my sincere gratitude for your willingness to co-operate.[2] Individuals such as yourself who have long records of achievement and devotion to the national service are those to whom we thankfully turn in time of need.

Mr. Waller will get in touch with you as soon as plans have progressed to the point that we can begin briefing you and establish your definite date of departure. I realize that you will want to clear your departure with the Governor and Attorney General at the earliest possible date. We will give you guidance as to when and how this should be done consistent with maximum security.

Sincerely yours,

Allen W. Dulles[3]

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[1] Source: Central Intelligence Agency, DDO Files, Job 80–01701R, Box 3, Folder 12, Misc. Correspondence—TPAJAX. Personal and Confidential. Drafted by Waller.

[2] See Document 227.

[3] Printed from a copy that bears this typed signature.

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230. Telegram From the Department of State to the Embassy in Iran[1]

Washington, June 30, 1953, 1:20 p.m.

3295. Following is message from President to Mosadeq:

"Dear Mr. Prime Minister:

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[1] Source: National Archives, RG 59, Central Files 1950–1954, 888.2553/6–3053. Secret; Security Information. Drafted by Richards; cleared in draft in E, BNA, G, and S; and approved by the President.

I have received your letter of May 28[2] in which you described the present difficult situation in Iran and expressed the hope that the United States might be able to assist Iran in overcoming some of its difficulties. In writing my reply which has been delayed until I could have an opportunity to consult with Mr. Dulles and Ambassador Henderson, I am motivated by the same spirit of friendly frankness as that which I find reflected in your letter.

The Government and people of the United States historically have cherished and still have deep feelings of friendliness for Iran and the Iranian people. They sincerely hope that Iran will be able to maintain its independence and that the Iranian people will be successful in realizing their national aspirations and in developing a contented and free nation which will contribute to world prosperity and peace.

It was primarily because of that hope that the United States Government during the last two years has made earnest efforts to assist in eliminating certain differences between Iran and the United Kingdom which have arisen as a result of the nationalization of the Iranian oil industry. It has been the belief of the United States that the reaching of an agreement in the matter of compensation would strengthen confidence throughout the world in the determination of Iran fully to adhere to the principles which render possible a harmonious community of free nations; that it would contribute to the strengthening of the international credit standing of Iran; and that it would lead to the solution of some of the financial and economic problems at present facing Iran.

The failure of Iran and of the United Kingdom to reach an agreement with regard to compensation has handicapped the Government of the United States in its efforts to help Iran. There is a strong feeling in the United States, even among American citizens most sympathetic to Iran and friendly to the Iranian people, that it would not be fair to the American taxpayers for the United States Government to extend any considerable amount of economic aid to Iran so long as Iran could have access to funds derived from the sale of its oil and oil products if a reasonable agreement were reached with regard to compensation whereby the large-scale marketing of Iranian oil would be resumed. Similarly, many American citizens would be deeply opposed to the purchase by the United States Government of Iranian oil in the absence of an oil settlement.

There is also considerable sentiment in the United States to the effect that a settlement based on the payment of compensation merely for losses of the physical assets of a firm which has been nationalized would not be what might be called a reasonable settlement and that an

[2] See footnote 8, Document 218.

agreement to such a settlement might tend to weaken mutual trust between free nations engaged in friendly economic intercourse. Furthermore, many of my countrymen who have kept themselves informed regarding developments in this unfortunate dispute believe that, in view of the emotions which have been aroused both in Iran and the United Kingdom, efforts to determine by direct negotiation the amount of compensation due are more likely to increase friction than to promote understanding. They continue to adhere to the opinion that the most practicable and the fairest means of settling the question of compensation would be for that question to be referred to some neutral international body which could consider on the basis of merit all claims and counter-claims.

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 to 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.

Please accept, Mr. Prime Minister, the renewed assurances of my highest consideration."

Foregoing should be delivered to Prime Minister soonest with oral explanation telegraphic transmission used in view fact Ambassador Henderson not returning Iran immediately.

Unless released by Prime Minister existence and substance this message should be held secret.

Dulles

231. Monthly Report Prepared in the Directorate of Plans, Central Intelligence Agency[1]

Washington, undated.

IRAN

June 1953

A. *General Developments*

1. On the surface the internal political situation showed little change and relative quiet prevailed during the month. In the Majlis where neither Mossadeq supporters nor opposition elements were able to exert control, both elements concerned themselves largely with the imminent election of a Majlis President. Kashani, who is seeking re-election, Qanatabadi, a leading Kashani supporter, made violent attacks on the Mossadeq government.

2. While the relative strengths of the Mossadeq supporters and the opposition showed no positive change, new cracks in Mossadeq's political armor were, however, indicated. The Qashqai Khans, staunch backers of Mossadeq, intimated a willingness to throw their support against the Prime Minister under certain conditions.

3. The Tudeh Party, whose immediate Iranian target is the Shah, continued to throw its support to Mossadeq. On the occasion of a Mossadeq inspired pro-government mass meeting, the Party demonstrated its ability to assemble and control its followers. The Tudeh assembled 12,000 well disciplined adherents as against 3000 produced by the government. Mossadeq moved to win the support of retired army officers by issuing orders to government departments to give them employment. He has also reportedly improved his relations with the Shah by granting permission for the return of the Queen and other members of the royal family to Iran.

4. Much speculation has been devoted to recent negotiations between Mossadeq and Soviet Ambassador Sadchikov. It has been suggested that these talks concern revision of the 1921 Irano-Soviet agreement, the return of Iranian gold held in the USSR, regulation of disputed boundaries, further increasing of Soviet-Iranian trade, and a general rapprochement between the two countries.

5. No serious internal disturbances occurred during the month, indicating continued effective control by the government security forces,

[1] Source: Central Intelligence Agency, DDO–IMS Files, Job 81–001061R, Box 2, Folder 1, Monthly Report—June 1953—Country Summaries and Analyses. Top Secret; Security Information.

although a generally good harvest probably contributed to the prevailing quiet in the provinces.

6. The government is confronted by mounting economic problems. Faced with continued inflationary tendencies—the rial dropped to 100 to the dollar—the government has placed new restrictions on foreign trade. Mossadeq is reportedly anxiously awaiting the return of Ambassador Henderson, hoping that he will bring some assurances of increased U.S. economic assistance.

B. *Station Synopsis*

[*4 paragraphs (10 lines) not declassified*]

C. *Operational Summary*

Political and Psychological Warfare

[*5 paragraphs (26 lines) not declassified*]

Paramilitary Operations

[*2 paragraphs (4 lines) not declassified*]

[*name not declassified*]

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232. Editorial Note

On July 1, 1953, Kermit Roosevelt received a communication that stated that the British Prime Minister "has approved the plan. The Embassy will be informed by the Foreign Office who will also give the Ambassador their views on an 'acceptable oil settlement'." The communication then inquired into the status of the detailed plans yet to be completed by officials of the Central Intelligence Agency. (Central Intelligence Agency, DDO Files, Job 80–01701R, Box 3, Folder 7, TPAJAX Vol. 1)

233. Despatch From the Embassy in Iran to the Department of State[1]

No. 337 Tehran, July 1, 1953.

SUBJECT

Popularity and Prestige of Prime Minister Mohammed Mosadeq

Introduction

The Embassy has lately been receiving reports tending to indicate that Prime Minister Mosadeq has lost much of the popular support which he previously enjoyed. Without the means or possibility of employing scientific public opinion polling techniques, it is of course impossible to draw definite conclusions, but the comments received may reveal a broad trend.

Original Support and Its Decline

There seems to be no question of the broad base of popular support for Dr. Mosadeq at the time he first took office as Prime Minister. As leader of the struggle against the Anglo-Iranian Oil Company in a country where resentment and even hatred of the British is deep-rooted, Mosadeq could count upon the support of people from all levels of society with but few exceptions. For many months after oil nationalization, the Prime Minister's popularity continually mounted. To the common people, Mosadeq was looked upon almost as a demigod.

The phenomenon of Mosadeq was almost unique in Iran. The figure of a frail, old man, in an Oriental country where age of itself commands respect, who appeared to be successfully winning a battle against tremendous odds, aroused the sympathy of almost all Iranians. In a country where political corruption had been the accepted norm, there now appeared a man whose patriotism and financial honesty were unassailable.

The economic and financial situation of the country, however, continued to worsen and as opposition to him increased, the Prime Minister found it ever more necessary to adopt arbitrary means to silence it. The contradictions in his public statements and promises continued to become more glaringly apparent. While speaking of an "oilless economy" on the one hand the Prime Minister excused his failure to initiate promised reforms on the ground that he could not "fight on two

[1] Source: National Archives, RG 59, Central Files 1950–1954, 788.13/7–153. Secret; Security Information. Drafted by Cuomo. A copy was pouched to London. Received July 10.

fronts". The much promised "oil solution", which was constantly dangled before the people, failed to materialize. More and more demands for dictatorial powers were made, and more and more the Prime Minister was compelled to employ arbitrary and high-handed methods to keep himself in power.

For months Mosadeq failed to leave his residence for fear of his life. He admitted fear of crowds. No longer was he able to address "the people" in parliament square. His speeches were delivered from his bed into a recording machine and played back over Radio Tehran. He did not dare make a public appearance. Mosadeq was no longer the popular hero.

The Prime Minister finally made it clear that he intended to remain in office regardless of popular support. With the backing of a minority of deputies, it was now he who could use the threat of obstructionist tactics. He warned that he would remain in office as long as he had a simple majority in parliament of one-half plus one. He no longer demanded overwhelming votes of confidence. It was clear as well that, if he were not sure of obtaining one-half plus one, his faithful group of deputies could simply hold up proceedings by merely walking out of the parliamentary assembly. He has now gone a step further and threatened the dissolution of the Majlis.

The Shah and Mosadeq

To divert public attention from his failure to solve the oil problem or to consolidate his hold on office or for these, as well as other reasons, Mosadeq precipitated a crisis over the position of the Shah. There seems to be no doubt that the Prime Minister did in fact "suggest" that the Shah leave Iran. There seems to be little doubt also that he had underestimated the Shah's popularity. Whereas the person of Mohammed Reza Shah has relatively little significance in Iran, the monarchic concept is deeply impressed on the minds of the Iranian people. Without here going into details, it is sufficient to note that his failure to rid himself of the Shah represented a major defeat for the Prime Minister. It was the first time since he had come to power that he failed to accomplish, on a domestic issue, that which he had set out to do.

The manifestations of protest against the Shah's departure undoubtedly caused Mosadeq and his entourage to reappraise the position of the Shah, and their efforts to find a modus vivendi resulted in the now well known "Majlis eight-man committee report" limiting the Shah's powers. The Shah's attitude toward Mosadeq has been interpreted by the latter's opponents as "weakness", and the Shah does appear to have discredited himself with some of those who wished him well. However, the opposition now appears to fear the consequences to it of a Shah completely subservient to and a weapon in the hands of

Mosadeq. It is noteworthy that Mosadeq's opponents have not based their attacks against the principle of limiting the Shah's powers, but on the quid pro quo of also limiting those of Mosadeq, i.e., cancellation of the Majlis grant of plenary powers. The Government in turn was careful not to put before the public any such clear-cut issue as a choice between Mosadeq or the Shah.

Present Popularity

As to the Prime Minister's popularity the following comments are revealing. April 7 the Consul at Tabriz sent a message to the Embassy which stated that it was apparent the Prime Minister's hold over Azerbaijan had "weakened visibly" during the previous two months. The Consul noted an increasing amount of publicly expressed opposition to Mosadeq indicating a decline in his personal prestige, and that the attempt of the Prime Minister to undermine the Throne had resulted in increasing the Shah's prestige "to the detriment of Mosadeq".

In a letter dated April 1, 1953, the Consul at Isfahan made the following comment:

"I think I should report that for many weeks now people with whom I have talked have spoken with growing dissatisfaction about Dr. Mosadeq and the 'government' in general. Articulate persons are dissatisfied with lack of accomplishment, non-progress toward settlement of the oil controversy, new taxes and regulations governing foreign commerce. They talk mysteriously of a coming change in Tehran, that matters cannot go on as at present. This comment is not meant to be a public opinion poll, but just a report of comments and the thinking of some of the 'better class' people with whom I have talked."

The Consul at Meshed reported at this time that the people there seemed to want both Mosadeq and the Shah.

In late June the Consuls at Isfahan and Meshed largely confirmed their previous reports. The Consul at Isfahan found the "lower class still supporting Mosadeq", although opposition to him was increasing among the middle and upper classes. He noted, however, that "feeling generally is apathetic". At Meshed the Consul remarked a "swinging back to Mosadeq" on the part of "hedging opportunists", but that "only the Shah is popular with all". The Consul there also stated that Mosadeq's main strength lies in the belief that all other politicians are worse.

In April 1953 the TCI Regional Directors were of the opinion that while the Prime Minister was still able to maintain control of the provinces through his appointees to provincial posts, "his popularity with the general public seems to be undergoing considerable strain . . ." In mid-June these same Directors "were agreed that Mosadeq does not enjoy the same popularity he commanded a year ago . . ."

The tribes, not unusually, are divided in their attitude. The Bakhtiari leaders seem to be strongly opposed to Mosadeq and have been intriguing against him, for which activities several of their leaders are in prison. The Kurdish leaders are resentful over Mosadeq's attempt to impose an agrarian reform measure totally at the expense of the landholders. Violence has broken out on several occasions and it is safe to assume that the Kurds, independent in any event, are not favorably disposed toward the Prime Minister. The Qashqais, notoriously opposed to the Pahlavi dynasty, may be counted upon to support Mosadeq in any move which will weaken the position of the present Shah.

In Tehran the Prime Minister seems to have lost much of his support, although he continues to enjoy a degree of popularity in certain quarters. The bazaar is now divided between allegiance to Mosadeq and allegiance to Kashani and Baqai. Among businessmen generally Mosadeq is heartily disliked, although in this category as well there appear to be important exceptions. For example, exporters are inclined to be more favorably disposed toward him than are importers, as are small local manufacturers whose activities have been stimulated by the shortages in competing foreign products and by inflationary tendencies. The Prime Minister retains the support of the intellectuals of the Iran Party variety, most of whom have found sinecures in the present Government. Nevertheless, the most recent Government sponsored demonstration on June 19 revealed the Government to be surprisingly weak in popular following. Despite the publicity given over Radio Tehran in addition to the vehicles equipped with loud speakers circulating throughout the city of Tehran urging the people to attend the demonstration, there were only between three and five thousand participants, excluding the twelve or more thousand in Tudeh front groups who came for reasons of their own.

The Consul at Tabriz reports that on the same day a rally was also held there, with only an estimated four hundred Mosadeq supporters participating. The demonstrators were forced to disperse by the police when pro-Shah spectators began to hurl stones. The Consul's report concluded: "Rally's small size indicative of the Prime Minister's lack of support in Azerbaijan."

Conclusion

It seems apparent that the personal prestige and popularity of Dr. Mosadeq since his return to office in July 1952 has diminished considerably. His prestige and his position depend more upon the prestige and power that come from control of the Government apparatus such as the security forces, the propaganda media, the job, contract and license giving power. Formerly, his strength sprang from a wide and deep base of popular support, and despite the opposition of key figures within the Government apparatus. As is true in any country, the pres-

tige and popularity of the man in power is closely related to the issues of the moment. In a struggle directly involving the British, Mosadeq could count upon a tremendous following. There could be a temporary rise in Mosadeq's popularity which might in the future come about as a result of some particular issue. However, excepting the remote possibility that he solve some basic problem with which the country is faced, it currently appears unlikely that the downward trend of Mosadeq's popularity—as distinct from his hold over the organs of Government—may be reversed.

For the Chargé d'Affaires ad interim:
Roy M. Melbourne
First Secretary of Embassy

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234. Memorandum Prepared by the Chief of the Near East and Africa Division, Directorate of Plans, Central Intelligence Agency (Roosevelt)

Washington, July 2, 1953.

[Source: Central Intelligence Agency, DDO Files, Job 80–01701R, Box 3, Folder 12, Misc. Correspondence—TPAJAX. Secret. 1 page not declassified.]

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235. Telegram From the Embassy in Iran to the Department of State[1]

Tehran, July 7, 1953, 2 p.m.

42. Had hour's conversation with Amini, Acting Minister Court, this morning covering wide range subjects. He talked very frankly. Following are highlights:

[1] Source: National Archives, RG 59, Central Files 1950–1954, 788.00/7–753. Secret; Security Information. Received at 11:15 a.m.

1. With postponement Emir Saud's visit, Shah again anxious take trip abroad (Embtel 4350 of May 7, 1953).[2] Amini is attempting dissuade. Stated that Shah suspicious by nature was apt to see changes which did not (repeat not) exist and needed reassurance. Could he, Amini, tell Shah that Embassy still felt trip at this juncture a mistake? I told him that my personal opinion was that trip at present juncture would be misconstrued both in Iran and abroad.

2. Time was approaching when he felt that his brother, Mahmud Amini, should be made chief of staff. Present incumbent, Riahi, was too close to Iran party and its leftish sympathies. I observed that this seemed purely internal Iranian affair. Without passing on relative merits of officers wished state that ARMISH had reported increased cooperation since Riahi made chief of staff. Similarly GENMISH had found Brigadier Amini most cooperative. Minister Court then stated perhaps change not (repeat not) necessary.

3. Amini then stated he thought that US promise of say 100 million dollars (even though that amount not (repeat not) forthcoming) could move Mosadeq to get rid of extremist advisers and to save country from plight which faced it. I explained in some detail why, in absence of oil settlement, substantial US aid impracticable. Said that while not (repeat not) familiar with details Ambassador Henderson's consultations Washington, I had no (repeat no) reason be optimistic anything more than present scale aid envisaged. Amini said that in these circumstances perhaps time had come to overthrow Mosadeq. I replied this again internal matter but my understanding was that Shah insistent that any change be by constitutional methods and that recent parliamentary elections seemed to have strengthened Mosadeq's hold on Parliament. Amini concurred. I also added that disturbances attendant upon non-parliamentary changes might be seized upon by Tudeh with results chaotic for Iran.

4. Amini said that if there was no (repeat no) solution to Iran problems other than eventual control by Tudeh, perhaps it was time to lay plans for "armies of the south". I said this new subject to me. He generalized that he envisaged cooperation between army and tribes in south to secure area in Iran where constitutional monarchy could exist if worst happened.

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[2] In telegram 4350 from Tehran, May 7, Mattison reported on Minister of Court Amini's attempt to enlist U.S. financial and economic support should he persuade Mosadeq to (a) settle his differences with the Shah, (b) allow Amini and his friends to gain control of the security forces, and (c) distance himself from the Iran Party. Henderson commented that Amini's statements "tend confirm Embassy's suspicion the family associates engaged in what appears to be superior type Persian intrigue." (Ibid., 788.00/5–753)

5. I changed subject by asking him what he could tell us re current Soviet attitude towards Iran. He told me Prime Minister had shown him all telegrams on subject and assured him no (repeat no) decisions would be made without full consultation with Shah. Although vague on specific nature discussions, Amini said he did not (repeat not) see that there was much to discuss with USSR. Nothing particularly wrong with 1921 treaty since it had helped keep British out. Border adjustments of little use since USSR could always move back when it felt like it. Gold held by USSR belonged to Iran in any case. Therefore he felt best policy for Iran was to string along Soviets without making any commitments.

6. Sadchikov insisting on having farewell audience with Shah. Since Sadchikov has worked against Shah for seven years, neither he nor Amini inclined to grant request although realizing that protocol requires request be granted. Shah has sent word he will come to Tehran to discuss problem with Amini.

7. Amini suggested it might be good for me to see Shah. I replied this would give me personal pleasure, but felt that unless presently unforeseen circumstances resulted in substantial delay, it might be better for Ambassador to have audience upon his return.

Mattison

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236. Memorandum From the Chief of the Near East and Africa Division, Directorate of Plans, Central Intelligence Agency (Roosevelt) to Mitchell[1]

Washington, July 8, 1953.

1. In response to [*cryptonym not declassified*] query regarding our ability to neutralize Qashqai support of Mossadeq, we have on this date received the following assessment from Tehran. This assessment was arrived at after conversations with Qashqai leaders. Although the Qashqai position as described below may be subject to change in the future it is believed to be accurate at this time.

A. The Qashqai principal political assets at this time are represented by:

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[1] Source: Central Intelligence Agency, DDO Files, Job 80–01701R, Box 3, Folder 12, Misc. Correspondence—TPAJAX. Secret. The recipient is referred to as "Mr. Mitchell" in the original and is not further identified.

(1) The confidence that their past support has inspired in Mossadeq.
(2) Their influence over General Mahmud Amini.
(3) Their "control" of key military figures in Fars and Khuzistan.
(4) Their influence in the National Movement fraction.

B. Qashqai current intentions:

(1) The Qashqai principal Khans including Nasser Khan intend to continue to back Mossadeq against all opposition. At this time even strong U.S. pressure on the Qashqai Khans would not cause latter to alter this position.
(2) The Qashqai Khans who are working closely with General Mahmud Amini intend to use their proximity to Mossadeq to build their own political fences in preparation for an eventual but not imminent bid for power.
(3) The Qashqai Khans do not take seriously Zahedi's opposition and feel that latter has little or no chance of winning out in a test of strength with Mossadeq.

C. Qashqai estimate of Mossadeq's strength:

(1) Mossadeq is the only strong political figure in Iran.
(2) Mossadeq has the confidence of all people except a few disgruntled aristocrats.
(3) Mossadeq cannot be ousted at this time.

2. Conclusion:

In our opinion the Qashqai Khans find it expedient to support Mossadeq and cannot be expected to withdraw this support until Mossadeq's position becomes materially weaker and some other political figure emerges to pose a strong threat to Mossadeq's position; or until the Qashqais themselves feel strong enough to make a bid for power.

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237. Telegram From the Embassy in Iran to the Department of State[1]

Tehran, July 13, 1953, 11 a.m.

74. Belgian Minister who had audience with Shah yesterday tells me in strict confidence that Shah still very strongly desires to take trip

[1] Source: National Archives, RG 59, Central Files 1950–1954, 788.11/7–1353. Secret; Security Information. Received at 7:45 a.m.

(re my 42, July 7)[2] and is endeavoring arrange with Italian Government for invitation.

However, CAS source close to Shah states that Shah much heartened by Eisenhower–Mosadeq exchange and feels that British and US positions now clearly together.

It is possible Shah either telling different stories to different people in order keep situation confused or that this represents but further evidence Shah's vacillation.

Mattison

[2] Document 235.

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238. Memorandum From the Chief of the Near East and Africa Division, Directorate of Plans, Central Intelligence Agency (Roosevelt) to Mitchell[1]

Washington, July 14, 1953.

1. Following received 13 July:

Source: Individual with good political contacts but heavily biased against Mossadeq. B–2.

"A. National Movement Fraction held stormy two hour session 12 July with following results:

(1) Mossadeq wants Fraction to boycott future meetings Parliament and Mossadeq proposes call referendum to determine whether 'people' desire him continue in office.

(2) Razavi opposed this procedure declaring he supported Mossadeq 'up to now' but he not willing close Majlis.

(3) Argument over issue grew so intense that meeting was adjourned to 10 a.m. 13 July.

B. Following session reported A above Makki met privately with Moazami and Razavi, the three agreed that Pres. Eisenhower's letter[2] had seriously weakened Mossadeq's position. Moazami and Razavi

[1] Source: Central Intelligence Agency, DDO Files, Job 80–01701R, Box 3, Folder 12, Misc. Correspondence—TPAJAX. Secret. The recipient is referred to as "Mr. Mitchell" in the original and is not further identified.

[2] Document 230.

said 'if situation so bad' they willing 'get rid' of Mossadeq but they would insist Mossadeq be replaced by some member Natl. Front. Makki urged that decision be delayed until after 30 Tir (21 July) anniversary Qavams effort overthrow Mossadeq.

C. At private interview with Mossadeq 12 July, latter told Massoudi, the publisher of *Ettelaat:*

(1) 'very angrily' that Eisenhower letter 'did not hurt Iran, but it did hurt American prestige in Iran, very much.'

(2) The govt. 'is prepared' for mass demonstrations expected 30 Tir (July 21).

(3) That Mossadeq has no intentions of going to Majlis 14 July for scheduled interpellation because 'they (the opposition) want to kill me.' Instead Mossadeq plans close Majlis and call for public referendum.

Source commented: Eisenhower letter has had tremendous impact and Parliament press people and foreign policy now turning against Mossadeq. His position is most critical of career. Only weapon left to him is power of arrest. I expect mass arrests of opposition to begin from 14 July. Any attempt by Mossadeq to close Majlis 'sure' to alienate deputies; 'They don't want to lose their jobs and positions of influence.'

2. Following received from station 13 July:

"Current developments possibly affecting plan:

1. Mossadeq threatening dissolve Majlis and hold referendum.

2. National Movement Fraction reported believe govt. must answer interpellation but to avoid joining opposition on this issue are rumored preparing resign or absent selves from Majlis.

3. Mossadeq possibly to 'permit' demonstrations which would be anti-American in character.

4. Within 48 hours Mossadeq will go on radio and take case to people.

5. Press calling for expulsion Point Four Director Warne and Embassy Press Attaché Bruce, closing U.S. Embassy and other U.S. installations and charging U.S. has joined British against Iran.

6. Tudeh sponsored Youth Festival of several thousand which convened July 9 still in session.

7. Tudeh has set up 'Board of July 21 Anniversary' resolved to organize a common demonstration."

3. On night of 11 July [*less than 1 line not declassified*] stated following to station:

"A. Opposition greatly encouraged by Eisenhower letter.

B. Independent Deputy Fakhr attempting establish contact Zahedi's son who expected meet Fakhr night of 13 or 14 July.

C. Zahedi has had attack rheumatism and gout with which he plagued for number years but now in good health and spirits.

D. Mossadeq 11 July sent 'urgent secret instructions' to Minister Finance to pay Ministry Interior rials two hundred thousand (Dollars two thousand) 'for printing the papers.' Opposition believes this refers to forms for referendum which Mossadeq believed planning to hold in effort gain expression popular backing."

4. Following report received, dated 12 July, from source believed reliable:

"1. Station representative asked whether any basis to rumor Shah intends go abroad. Source stated Shah very much encouraged by Eisenhower letter, believes his absence from Iran at this time not advisable and is even supported in this view by Queen who now recognizes her own recent trip Spain grave mistake. If Mossadeq renews pressure Shah would merely return Caspian until storm over.

2. Should Mossadeq request Shah take initiative dissolve Majlis Shah would refuse. It is however doubted very much whether Mossadeq would present such request to Shah as this would be recognizing Shah has authority 'rule' rather than 'reign'."

5. Following report dated 14 July [*less than 1 line not declassified*]:

"1. Pro-govt. officials in Tehran post office department destroying all copies opposition newspapers mailed to provinces.

2. Opposition in Majlis now consists 20 deputies firmly committed to and 11 deputies cooperating with Zahedi.

3. Independent Deputy Fakhr and National Movement Deputy Khosrow Qashqai now 'wavering' toward opposition."

239. Memorandum From the Chief of the Near East and Africa Division, Directorate of Plans, Central Intelligence Agency (Roosevelt) to Mitchell[1]

Washington, July 15, 1953.

1. Mossadeq's reason for resignation of National Movement fraction from Majlis:[2]

Felt he could not control Majlis much longer and felt it focal point mounting criticism his government.

2. Opposition reaction must be:

Stress every way point that what is left of Majlis is legal government of country, its democratic center as opposed Mossadeq's illegal dictatorship.

3. All points which follow should have some bearing on Item 2 above.

4. What is present status of Majlis?

We think a fairly good case can be made out for considering remaining members to be a Majlis in fact, or at least in legal theory.

The Majlis should have 136 members. This time Mossadeq stopped the elections when only 80 had been elected. When ⅔ of 80 assembled in Tehran had session opened by Shah, named temporary officers and started approving credentials of each other. When ¾ of deputies credentials approved then permanent officers (for one year) elected and committees chosen. At that time no one challenged legality of session on basis that it did not have 136 members or any proportion of 136. Since that time it has been meeting on the 80 basis as follows:

⅔ of 80, or 52, must be present to begin debates
¾ of 80, or 60, must be present to take a vote on a motion or a bill
A majority (½ plus 1), or 41, may pass bills or motions.

5. Mossadeq and his supporters will probably say that the Majlis is finished because it does not have enough members for a quorum.

6. Mossadeq may want to legally dissolve the Majlis to support Item 5 above. According to Article 48 (as amended) only the Shah has authority to dissolve the Majlis. Mossadeq may claim that his full powers bill gives him this authority, but if he does so he is sure to lose many supporters.

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[1] Source: Central Intelligence Agency, DDO Files, Job 80–01701R, Box 3, Folder 12, Misc. Correspondence—TPAJAX. Secret. The recipient is referred to as "Mr. Mitchell" in the original and is not further identified.

[2] The National Front deputies in the Majlis resigned on July 15. See *Foreign Relations,* 1952–1954, vol. X, Iran, 1951–1954, pp. 735–736 (Document 333).

7. Our program should be as follows:

a. Arrange that as many as possible of the opposition deputies take bast[3] in the Majlis.

b. Have as many as possible of the opposition deputies declare that the Majlis is still alive and will carry on its business.

8. To implement this program we must be prepared to carry out the following actions:

a. The Shah must *not* be allowed to dissolve the Majlis by decree.

b. According to Supplementary Article 69, the Majlis has the duty of denouncing to the Supreme Court offenses committed by Ministers. According to Supplementary Article 60 the Ministers must appear before the Majlis every time they are summoned to do so. Thus the remaining Majlis should summon Dr. Mossadeq and when he refuses to come should denounce this offence, and others, to the Supreme Court.

b [*c*]. According to Supplementary Article 67 when the full majority of the Majlis is dissatisfied with a cabinet or a minister, the cabinet or minister is considered as dismissed. The remaining element of the Majlis should be prepared to take this vote when so instructed.

d. According to Supplementary Article 54, the Shah may order an extra ordinary meeting of the Majlis. We must be prepared to have him order such a meeting, to which all those deputies who have illegally resigned would be invited.

e. It is probable that the resignation of the National Movement fraction will not have been done in a legal fashion since such resignations have to be properly referred to a committee and then passed on by the body of the Majlis. Thus, we should emphasize that they are still members. Here a formula might be for the remaining elements of the Majlis to meet, elect permanent officers, and then declare that all deputies not attending sessions were legally excused from such attendance. This should solve the problem of a quorum, since the quorum of the Majlis is based upon the number of deputies, minus those whose absence has been excused by the Majlis.[4]

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[3] The Farsi word "bast" translates as "sanctuary."

[4] In another memorandum of the same day, Roosevelt commented that "now incline believe if we able stress National Movement not legally resigned and still members then can have Shah call session at time required by plan. Also feel immediate bast by members fits into best concept of plan." (Central Intelligence Agency, DDO Files, Job 80–01701R, Box 3, Folder 12, Misc. Correspondence—TPAJAX)

240. Memorandum From the Chief of the Near East and Africa Division, Directorate of Plans, Central Intelligence Agency (Roosevelt) to Mitchell[1]

Washington, July 16, 1953.

The following was received 15 July:

1. Zahedi claims to have following military assets, and has following plan of action:

2. Military figures to take active part:

A. Col. Timur Bakhtiar, temporary milgov Isfahan and Khuzistan.

B. Col. H. Akhavi, Chief Army Transport.

C. Gen. Derakshan, Asst. Chief Police.

D. Gen. Daftari, Commander Customs Guards.

E. Col. Nasiri of Imperial Guard.

3. Plan action (assuming Shah's cooperation).

A. Since Zahedi unwilling "political suicide" by extra-legal move, he expects gain legal status for move in one of following ways:

(1) Shah to appoint Zahedi Prime Minister on grounds that Mossadeq forfeited office by "unconstitutional acts".
(2) Shah to dismiss Mossadeq without appointing successor; Zahedi temporary Military Governor "pending selection of Prime Minister by Majlis".
(3) Shah appointment Zahedi to replace Riahi as Chief Staff; immediate arrest Riahi by Zahedi.
(4) Shah's appointment Zahedi Minister Court; immediate isolation Amini, present Min Court.

B. Implementation of one of above would trigger following series operations:

(1) Two gordons (battalions) Shah's Imperial Guard (ie apparently the entire Guard) under Col. Nasiri, secure area around Royal Court and Prime Minister's home, arrest Mossadeq and entourage.
(2) Transportation units under Col. Akhavi take over radio Tehran and Army radio.
(3) Imperial Guards, police under Derakshan, and Customs Guards (station note: very small group) control streets overnight.
(4) Next morning, 10 battalions troops from provinces (station note: presumably under Col. Bakhtiar) arrive in Tehran to support new govt.

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[1] Source: Central Intelligence Agency, DDO Files, Job 80–01701R, Box 3, Folder 12, Misc. Correspondence—TPAJAX. Secret. The recipient is referred to as "Mr. Mitchell" in the original and is not further identified.

C. To prevent possibility Shah might weaken during "take over" and order troops out of action (as during Qavam incident year ago) Zahedi proposes remain constantly at Shah's side until crisis past.

4. Zahedi claims success in gaining any one of four legal acts (para 3A) would assure him immediate backing Army and Tehran Mil Gov Ashrafi. Without one of legal acts he unwilling make any move.

5. [*less than 1 line not declassified*] Zahedi has selected key figures and deputies proposed govt with exception Chief Staff who probably one of following:

A. Gen. Batmanqlich (favored by Zahedi).

B. Gen. Vosak, former Chief Gendarmérie.

C. Gen. Hedayatl, former Min Defense.

D. Gen. Ali Reza Jahanbani, former Chief Sports Clubs.

[*2 paragraphs (9 lines) not declassified*]

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241. Memorandum From the Chief of the Near East and Africa Division, Directorate of Plans, Central Intelligence Agency (Roosevelt) to Mitchell[1]

Washington, July 16, 1953.

Following was received 15 July:

1. Tehran Station proposes holding off until after 21 July active campaign build up Zahedi as logical Mossadeq successor. This decision based on possibility that show of hands before scheduled demonstrations inspire Mossadeq use street mobs to destroy or intimidate Zahedi followers.

2. In attempt limit size demonstration Station intends:

A. Instruct opposition forces [*less than 1 line not declassified*] remain in homes 21 July in protest Tudeh participation in mourning for Nationalist martyrs of Qavam incident year ago.

B. Plant in controlled press of 19 and 20 July announcements that observance ceremony to be at martyrs gravesides in Rey—not in downtown Tehran. This should appeal Iranian sense of dramatic and Station

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[1] Source: Central Intelligence Agency, DDO Files, Job 80–01701R, Box 3, Folder 12, Misc. Correspondence—TPAJAX. Secret. The recipient is referred to as "Mr. Mitchell" in the original and is not further identified.

hopes it result in lessening attendance at downtown demonstration thus reflecting on Mossadeq drawing power.

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242. Memorandum From the Chief of the Near East and Africa Division, Directorate of Plans, Central Intelligence Agency (Roosevelt) to Mitchell[1]

Washington, July 17, 1953.

Following received from station 16 July:

1. According one Opposition deputy "resignation" of independent and Opposition deputies 15 July—following similar action by members pro-Mossadeq National Movement Fraction—was "considered" act of strategy aimed at heading off public referendum by Mossadeq.

2. Opposition deputy explained thinking behind maneuver in this manner:

A. Objective of National Front "resignation" was to close Majlis and thus eliminate influence of Opposition in that body.

B. Mossadeq intended gain Opposition's unconditional surrender by "rigged" referendum which would have resulted in his becoming complete dictator.

C. In announcing "resignation," other deputies, "many of whom fighting secretly against dictatorship", ostensibly removed necessity for Mossadeq to go through with referendum plans.

D. Opposition's "ace in hole", according to source, is that resignations are not legal unless brought up in Majlis session and accepted by assembled deputies. Thus, under present situation, no one has in fact resigned and Majlis sessions may reconvene at any time action is needed—for example: to take Parliamentary action to name new Prime Minister.

3. Opposition deputy explained that Opposition "hard core" of 15 deputies agreed enter Majlis that hour to take bast "until Mossadeq is replaced". He said Opposition agreed this strategy earlier in evening at meeting with Kashani. This is plan:

A. Deputies will remain in Parliament building.

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[1] Source: Central Intelligence Agency, DDO Files, Job 80–01701R, Box 3, Folder 12, Misc. Correspondence—TPAJAX. Secret. The recipient is referred to as "Mr. Mitchell" in the original and is not further identified.

B. Kashani, who proposed taking bast with them, will remain in his home to organize groups on religious and _____[2] people for daily "sympathy visits" to deputies in bast.

C. Among those in bast:

(1) Haerizadeh
(2) Ali Zohari
(3) Hoda
(4) Bagai
(5) A.R. Faramarzi
(6) Ahmad Faramarzi
(7) Mir Ashrafi

4. He also stated that:

A. Opposition receiving some financial support "but I don't know where from".

B. Opposition agreed stay off streets and in home during 21 July demonstrations.

[2] Omission in the original.

243. Memorandum From the Chief of the Near East and Africa Division, Directorate of Plans (Roosevelt) to Director of Central Intelligence Dulles[1]

Washington, July 17, 1953.

SUBJECT

[Omission in the original]

1. Tehran Station reports state that TCI Director, Mr. William Warne's presence in Iran and his numerous contacts with high ranking Iranian Government officials are being successfully exploited by Prime Minister Mossadeq in such a way as to dishearten the opposition and strengthen the Mossadeq administration. It has been reported that

[1] Source: Central Intelligence Agency, DDO Files, Job 80–01701R, Box 3, Folder 8, TPAJAX Vol. II. Eyes Only.

Prime Minister Mossadeq is interpreting Ambassador Henderson's absence as lack of U.S. support for his policies and is concerned by the fact that Henderson's absence detracts from the strength of his (Mossadeq's) government. This is the desirable effect from our point of view. To overcome this Mossadeq is attempting with some success to minimize the effects of Henderson's absence by exploiting to the utmost Mr. Warne's continuing contacts and cordiality with important government leaders.

2. The opposition leaders with whom we are dealing have expressed concern since they feel the favorable effects of President Eisenhower's letter and Ambassador Henderson's absence have to some degree been counteracted by Mr. Warne's activities.

3. As you know most Iranians have interpreted continuing Point Four aid as a tangible sign of U.S. support of Mossadeq. To the degree that Mr. Warne is synonymous with Point Four his temporary absence from the country would help to disabuse the Iranians of this misconception, even if it is undesirable to reduce Point Four aid at this time.

4. It would not be advisable for Mr. Warne to be recalled to the United States for consultation as this could be exploited by Mossadeq to mean Warne was negotiating increased U.S. aid to Iran. It has been suggested by our Station that Mr. Warne leave Iran temporarily on the excuse he was vacationing in Europe.

5. *Recommendation*: It is recommended that you discuss this matter with Under Secretary of State Bedell Smith and with him attempt to arrive at some solution which would keep Minister Warne away from his post (but not in the U.S.) for approximately one month without revealing to latter the existence of TPAJAX and without provoking too great a storm of protest from Point Four and Minister Warne. I am sorry not to be able to make specific suggestions at this time, though I would express the pious hope that a suitable conference requiring his presence in Europe might be found. I have requested John Waller and Donald Wilber to explore possibilities with Jernegan and Richards of State Department.[2]

Kermit Roosevelt[3]

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[2] Dulles had discussed the Warne matter with Under Secretary Smith at a Psychological Strategy Board meeting on July 15. In a memorandum for the record, Dulles wrote that he "spoke to WBS about the activities of Mr. Warne in Iran who seemed to be swimming against the general current in his Point IV activities. I said I thought it might be desirable for him to take a vacation somewhere outside of Iran for the next month or so. WBS did not know about this and asked for a specific recommendation. (NE should prepare a short memo for me to send to WBS)." (Ibid., Office of the Director of Intelligence, Job 80R01731R, Box 33, Folder 1095, DCI/PSB)

[3] Printed from a copy that bears this typed signature.

244. Telegram From the Embassy in Iran to the Department of State[1]

Tehran, July 17, 1953, 2 p.m.

116. Estimate Embassy and CAS present political trends follows.

Immediate reason Mosadeq's precipitate move eliminate present Majlis as opposition center was mounting effectiveness anti-government activity such as Zohari interpellation and election Maki as controller BMI. Opposition was also successfully gaining control key Majlis committees. Serving accelerate these events and impel Mosadeq consolidate his position urgently was Eisenhower letter clarifying US policy toward Mosadeq Government.[2] Letter served belie carefully nursed "myth" US supporting Mosadeq at same time USSR "friendship" overtures appear to be for moment at least nothing more than willingness adjust frontier problems. With bankruptcy foreign policy thus exposed Prime Minister faced Majlis interpellation this subject and exposure government's unauthorized increase note issue by Maki. Unable or disinclined resort to Shah's power dissolve Majlis Mosadeq struck upon expedient of mass resignation NMF [*NF*] deputies and announcement referendum. Latter not provided for in constitution.

Despite Prime Minister's decreased popularity he still controls principal propaganda media including Radio Tehran as well as government apparatus and funds with which maneuver balloting or demonstrations his favor. Timing also important factor. By invoking memory July 21 uprising Prime Minister can play upon emotions his followers and upon fear his enemies. While opposition continues display courageous facade it appears incapable combatting Mosadeq in showdown struggle. It furthermore lacks leadership while Shah continues docile in hands Prime Minister.

Thus despite almost hopeless financial and economic situation and lack tangible prospects resolving country's problems in foreseeable future Mosadeq again demonstrating willingness disregard legalities and determination remain in power regardless of consequences. If he succeeds confirming dissolution Majlis through referendum as now seems probable establishment dictatorship will be complete with little remaining of outward democratic forms. Prime Minister will then be in

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[1] Source: National Archives, RG 59, Central Files 1950–1954, 788.00/7–1753. Secret; Security Information. Repeated to London and to Geneva for Henderson. Received at 2:40 p.m. The telegram is printed with redactions in *Foreign Relations,* 1952–1954, vol. X, Iran, 1951–1954, pp. 736–737 (Document 334).

[2] See Document 230.

position destroy remaining opposition leaving him in unchallenged and absolute control.

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245. Memorandum From the Acting Chief of the Near East and Africa Division, Directorate of Plans, Central Intelligence Agency ([*name not declassified*]) to Mitchell[1]

Washington, July 22, 1953.

Following received 22 July:

1. In agreement with Speaker Moazami and to avoid incident during 21 July demonstration Zahedi left Majlis 20 July. Was to return there 22 July. Moazami gave assurance govt. would not attempt arrest.

2. While out of Majlis Zahedi [*less than 1 line not declassified*] gave following information:

A. Arrest list

(1) To be arrested night of coup: Mossadeq, Riahi, Ashrafi, Modaber Rasavi, Hassibi, Shayegan, Zirakzadeh, Sanjabi, Khalil Maleki, Forouar of Pan Iran, Amini of Gendarmérie, Sareshteh of M.P.

(2) Sixty members Tudeh

(3) Eventually if disturbances occur 300 other individuals may have to be jailed or placed under house arrest.

(4) Note: though Ashrafi and Modaber in contact with Zahedi and may switch over to him at decisive moment they still uncertain elements and as precaution included arrest list.

B. Re arrest Mossadeq: Zahedi plan as follows:

(1) Block where his house located to be surrounded by Palace Guard.

(2) Col Daftari and Capt. Davar Panah who in charge Mossadeq person guard are "in hand" Zahedi and at his bidding will apprehend Mossadeq and deliver him to Zahedi.

(3) Mossadeq will then be taken custody in village outside Tehe,

(4) Rumor will be circulated Mossadeq dead. This for purpose causing followers lose hope and rally other banner presumably Zahedi.

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[1] Source: Central Intelligence Agency, DDO Files, Job 80–01701R, Box 3, Folder 12, Misc. Correspondence—TPAJAX. Secret. The recipient is referred to as "Mr. Mitchell" in the original and is not further identified.

C. Installations to be seized night of coup:

(1) Source electric power telephone system.
(2) Radio Tehe and army wireless.
(3) Police and general staff Hq office.
(4) Note: all premises used by political groups to be closed.

D. In addition to troops previously mentioned Zahedi counts on one battalion from Military Academy.

E. Zahedi has contacts in Air Force but does not plan call on their participation time coup.

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246. Telegram From the Embassy in Iran to the Department of State[1]

Tehran, July 22, 1953.

142. As yet too early draw conclusion regarding significance yesterday's demonstrations or determine what likely be Mosadeq's next moves in consequence.

Embassy and CAS however believe Tudeh afternoon gathering their largest and best organized since being declared illegal and perhaps in party's history. Crowd displayed high degree discipline. While slogans attacking Shah absent those directed against US most frequent forming dominant note of demonstration.

Tudeh's display for point of force comes in wake publication June 20 of open letter to Mosadeq from Tudeh Central Committee in which legalization Tudeh party appeared primary immediate objective.

Mattison

[1] Source: National Archives, RG 84, London Embassy Files, Lot 59 F 59, classified general records, Box 34. Confidential. Repeated to London. Received at 6:30 pm. The telegram is the Embassy's copy as approved and has no time of transmission.

247. Paper Prepared in the Central Intelligence Agency[1]

Washington, July 22, 1953.

SOVIET UNION OFFERS TO SETTLE IRANIAN FINANCIAL CLAIMS

[*1 paragraph (6 lines) not declassified*]

Iran has tried unsuccessfully several times to obtain this gold owed by the USSR under the terms of a 1942 financial agreement, as well as to get the dollars which are in payment for Iranian goods and services provided during World War II. Soviet refusal to discuss this issue has been a major cause of friction between the two countries.

Late last month the Soviet Union proposed that some of the outstanding border disputes between Iran and the USSR should be settled. Iran, [*less than 1 line not declassified*] insisted that all disputes be settled, particularly the question of the gold.

The Soviet Union's apparent concession to Iran's urgent request for return of the gold, the conclusion of the 10 June barter trade agreement,[2] and the appointment of a top-level Soviet diplomat, Lavrentiev[3] as ambassador to Iran, all suggest that the Soviet Union may be inaugurating a new policy toward Iran. These moves may be designed to show Prime Minister Mossadeq that an alternative exists to economic and political ties with the West.

If Mossadeq succeeds in obtaining the gold, he will be able to exploit it as a considerable victory in his struggle to make Iran strong and independent. The prime minister is badly in need of something to generate public support and interest. He induced his followers to withdraw from the Majlis, thus making it ineffective, because he feared the opposition. Recent progovernment demonstrations including that of 21 July, have been smaller and less enthusiastic than earlier ones. New support in the form of a diplomatic victory over the USSR coming at this time could enable him to secure popular approval for dismissing the Majlis and holding new elections.

While the delivery of the gold would be a tremendous psychological boost, actually the $21,000,000 dollars under discussion would cover at best three or four months of current expenses for Iran's oil-less

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[1] Source: Central Intelligence Agency, DDI Files, Job 80R01443R, Box 1, Folder 27, NSC Briefing 23 July 53. Top Secret; [*codeword not declassified*].

[2] A handwritten phrase inserted at this point reads: "involving 100 million on both sides".

[3] In the right margin at this point, is a handwritten note that reads: "Yugoslavia Russian".

economy. It is accordingly not a solution to Iran's economic and financial problems.

The Soviet Union and the Tudeh would benefit by the return of the gold. Soviet action in making about $21,000,000 available lends itself as a contrast to American failure to grant financial aid.

The Tudeh can be expected to use the development as a major propaganda theme to win popular support and whip up enthusiasm for the cause of Iranian-Soviet friendship. The last two demonstrations by the Tudeh, permitted by Mossadeq although the party is illegal, indicate a marked increase in Tudeh capabilities. On 22 June, an anti-American Communist demonstration turned out about 12,000 well-disciplined participants. On 21 July, an estimated 50,000 well-organized Communist sympathizers demonstrated against Point IV and the American military missions. In both cases the Communists outnumbered the nationalist demonstrators by two or three to one.

Mossadeq's generally tolerant attitude toward the Tudeh during the last two years has permitted the party to increase its potential. His occasional acceptance of Tudeh support has also helped make the party a force with which to reckon. It may even be in a position to elect deputies to the next Majlis. The Tudeh's disciplined public appearance suggests that it may become a direct threat to public order at any time.[4]

[4] The minutes of the July 23 NSC meeting record that the DCI, reporting on "Significant Developments Affecting U.S. Security," referred to "the reported Soviet-Iranian negotiations." (National Archives, RG 273, Records of the National Security Council, Official Minutes 1947–1961, Box 29, 156th Meeting)

248. Memorandum From the Acting Chief of the Near East and Africa Division, Directorate of Plans, Central Intelligence Agency ([*name not declassified*]) to Mitchell[1]

Washington, July 23, 1953.

1. At a July 21 meeting Zahedi stated following:

A. He, Zahedi, is meeting Majlis Speaker Moazami 22 July to discuss whether he return to his Majlis bast or remain in hiding outside.

[1] Source: Central Intelligence Agency, DDO Files, Job 80–01701R, Box 3, Folder 12, Misc. Correspondence—TPAJAX. Secret. The recipient is referred to as "Mr. Mitchell" in the original and is not further identified.

Station advised Zahedi to return to the Majlis and resume bast. Zahedi contended that such a move would:

(1) Limit his freedom of contact with [*less than 1 line not declassified*] his potential and actual followers.

(2) Possibly make it more difficult to reach the palace at D hour.

B. Decision on above deferred pending Zahedi–Moazami meeting.

C. Zahedi agreed to designate on 22 July a trustworthy [*less than 1 line not declassified*] follower to establish contact with Station for planning and staff work in military aspects of the plan.

2. On the basis of the above described meeting Station formed following opinion:

A. Zahedi appears to lack forceful leadership quality and plans may have to be perfected through his followers. Despite apparent "vagueness" of Zahedi's thinking he apparently only effective "rallying point" for opposition and for that reason he must be supported and encouraged to maximum against Mossadeq.

B. Zahedi does have sufficient stature and "guts" to continue along path he entered.

C. Every effort should be made to stimulate Zahedi's ambition and maintain his morale.

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249. Memorandum From the Acting Chief of the Near East and Africa Division, Directorate of Plans, Central Intelligence Agency ([*name not declassified*]) to Mitchell[1]

Washington, undated.

Relative of Min Court Amini told source 22 July that Shah's morale "greatly improved" during past week; that Shah confident, as result Eisenhower letter,[2] that Shah now has American backing and lacks only assurance British support to inspire him to decisive move against Mossadeq.

Mossadeq "extremely nervous and unable take food since 21 July demonstrations."

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[1] Source: Central Intelligence Agency, DDO Files, Job 80–01701R, Box 3, Folder 12, Misc. Correspondence—TPAJAX. Secret. The recipient is referred to as "Mr. Mitchell" in the original and is not further identified.

[2] See Document 230.

Chief police Modabar "angrily" rejected police report which stated that 4–5 thousand National Front and 10–15 thousand Tudehs participated in 21 July demonstrations. Modabar hurled report to desk shouting: "How can I give this to PM? How can I explain why we were able to turn out so few when we have spent 1 million tomans (approx $100,000)?"

Mossadeq "angry" at National Movement faction deputies for refusing 22 July to return to Majlis pending his decision whether to conduct referendum. Razavi, who carried deputies' decision to Mossadeq left in huff, remarking: "He no longer has Majlis (as shield) between him and Shah."

Gen Zahedi has become very active since leaving Majlis 20 July and probably will not return to bast.

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250. Paper Given by the British Ambassador (Makins) to the Under Secretary of State (Smith)[1]

Washington, July 23, 1953.

"Her Majesty's Government have noted the State Department's views as got out in a report on the conversation between Mr. Byroade and Mr. Beeley on 7 July, and have much sympathy for them.[2]

"The overriding consideration is that the whole question of compensation must be left to the impartial arbitration of an international tribunal. Furthermore the terms of any future arrangements must be such as not to appear to provide a reward for the tearing up of contractual obligations or to disturb the pattern of world oil prices. Subject to this Her Majesty's Government are prepared to go to the utmost to help '. . . with the problem of presenting an agreement to the public' locally. They are also convinced that the Company, who have not been consulted, will adopt a generous attitude as regards methods and duration of payments as regards any compensation awarded to them.

"The answers therefore to the specific questions raised in the report from Washington Embassy are as follows:

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[1] Source: Central Intelligence Agency, History Staff Files, CSHP 208. Secret; Security Information. The paper is Appendix C to CSHP, *Overthrow of Premier Mossadeq of Iran*, from which the date is taken.

[2] Not found.

"(a) The United Kingdom can do without this oil, although it would be an advantage to have it flowing into its traditional markets [the UK][3] once more. Her Majesty's Government are, however, anxious to dispose of the dispute which poisons their relations with the country concerned and is a disturbing element in the area as a whole. They would therefore 'be ready to cooperate' with a new government in trying to reach an agreement, provided that the principles referred to in paragraph 2 above are safeguarded.

"(b) Her Majesty's Government take the wording of the plan to mean that the initiative would be left to the future Prime Minister both as to the priority of an oil agreement in relation to his general programme and as to the nature of it. They hope he would agree to look at the February proposals,[4] and they would of course 'help him in regard to the presentation of the agreement.' If he had any alternative proposals, Her Majesty's Government would consider them with equal sympathy, subject always to the principles mentioned above being safeguarded."

[3] Brackets in the original.

[4] For Henderson's account of the February 20 proposals, see *Foreign Relations*, 1952–1954, vol. X, Iran, 1951–1954, pp. 670–674 (Document 300). See also Document 157.

251. Editorial Note

On July 24, 1953, Secretary of State Dulles spoke to Director of Central Intelligence Dulles over the telephone. The transcript of their conversation reads: "The Secy called and said in your talk about Iran yesterday at the meeting you did not mention the other matter, is it off? AWD said he doesn't talk about it, it was cleared directly with the President, and is still active.

"The Secy asked if that relieved us of trying anything else, or if there was any alternative. AWD is getting up a paper, a hint from the Department that we are deeply disturbed at the apparent acquiescence, etc. might help, there is sufficient evidence on the thing, he quoted a statement about the riots in which Mossadegh said you cannot crush the will of the people, look what happened in China.

"His paper will be an outline of things that have happened and it would benefit the project if we express apprehension because he is leaning more and more on Tudeh. The Secretary remarked that he hasn't any other place to lean. AWD said it is moving along reasonably

well but the young man may pull out at the last minute, he is an unaccountable character but the sister has agreed to go." This transcript is printed in *Foreign Relations,* 1952–1954, volume X, Iran, 1951–1954, pages 737–738 (Document 335).

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252. Memorandum From the Chief of the Iran Branch, Near East and Africa Division, Directorate of Plans (Waller) to Director of Central Intelligence Dulles[1]

Washington, July 27, 1953.

SUBJECT

Results of conversation with Mr. Jernegan re statement to be made by The Secretary of State at latter's Press Conference July 28

1. Mr. Jernegan stated that the wording given below would represent an effective and appropriate answer by The Secretary of State to a planted query during the Secretary's July 28 Press Conference:

"Recent developments in Iran, especially the growing activity of the supposedly illegal Communist Party which appears to be tolerated by the Iranian government, have caused us concern. These developments make it even more difficult for the United States to consider any increase in assistance to Iran.[2]

2. Mr. Jernegan stated that he and/or Assistant Secretary Byroade would discuss the above proposed statement with the Secretary of State. They would also discuss the mechanics by which the proposed newsman's query can best be planted prior to the Secretary's news conference.

3. I stated that final planting of the query should await word from me since we were momentarily expecting Teheran's reaction to the pro-

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[1] Source: Central Intelligence Agency, DDO Files, Job 80–01701R, Box 3, Folder 8, TPAJAX Vol. II. Top Secret.

[2] The phrase "consider any increase in assistance to Iran" in the quote has been edited by hand to read: "give further consideration of aid to a government which tolerates such activity." Dulles made substantially this statement at his press conference on July 28. The text of the statement is printed in Department of State *Bulletin*, August 10, 1953, p. 178.

posed statement by the Secretary of State and do not want to go ahead without benefit of this reaction.

J.H.W.[3]

[3] Printed from a copy that bears these typed initials. At the end of the memorandum is a handwritten note, apparently by Dulles, that reads: "further consideration of aid to a Govt tolerating such activity."

253. Memorandum From the Deputy Director for Plans (Wisner) to the Chief of the Near East and Africa Division, Directorate of Plans, Central Intelligence Agency (Roosevelt)[1]

Washington, July 28, 1953.

SUBJECT

Draft of proposed message to Teheran station

1. Following conversations which the Director has had within the past couple of days with high-ranking State Department officials concerning the Warne situation, the Director requested that a cable be sent to our Teheran station along the following lines. The purpose of the cable is to obtain an answer to the indicated question which will enable us to follow up this matter further with the State Department.

2. The following is the outline of the proposed cable which I should appreciate your getting off as soon as possible:

"In further discussions with high level officials of ODACID concerning the difficulties and complications arising from the (Warne) situation, the opinion has been expressed that it would be most difficult for ODACID to propose to (Warne) that he depart from Iran for a period of time in such a way as to satisfactorily mask the intent of the instruction. In other words no device or pretext has yet been hit upon which would satisfy (Warne) and guarantee against his asking questions which might provide further complications and prove a source of additional embarrassment.

"Accordingly will you please advise whether in light of all present circumstances you still feel it desirable for (Warne) to be absent from

[1] Source: Central Intelligence Agency, DDO Files, Job 80–01701R, Box 3, Folder 8, TPAJAX Vol. II. Top Secret.

the country for a time. For your information it is the present disposition ODACID to pursue this subject further only if you feel that there are compelling reasons dictating the absence."[2]

Frank G. Wisner[3]

[2] In a memorandum to Roosevelt, July 30, Waller recommended that "if you concur, I shall advise Jernegan to take no action to arrange for Mr. Warne to be called away from Iran." (Ibid.)

[3] Printed from a copy that bears this typed signature.

254. Paper Prepared in the Central Intelligence Agency[1]

Washington, July 29, 1953.

POLITICAL PROSPECTS IN IRAN

Prime Minister Mossadeq's cabinet decree of 25 July provides for a popular vote on whether or not the present Majlis, the Iranian parliament, is to be dissolved. In his nationwide radio address on 27 July, the prime minister told the people that they must choose between him and the moribund Majlis. According to intelligence reports from Tehran, the referendum is to be held soon, possibly as early as 5 August.

In taking this proposed action, which is illegal since only the shah has the constitutional right to dissolve the Majlis, the prime minister will have the full support of the Iranian Communists, the Tudeh party, and its apparatus. The Tudeh has campaigned against the present Majlis and accuses it of being a tool of the imperialistic West. Thus, the prime minister is assured of its support on this issue.

[1] Source: Central Intelligence Agency, DDI Files, Job 80R01443R, Box 1, Folder 28, NSC Briefing 30 July 53. Secret; Security Information. This paper was apparently prepared for DCI Dulles' briefing of the NSC on July 30. In the top right-hand corner of the paper is a handwritten note that reads: "used." The minutes of the July 30 NSC meeting record that the DCI briefed the NSC on significant world developments, including "developments in Iran." (National Archives, RG 273, Records of the National Security Council, Official Minutes 1947–1961, Box 29, 157th Meeting—Section 1) The memorandum of discussion at the July 30 NSC meeting, prepared by Deputy Executive Secretary Gleason, notes that "Mr. Dulles stated that in Iran another crisis was approaching. A plebiscite was due to be held on August 5 to give Mossadegh the right to get rid of Parliament. The Shah had locked himself in his palace, and the Tudeh Party was supporting Mossadegh. Recent statements by the Secretary of State had caused a rise in U.S. stock in Iran, but the situation remained serious." (Eisenhower Library, Whitman File, NSC Series, Box 4, 157th Meeting of the National Security Council)

By conducting the nonsecret ballot provided for in Mossadeq's decree, his henchmen, supported by the security forces, will be in a position to exert direct influence on the voters. Accordingly, there is little doubt that such a referendum will approve the dissolution of the present Majlis.

What may be expected thereafter? Since Mossadeq is currently operating under virtual dictatorial powers voted him by the Majlis last spring—powers which will not expire until January 1954—he is in a position to rule alone. He has, however, so far apparently been sufficiently unsure of himself to desire that the Majlis share the responsibility for his decisions. New elections can accordingly be anticipated.

Rigged elections are traditionally standard practice in Iran, and normally several months are needed to conduct the actual balloting. During the last elections for Majlis seats, the Mossadeq government used both legal and illegal means to ensure the election of its candidates.

The present situation offers unique angles, however, and Mossadeq may not be able to secure a new Majlis which will be more amenable than the present one. While the Communists will support him in the referendum, in a Majlis election it will probably put up its own candidates. In view of the overwhelming Tudeh demonstration in Tehran on 21 July, some of its candidates would be successful there. In other cities, such as Isfahan, it might also be successful. Tudeh candidates would probably represent Communist-front groups; they might even be disguised and run under Mossadeq's banner. In districts where Tudeh strength is weak, its support would be thrown directly to Mossadeq in order to defeat his opposition.

The prime minister also faces considerable moderate and rightist opposition grouped loosely around the shah and the royal court. Tribal chiefs, army officers, the landed gentry, and religious fanatics under the control of Mullah Kashani might, if they were united, defeat Mossadeq. In the rural districts they can hardly be denied, and their candidates can only be defeated through wholesale terrorism.

Under any circumstances, several months will elapse before a Majlis can be returned to office. During this time the prime minister must carry on alone.

The next Majlis, if and when it is ultimately assembled, gives no promise of solving Mossadeq's problems. He may manipulate a somewhat larger group, but will have difficulty in eliminating his conservative and rightist opposition. He will probably find a compact and determined Tudeh bloc facing him, ready to support his anti-Western policies, prodding him on to more extremist action, and awaiting the day when they can take over. Tudeh representation in a Mossadeq cabinet is not an impossibility.

Mossadeq has been recently reported as undecided and extremely nervous, but, on another occasion, as convinced that the people will support him fully. Mossadeq's personal appeal and his almost miraculous ability to recoup should not be overlooked; on the other hand, Tudeh is the only political party in Iran which has a sense of purpose and a clear doctrine to offer.

An ominous note is sounded by Mossadeq's off-the-record statement to *New York Times* correspondent Richard [*Kennett*] Love. In commenting on the 21 July Tudeh demonstrations, the prime minister stated: "You cannot crush the will of the people—look at what happened in China."

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255. Memorandum From the Chief of the Iran Branch, Near East and Africa Division, Directorate of Plans (Waller) to the Deputy Director for Plans, Central Intelligence Agency (Wisner)[1]

Washington, July 30, 1953.

SUBJECT

Problem of Neutralizing Qashqai/Amini Threat to TPAJAX

I. *Problem*

The Qashqais, particularly Khosrow Qashqai, and their allies, the Aminis, represent a serious potential menace to TPAJAX. Ideally they should be brought to the point of cooperating with TPAJAX. Failing this, they should be neutralized.

II. *Background*

A. The Qashqais and the Aminis have entered into political alliance. Ostensibly they represent Mossadeq's most loyal supporters. Actually they are using their position as loyal supporters of Mossadeq to build their own political power for the purpose of eventually taking over the government from Mossadeq.

B. Station has been in contact with both Qashqais and Aminis since the inception of TPAJAX, realizing they represented a powerful political/military/tribal force which must be won over or neutralized.

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[1] Source: Central Intelligence Agency, DDO Files, Job 80–01701R, Box 3, Folder 10, TPAJAX. Top Secret; Security Information; Eyes Only.

C. The major and perhaps insurmountable obstacle to winning them over is their refusal to be associated in any way with a plot involving the British. No mention of TPAJAX has ever been made or inferred but recent developments show the Qashqais suspect U.S. implication in what they believe is a British sponsored plot to oust Mossadeq.

III. *Qashqai/Amini Position as Stated by Khosrow Qashqai—27 July*

A. Khosrow Qashqai is suspicious of possible Anglo-American cooperation in plan to oust Mossadeq.

B. Qashqai/Amini clique fully agreed to "take orders from U.S. in any American backed plan"[2] but would "fight to finish" any plot in which British or British agents involved.

C. Qashqais and Aminis willing to produce blueprint for action and discuss with KUBARK. Their cost estimates are high ($5,000,000 plus $250,000,000 economic aid by loan or grant upon completion of successful action).

IV. *Station/Roosevelt Estimate of Qashqai/Amini Position and Proposal*

A. *Genuineness*:

Offer made with Qashqais retaining in their own mind initiative to follow through if we agree—or later betray if it to their advantage.

B. *Validity their claims*

1. Political support based on their alliance Mossadeq and would materially be reduced if they broke with him. Major political asset their current freedom from British taint.
2. Military support largely valid, although some exaggeration should be anticipated.
3. *Tribes*. Probably valid.

C. *Firmness of Position per III above*

1. *Threats*. Threats to oppose British or British/American plot probably real and they could cause extremely serious trouble. Qashqai decision would await last moment and be determined by Qashqai best interest as latter sees it.
2. *Budget*. Figures given not necessarily firm (and probably based on ignorance) but we could expect price tag for Qashqai/Amini affiliation to be higher than with TPAJAX.

V. *Roosevelt/Station Recommendation to Solve Qashqai/Amini Problem*

Proceed with TPAJAX and attempt to enlist under most favorable circumstances cooperation of certain elements of Qashqais/Aminis. If

[2] Omitted here is a footnote in the original that contains detailed operational material.

cooperation cannot be gained they should be neutralized. This should be done in such a way as to eliminate danger premature exposure of TPAJAX.

[*2 paragraphs (16 lines) not declassified*]

VIII. *NE/4 Estimate*

With reference to heading IV, *Station/Roosevelt Estimate of Qashqai/Amini Position and Proposal*, NE–4 is in general agreement, with the following comments:

A. Qashqais cannot be expected to be won over to cooperation in TPAJAX if they aware of British participation. If they appear to be won over it would only mean they planning doublecross at crucial point.

B. While the Qashqai state their freedom from British taint is a major political asset, we believe this is *not* local Iranian opinion.

D [*sic*]. The Qashqais have cooperated with the British in the past. At the present time, however, it is political suicide to appear to be anything but anti-British and this attitude will continue until such time as Mossadeq falls.

E. We should stick firmly with TPAJAX through period of discussions with Shah.

F. Only if we discard TPAJAX or it fails in execution should we swing to concrete planning with Qashqai/Amini.[3]

IX. *NE/4 Recommended Action*

[*2 paragraphs (12 lines) not declassified*]

C. Discussions in the U.S. with the Qashqais should achieve the following:

1. Remove them from Iran and hence a part of the danger to TPAJAX.
2. Inform them that U.S. finally resolved to save Iran from Mossadeq and Communism. However, no mention will be made to them regarding our present implication in a plot to overthrow Mossadeq.
3. If their stay should overlap the abandonment of TPAJAX then negotiations could be switched to a discussion of their own blueprint.

John H. Waller

[3] In the margin next to paragraphs D, E, and F is a handwritten note by Wisner that reads: "Okay."

256. Memorandum From the Officer in Charge of Iranian Affairs, Office of Greek, Turkish, and Iranian Affairs (Stutesman) to the Director of the Office of Greek, Turkish, and Iranian Affairs, Bureau of Near Eastern, South Asian, and African Affairs (Richards)[1]

Washington, undated.

SUBJECT

Measures which the United States Government Might Take in Support of a Successor Government to Mosadeq

Assumption—a coup against Mosadeq has firmly established a successor government we wish to support.

Problem—What measures might the United States Government take to support the successor government?

I. *Psychological Measures*

Public

1. It would be literally fatal to any non-communist successor to Mosadeq if the Iranian public gained an impression that the new premier was a "foreign tool". The U.S. Government should confine any comment upon a change in government in Iran to a repetition of our traditional unwillingness to interfere in the internal affairs of a free country and our willingness to work with the government in power. The U.K. Government should give no indication that it considers a successor to Mosadeq to be ready to serve U.K. interests or that the British had a hand in bringing him to power. Naturally, there should be no expression of regret that Mosadeq has departed from the political scene.

2. The U.S. Government should avoid any statement that the oil question is involved in a change of government in Iran. It is important that neither the U.S. nor U.K. Governments should rejoice publicly over expectations of a more reasonable Iranian attitude towards solution of the oil problem.

3. To show that the U.S. is not antagonistic to the successor government, an official comment could be made that we are, as always, interested in helping any free country to build its strength against communist subversion and will work with the present government of Iran to that end, if so requested by the Iranians.

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[1] Source: Central Intelligence Agency, DDO Files, Job 80–01701R, Box 3, Folder 8, TPAJAX Vol. II. Top Secret; Security Information. Drafted by Stutesman. Printed from an uninitialed copy. A handwritten note in the upper right-hand corner of the memorandum reads: "late July?"

4. It is important that U.S. Embassy officials be most circumspect in initial contacts with members of a new Iranian Government.

5. A visit to Tehran by the Secretary of State, should he be passing through the Middle East at a time when a new Iranian Government has become firmly established, would have important effect and he might wish to consider such a visit in the light of the situation existing at the time.

Private

1. Concealing the foreign hand to the maximum extent possible, both the Shah and the successor to Mosadeq should be informed at an early date that the U.S. is eager to assist in any way feasible the success of the new government.

2. Both the Shah and the new premier should be informed through private non-American channels that the U.S. and U.K. realize that for the new government to raise the question of an oil settlement before it is firmly established is far too dangerous a matter to be considered. Naturally, private assurances that the oil dispute will be settled on reasonable terms may be sought, but it would be disastrous for a new government to be forced immediately and publicly to attend to the oil dispute which engenders such fanatic emotions in Iran.

3. Recognizing the importance of a propaganda machine in supporting the new government and repressing opposition, the U.S. might covertly assist in subsidizing some pro-government newspapers and could openly make radio equipment and technical advice available to a new government's effective operation of Radio Tehran.

II. *Military Measures*

Public

1. Any ostentatious increase in U.S. military aid to a new Iranian Government would be likely to create public antagonism in Iran both to the U.S. and the new government, since Iranians are so sensitive to fears that their country is being prepared to serve as a foreign military base. Certainly any displays of foreign armed might, such as a visit by a foreign naval force or flights of foreign aircraft, would be disastrous to the establishment of a new government.

2. In consultation with a new government, arrangements might be made for the U.S. Government to pay the costs of U.S. military advisory missions presently representing a financial burden to the Iranian Government.

Private

1. Privately the new government could be assured of U.S. willingness to provide military aid to any reasonable extent desired. A par-

ticular point might be made of providing military items such as trucks and communication equipment which have civilian uses.

2. Since it is quite likely that a coup against the Mosadeq Government will result in serious urban disturbances and possibly outbreaks resembling civil war in the provinces, the new government will probably face an initial problem of restoring order. Riot-quelling weapons, small arms, and money should be available in case the U.S. Government desires to furnish such equipment clandestinely to any Iranian forces.

III. *Economic Measures*

1. *Budgetary support* will be an important and immediate need of any successor to Mosadeq. At first, foreign budgetary aid should be given as privately as possible without requiring public agreements or commitments on the part of a new Iranian Government. A covert operation might meet this problem for the first month particularly in payment of security forces, a maximum figure (based on last year's Iranian budget) of $5 million a month. Grant budgetary aid should not be forced upon a new Iranian Government with requirements for formal commitments or acceptance of a large community of Americans to supervise disbursements.

Appendix I describes in detail Iran's yearly budgetary deficit ($45 million if the NIOC sells enough oil to cover its own expenses). A basic assumption to this estimate is that a new government will not be in a position to continue Mosadeq's clandestine printing of new currency.

2. *Note cover* is an explosive political problem in Iran. Mosadeq has officially denied the fact known to the Embassy that his Government has printed 1.5 billion rials illegally. A new government, exposing this fact, could brand Mosadeq as a liar and malefactor. It would not be difficult in Iran to add a rumor that Mosadeq and his associates had profited personally from the illegal and secretive expansion of the note issue. Such an exposure might, however, create panic in Iranian financial circles and would effectively prevent the new government from taking Mosadeq's course of inflation.

A public offer by the U.S. Government to make up the illegally dissipated Iranian gold reserves would have a dramatic and extremely useful political, financial and psychological impact in Iran. Perhaps no other move could so effectively and immediately demonstrate U.S. support of the new government. It would allow full play of the new government's propaganda to show up Mosadeq as a liar, cheat and thief. It is a step which would require no expenditure of money by the Iranians and no foreign supervision of disposition of the funds. At the same time, in the peculiar atmosphere of Iran it would be considered an important and beneficial type of foreign aid.

Privately in this maneuver it might be agreed that the gold offered by the U.S. Government would remain in the U.S. as backing for Iranian currency to be used at some appropriate later date for economic development in Iran, since 100 percent backing of Iran's currency is not a fiscal necessity.[2]

3. *Lend-lease and Surplus Property* deliveries to Iran created a debt of nearly $30 million. It is obvious that the Iranians cannot pay this without oil income and there is serious question as to their intention ever to pay. A gesture of goodwill towards a new government could include an announcement that Iran's debt would be written off either completely or perhaps against some expenditures in Iran, i.e, economic development, student exchange, etc.

4. *Trade*, except for oil exports, naturally moves from Iran toward the Soviet bloc. This movement is accelerated when non-communist nations are unable to offer equivalent trade opportunities. For example, the communist system of state trade permits the conclusion of trade arrangements for political rather than commercial reasons and also permits barter trade which meets Iran's foreign exchange problems. Both the Japanese and the Germans can have profitable and voluminous trade relations with Iran. This trade could also be on barter basis. The establishment of German and Japanese diplomatic and economic missions in Iran would help a great deal in this regard. Further encouragement for trade between Iran and other Western nations, including the U.S., might result from a minimum of temporary technical and financial assistance. For example, a market for caviar might be found in the U.S. if this government were prepared to make small investment to get it started.[3]

5. *Oil income* is normally the largest source of revenue for Iran. Although the oil dispute should not be thrust upon the new government in its infancy, the British might be encouraged to allow certain measures to be taken to keep the Iranian oil industry in some minimum operation on the presumption that the new Iranian Government would reach some mutually satisfactory settlement of the dispute with the British.

6. *TCA*. Present plans call for reducing the TCA Program in Iran to $10 million. The present level of expenditures, which involves both FY '52 and FY '53 appropriations, is about $3 million a month or $35 million a year. TCA hopes that its reduced program will be supplemented

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[2] In the left margin by paragraph 2 is a handwritten note by Waller that reads: "Interesting angle—JW."

[3] To the left of this sentence is a handwritten note in the margin by Waller that reads: "Economic Warfare. On to this idea also. See my memo—JW." The memorandum to which Waller referred has not been identified.

by an [illegible—TCA?] request for material aid in an amount sufficient to bring the '54 program up to the current level of expenditures. If the Point Four Program were reduced without additional material aid at a time when a new government is struggling for position in Iran, it would be considered evidence of U.S. disinterest which might not only weaken the new government but could quite possibly lead to the cancellation of the Point Four Agreement and expulsion of that source of U.S. influence.[4]

7. *Economic Development.* Any new government of Iran must lay claim to a program to develop the country economically. To support such a program the U.S. should be in a position to offer immediately at least $15 million to help the Iranians complete dams or other projects of a long list of worthy subjects developed by American and other advisers since the War. Appendix II[5] describes three separate irrigation projects, each of which could be developed with $45 million over a three-year period.

The Export-Import Bank has long had earmarked a $25 million loan for economic development in Iran, and it is probable that this loan could be advanced quickly with Departmental encouragement. It must be frankly admitted, however, that Iran's ability to repay any such loan or provide the rial costs of the projects involved without oil income is limited.

Iranian Airways. The Iranian Airways which at present is faltering for lack of money and equipment and which is dominated by a known Soviet agent could be restored to effective operation by a U.S. private concern supported unobtrusively by the U.S. Government.[6]

IV. *Relations With the United Kingdom*

1. Any British statements welcoming a successor to Mosadeq or otherwise indicating that the successor will serve U.K. interests, will probably serve as death warrants for the new premier.

2. If the U.K. restricts U.S. action vis-à-vis a new Iranian Government on the plea that the oil dispute must first be settled on terms satisfactory to the British, the problem of supporting a new government will become almost insurmountable.

3. Neither the U.S. nor the U.K. can hope to obtain public economic concessions or political rights in Iran, and this fact should be mutually

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[4] To the left of this paragraph is a handwritten note in the margin by Waller that reads: "This appears to be extremely important aspect—JW."

[5] Not found attached.

[6] To the left of this paragraph is a handwritten note in the margin by Waller that reads: "Doubt if this contributes greatly to economy—JW."

understood between the U.S. and U.K. before embarking upon any adventures in internal Iranian politics.

V. Relations With the USSR

1. The Soviets would undoubtedly use all means at their disposal to oppose any government which promised to rule Iran with a firmer hand than Mosadeq has used. The latter's opposition has constantly accused him of softness toward the Tudeh, which organization has recently devoted much effort to explaining to its members why Mosadeq should be supported in his feud with the Shah, obviously fearing severe restrictive measures against it should a new Prime Minister appear.

2. Once he was out of office, Mosadeq would automatically become a Tudeh martyr and the party would throw its full weight behind those elements seeking his restoration. Should Mosadeq himself disappear from the scene, the Tudeh could conceivably seize control of the nationalist movement in his name and make a concerted drive to seize power for itself.

3. It is to be expected that Soviet agents would actively aid the Tudeh, including furnishing of arms clandestinely, but that Russian armed forces would not enter Iran because of the danger of a resultant all-out war. For the same reason Western forces could not be used on Iranian soil to aid the new government without running the danger that the Soviets would then invoke the 1921 treaty allowing for the introduction of Soviet troops into Iran under certain conditions. That these conditions as stipulated would not exist, would obviously not delay Soviet action.

4. Aside from providing covert assistance to government forces, the U.S. approach would consist of a vigorous propaganda offensive pointing up a) the well-known and easily documented Russian orientation of Tudeh policy, b) the ways in which the Russian lend assistance to Tudeh, and c) the complete opportunities of communist policy as evidenced by its former violent attacks on Mosadeq as an imperalist agent.

APPENDIX I

Iran's gross budget is estimated to be running a deficit at the rate of about 6 billion rials ($120 million) per year. On the optimistic assumption that the National Iranian Oil Co. (NIOC) will export sufficient oil to be self-supporting from oil revenues, and assuming further budgetary economies, this deficit could be reduced to some 4.0 billion rials. At 50 rials per dollar this is the equivalent of $20 million. After allowing for the increased rial revenues from customs receipts because of the greater volume of imports resulting from an aid program, this would be re-

duced to some $65 million. In a background where the United States was taking positive action to prevent the loss of Iran, it is estimated that the Government could finance by loans from the Central Bank, the sum of 1 billion rials ($20 million). We are then left with a requirement of $45 million for aid from abroad, a figure which will keep pressure on Iran to conduct its finances prudently. This assumes that the dollar exchange is readily salable to importers at a rate of 50[7] rials to the dollar.

On the less optimistic assumption that the Government will (as at present) have to bear the costs of the oil industry, budgetary requirements would increase by about $25 million and aggregate $70 million ($45 million plus $25 million for the expenses of the oil industry loss less $12 million representing the increased rial revenue from customs receipts). If at the time budgetary assistance is made available, a rate of 60 rials to the dollar instead of 50 rials to the dollar can feasibly be maintained, the $70 million estimate would reduce to about $58 million.

As to the techniques of administration, dollars could be made available to Iran to be converted into rials through their sale to importers of authorized goods. This would be done through the licensing mechanism already in existence and being carried out by the Bank Melli (National Bank of Iran). The rials generated could be employed to meet the expenses of the Ministry of War, Gendarmérie, and Police Department. In the last year the Iranian budget allocated 2,500,000,000 rials for the Ministry of War, 475,000,000 rials for the Gendarmérie and 546,750,000 for the Police Department. Taken together the total requirement of these security forces amounts to 3,271,250,000 rials ($67 million).

[7] This has been computed to be the rate at which the estimated volume of Iranian imports for fiscal year 1954, including the $45 million contemplated in this program, can be sold to importers. The average import rate before curtailment of oil revenues was 44 rials per dollar. The present open market import rate is about 90 rials per dollar. This rate is highly artificial and there is little demand for exchange at this rate. However, the longer a high artificial rate obtains in Iran, the more likely that a rate above 50 rials per dollar can be maintained. [Footnote is in the original.]

257. Monthly Report Prepared in the Directorate of Plans, Central Intelligence Agency[1]

Washington, undated.

IRAN

July 1953

A. *General Developments*

1. July developments suggest that a major political crisis is brewing in Iran. The opposition's success in preventing action in the Majlis on Mossadeq's requests resulted in the surprise resignation from the Majlis of all government supporters, leaving that body without a quorum. Mossadeq now proposes holding a national referendum, on 3 August in Tehran and 10 August in the rest of the country. The referendum will seek national approval for the dissolution of the present Majlis and also revocation of the Shah's power to appoint prime ministers by royal firman. It is generally conceded that Mossadeq would receive overwhelming popular support on these proposals.

2. Mossadeq's increasingly open espousal of communist support has alarmed some of his erstwhile staunchest supporters, most notably the Qashqai brothers and the powerful Amini family. This alarm was heightened by the fact that the Tudeh demonstration in celebration of the first anniversary of the overthrow of Qavam on 21 July so completely overshadowed the demonstration staged by Mossadeq's National Movement.

3. Mossadeq and his supporters were given a clear indication of the U.S. government's concern over the mounting communist strength in Iran by Secretary Dulles' recent statement to the press.[2] They also were served notice, through President Eisenhower's letter to Mossadeq,[3] that the Iranian government would not be bailed out of its economic difficulties by the U.S. so long as it demonstrated no sincere interest in achieving an oil settlement with the British.

B. *Station Synopsis*

[*6 paragraphs (20 lines) not declassified*]

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[1] Source: Central Intelligence Agency, DDO–IMS Files, Job 81–01061R, Box 2, Folder 2, Monthly Report—July 1953—Country Summaries and Analyses. Top Secret; Security Information.

[2] See footnote 2, Document 252.

[3] See Document 230.

C. *Operational Summary*

Political and Psychological Warfare

[*2 paragraphs (10 lines) not declassified*]

Paramilitary Operations

[*1 paragraph (3 lines) not declassified*]

John H. Waller
CNE-4

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258. Memorandum From the Director of the U.S. Technical Cooperation Administration Mission in Iran (Warne) to the Chargé d'Affaires in Iran (Mattison)[1]

Tehran, August 6, 1953.

Conference With Dr. Akhavi and Mr. Zanganeh
Regarding Tudeh Party

At a meeting called this morning for the purpose of discussing the location of the wool scouring plant of one of our project agreements, the Minister of National Economy, A.A. Akhavi, and Eng. Ahmad Zanganeh of Plan Organization, in grave mien, discussed with me for 40 minutes the problem Iran faces as a result of the statements issued in Washington by Secretary Dulles and President Eisenhower regarding communist influence here. Others present were Eng. Radjy who took little part in the conversation and, for a few minutes near the end of this part of the discussion, Mr. Stanley Drake of the Point 4 staff, the expert on the wool scouring plant.

Mr. Akhavi said that the Propaganda Minister had informed him of the receipt of a Reuters despatch from Washington describing a public statement made by President Eisenhower in which he said "we will have to stop" the communist infiltration in Indonesia and in Iran. Mr. Akhavi said the President was talking principally about Indonesia but that he also discussed Iran. He and Mr. Zanganeh obviously were gravely concerned.

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[1] Source: National Archives, RG 469, Records of U.S. Foreign Assistance Agencies 1948–1961, Mission to Iran, Executive Office Subject Files (Central Files) 1951–1961, Box 7, Folder 8, 350 Political: 1953. Confidential; Security Information.

Mr. Akhavi and Mr. Zanganeh said that these statements being made by the highest officials in the United States, they feared, would prejudice the American public against Iran. They said that obviously someone was misreporting the situation in Iran to have so alarmed the Secretary of State and the President. They denied any communist infiltration and, while admitting that the Tudeh Party was organized here, said it was of two branches, one supported by the Soviet Union and the other by the ex-AIOC. They said that the Government had at every turn opposed the Tudeh Party and that the Tudeh Party was not supporting the Government. They pointed to the recent strife at Masjid-i-Suliman and at Khorramshahr as proof of this. Mr. Akhavi said that the Tudeh had endeavored to organize the laborers at Masjid-i-Suliman and the Government resisted and in the fracas several were killed. He said that the Government endeavored to ship 10,000 tons of rice from Khorramshahr and that Tudeh elements, definitely traced to AIOC support, had blocked the shipment through raising trouble on the docks with porters and longshoremen and, in the town, with the people to the point that the shipment was delayed until the letter of credit expired. He said the propaganda was "why permit the Government to ship rice when we are hungry?"

They asked what occurrences there had been in Iran to lead to the conclusion in Washington of the rise of the Tudeh. I said that I did not know but that certainly what occurred on July 21 might have had some influence. They said that the Government could not fight on two fronts at once, and was fighting now against the British and would against the Tudeh as soon as it had eliminated the British influence, which was being done through the plebiscite. They said that the Tudeh had nothing to do with the result of the elections here; that, in fact, Tudeh elements actually tried to thwart pro-Mossadegh votes, and that the marchers to the polls were organized by pro-Mossadegh parties not including the Tudehs.

In apparent utter sincerity they asked for advice on how to overcome what they considered the false reporting that has led to the change of attitude in the United States on the part of the highest officials. Dr. Akhavi suggested that special representatives of the President or the Secretary should come to Iran and investigate the situation here themselves and make reports.

Dr. Akhavi said that there was no desire to have any relations with the neighbor to the north, including commercial relations, but that Iran was being forced to deal with Russia by reason of the fact that the United States and most of the free world would not buy its products. He cited a public adjudication for the sale of their surplus wool which, he said, resulted just this week in not a single bid. He said the sugar sit-

uation was extremely difficult and in the end they might have to send produce to Russia in exchange for sugar.

"What are we to do?" both Dr. Akhavi and Mr. Zanganeh repeatedly asked. I made no effort to respond.

"Where are the reports coming from that are misleading the officials in the United States?" they repeatedly asked. I made no effort to respond.

"What can have led to the assumptions that the Government is condoning Tudeh activities?" they asked. I said at that point that what occurred on July 21 I knew had been a source of concern and that the afternoon meeting had been seized upon by some for rather flagrant anti-American and anti-Point 4 agitation. I said that difficulties in Isfahan with the Governor General were a source of great concern to me and might be to others.

They asked me whether I thought Point 4 was being successful and I said that I thought it was, that in every village I had been to, and they are many, I had found the people earnestly appreciative and definitely in support of the self-improvement programs.

My appraisal of this conference, which certainly was not sought by me but which grew out of the evident and apparent deep concern of these two high officials, is that they, at least, and probably many others in the highest official circles of the present Government are deeply agitated, puzzled and concerned by what they interpret as a sharp deterioration in the relationships with the United States. They earnestly believe this has come about through false reporting and I cannot doubt the sincerity of these two gentlemen in their assertions that there has been no wooing of the Tudeh by the Mossadegh regime. They may not know, but they think they do. Dr. Akhavi said if Point 4 should move out, then Russia would move. Mr. Zanganeh said, very earnestly, that is "what they want you to do" and that is why they cry "Yankee Go Home."

William E. Warne[2]

[2] Printed from a copy with this typed signature and an indication that the original was signed.

259. Draft National Intelligence Estimate[1]

Washington, August 12, 1953.

SUBJECT

The Current Outlook in Iran (Staff Draft for Board Consideration)

The Problem

To re-assess the outlook in Iran in the light of developments since publication of NIE–75/1, "Probable Future Developments in Iran through 1953."[2]

Estimate

Introduction

1. The elements of instability and uncertainty in the Iranian situation have become more pronounced since the beginning of 1953. While Mossadeq has managed to retain control of the government and the political initiative in Iran, he has made no discernable progress toward solution of the serious problems confronting the country and has suffered a long series of political setbacks. These setbacks have narrowed his base of political strength, forced him to resort to openly dishonest methods to retain the initiative, and made his survival more dependent than ever on his aggressiveness and skill as a political antagonist and on the irresolution and disunity of his opponents. Most of Mossadeq's old colleagues in the National Front, including such leading figures as Kashani, Baghai, and Makki, now oppose him, leaving only a small group of faithful supporters. A group of ex-Army officers headed by General Zahedi is openly committed to his downfall, and such nominal Mossadeq collaborators as Minister of Court Amini (whose brother heads the gendarmérie) appear to be secretly plotting against him. Following Mossadeq's unsuccessful effort to drive the Shah into exile in February, the Majlis opposition became so baulky that Mossadeq finally withdrew his supporters (thus precluding a quorum) and then called a "referendum" to approve final dissolution of that body pending new elections. While this vote, just completed, was officially reported as an overwhelming pro-Mossadeq victory, this showing was at

[1] Source: Central Intelligence Agency, NIC Files, Job 79R01012A, Box 32, Folder 3, (NIE 102) Probable Developments in Iran. Top Secret; Security Information. The draft estimate was prepared in the Office of National Estimates. A summary of the estimate was sent to Dulles by Kent on August 13. (Ibid., Job 79R00904A, Box 1, Folder 4, Memo for DCI (1953) (Substantive)) For the final text of the NIE, see Document 347.

[2] Document 152.

least in part due to Mossadeq's stipulation of an open ballot system facilitating intimidation and may also have involved a fraudulent count. The opposition abstained.

2. Another unsettling development has been the emergence of the Communist Tudeh Party as the leading manipulator of mob pressure, at least in Tehran, and as an important source of support for Mossadeq vis-à-vis his non-Communist opposition. While Mossadeq and Tudeh still appear to be operating at arm's length, he clearly accepted Tudeh collaboration in the recent referendum and in preliminary demonstrations. In the two most recent of these demonstrations, Tudeh made a far more impressive showing than Mossadeq's own followers.

3. Finally, there has been a change in the attitudes of the US and the USSR which has almost certainly necessitated a review of Iranian foreign policy. The US attitude toward Mossadeq has gradually hardened, culminating in President Eisenhower's warning of 30 June that Iran can expect no emergency assistance from the US so long as it refuses a reasonable oil settlement with the British.[3] This development has not only helped weaken Mossadeq's internal position, by undercutting the widespread belief that the US was backing him, but has also struck at one of Mossadeq's own fundamental convictions—namely, that if he holds on to power long enough and thus proves that he is the man to deal with, fear of Communism will eventually compel the US to provide him with oil markets or financial assistance without requiring concessions to the British or other limitations on his freedom of action. Meanwhile, the new Soviet regime has not only agreed to a doubling of Soviet-Iranian trade but has also joined in negotiations for a general settlement of outstanding issues between the two countries. These developments have raised the possibility that Mossadeq might bolster his popular prestige by obtaining concessions from the USSR and have indirectly lessened the pressure on him to curry favor with the US.

The Outlook for Mossadeq and the non-Communist Opposition

4. As a general proposition, we believe that the odds still favor Mossadeq's retention of power at least through the end of 1953. He is convinced that Iran needs his leadership and fiercely determined to maintain it. He is legally entitled to rule by decree until January 1954, when the plenary powers first granted him by the Majlis in August 1952 expire; appears to have effectively established his authority over the machinery of government, including the security forces; and still has a large, undefined residue of popularity and prestige on which to fall back. His financial problems are unlikely to produce an early crisis despite his probable continued resort to the printing press to meet cur-

[3] See Document 230.

rent expenses; crops are good, the general level of economic activity is fairly normal, and such inflation as has developed shows no signs of soon getting out of control. Finally, it is uncertain whether any serious challenge to his leadership will soon emerge. The Shah's past unwillingness to give strong backing to an effort to oust Mossadeq is likely to be reinforced by the current absence of a Majlis which might give legal sanction to such a move, and it remains unclear whether Mossadeq's other opponents are capable of banding together and following through with a unified and vigorous effort to overthrow him by force unless they get the Shah's cooperation. Although Tudeh's capabilities are manifestly increasing, we believe that it is not yet prepared to make a direct bid for power itself and—except to take advantage of a sudden crisis—will not turn against Mossadeq until it has further exploited its current tacit alliance with him.

5. Despite these favorable factors, Mossadeq will still face considerable difficulty in maintaining his present position. So long as the present unsettled situation continues, he will be constantly exposed to the danger that an effective movement to unseat him may in fact emerge, even though a successful plot against him would almost certainly require the cooperation of the security forces. Even if such a plot does not emerge, Mossadeq will remain subject to opposition harassment and will be under continuing pressure to exert himself in order to keep his opponents off balance, maintain his prestige, and reaffirm his command of the situation. This pressure is likely to increase if Mossadeq fails to secure some kind of mandate for remaining in office after his plenary powers expire in January 1954.

6. In Mossadeq's efforts to stay in power, it is extremely unlikely that he will be able to undercut his opposition through a successful attack on the problems underlying the present political crisis in Iran—the uncertainties and financial difficulties arising from the virtual shutdown of the oil industry following nationalization and the unrest arising from the government's failure to satisfy popular aspirations for economic and social betterment. Mossadeq's half-hearted efforts at land reform in 1952 appear to have brought more trouble than credit to the regime. An expansion of the economic development program, now virtually restricted to projects financed by Point Four, is impossible without additional funds. And with respect to the financial problem itself, the outlook is extremely gloomy:

a. A settlement with the British providing for resumption of large-scale Iranian oil operations remains extremely unlikely. The British have no present need for Iranian oil and appear resolved to hold out for what they consider a fair basis for determining compensation. Mossadeq will almost certainly continue to reject these terms. Even if the British were induced to offer settlement terms more favorable to Iran

(as, for example, along the lines of the lump sum compensation proposal advanced by Mossadeq this spring), Mossadeq's innate belief in British perfidy and his predilection for haggling would probably prevent any satisfactory arrangement from being reached.

b. There is little chance that Iran can find customers for significant amounts of oil in the absence of a settlement. Despite Iran's willingness to extend a 50 percent discount and despite the recent easing of the world tanker supply, Iran's sales thus far have been held to extremely small proportions, mainly because the major companies which share with AIOC the domination of the world oil market are reluctant to clash with AIOC on this issue, have ample supplies of their own, and would probably react sharply against any attempts by independents to bring in large quantities of cut-rate Iranian oil. These considerations are unlikely to change in the near future.

c. Finally, little help is likely to come from the USSR. While the Soviet bloc might agree to purchase small quantities of Iranian oil, it would probably be deterred from absorbing significant amounts by (1) its lack of any need for such amounts and (2) its probable reluctance to make possible any real strengthening of Mossadeq's position. Return of the $21 million in gold and credits owed Iran by the USSR would provide only a temporary alleviation of Iran's financial woes, particularly since Iran is already using at least half of that amount as note cover.

7. Under these circumstances, and with the appeal to nationalist fervor less potent than it has been in the past, Mossadeq will probably have to place increased reliance on chicanery, intimidation, and military force to maintain himself. Nevertheless, this trend toward increasing authoritarianism will probably be checked at least to some extent by Mossadeq's desire to maintain his legal status as representative of the people's will and by his probable inability to build a strong and reliable dictatorial apparatus. While Mossadeq may attempt to use his police powers against his opponents, he will probably concentrate on efforts to secure the election of a new and more friendly Majlis which would cooperate with him and, if necessary, could authorize extension of his plenary powers. He will probably renew his efforts to undermine and demoralize the Shah, in the hope that the latter might be coerced into ceding more of his powers or actually eliminating himself as a rallying point for opposition elements. However, except as an act of desperation or opportunism, Mossadeq is unlikely to risk another full-scale onslaught on the Shah, since it would probably serve to unite the opposition as did Mossadeq's attempt last spring and might conceivably result in Mossadeq's own downfall.

8. While Mossadeq might succeed in securing a nominal majority in new Majlis elections, mainly through reliance on the open ballot

technique which enabled him to roll up such overwhelming majorities in the recently completed "referendum", the operation would be an exceedingly difficult one. The Iranian practice of holding elections over a period of weeks or months would facilitate government rigging of the balloting and enable Mossadeq once again to cancel elections in doubtful districts once he had seated a minimum number of supporters. However, Mossadeq would probably still have difficulty in invading the feudal strongholds of the old conservative landlord class, which held on to a considerable number of seats in the 1952 elections, when Mossadeq's popular appeal and ability to secure local supporters were far greater than they are now, and which would probably have fared even better if Mossadeq had not stopped the balloting when it was little more than half-finished. This time, Mossadeq would lack the support of Kashani, whose local workers were extremely effective in 1952. Moreover, Mossadeq would probably lose some seats in Tehran and possibly other urban centers to Tudeh nominees.

9. In any event, Mossadeq is unlikely to be any more successful than in the past in finding men he can trust to stand by him after they are elected. Although Mossadeq is likely to go through with new elections so long as they show any promise of reinforcing his position, they are at best likely to provide him with only a short breathing spell.

The Communist Danger

10. In Mossadeq's attempts to retain power, he is likely to take steps which will weaken the prestige and influence of the US in Iran and which will increase the danger of an ultimate Communist takeover.

11. In the foreign relations field, Mossadeq is likely to give Tudeh free rein in attacking the US and to become more critical of the US in his own public statements. He can be expected to accept any genuine concessions the USSR may offer him and might go so far as to eject the US military missions and to pledge Iran to refrain from entering into any defense arrangement with the West if offered sufficient Soviet inducement. Such moves are likely to result in a decline in US prestige, an improvement in the popular standing of the pro-Soviet element, and possibly widened opportunities for Soviet propaganda and subversion.

12. In the domestic field, Mossadeq will probably continue to rely on Tudeh support in his efforts to dominate his non-Communist opponents. As a result, he will probably feel compelled to wink at the continuation of Tudeh demonstrations and the re-emergence of Tudeh as an acknowledged political party, may go so far as restore Tudeh's legal status, and might even bring some Tudeh sympathizers into the government. These moves will greatly assist Tudeh in its efforts to increase its influence both in political circles and in the bureaucracy.

13. Despite the inherent dangers in these policies, however, we do not believe they will go so far within the next few months as to result in Iran's coming directly or indirectly under Communist domination.

14. With respect to the USSR, it is extremely unlikely that an ardent nationalist of Mossadeq's stripe would grant the USSR oil concessions, permit Soviet technicians to move in at Abadan, or otherwise open the way for large-scale Soviet penetration of Iran. Moreover, it is almost equally unlikely that Mossadeq will sever all ties with the US. Despite some signs that he may be changing his mind, he will probably be extremely reluctant to abandon completely the belief that the US will eventually have to come to his and Iran's assistance, and he probably hopes that his current dealings with the USSR, together with the rise of Tudeh, will serve to impress the US with the danger of losing Iran to the Communists. In any event, Mossadeq is unquestionably convinced, as are most Iranians, that national salvation depends on balancing off the great powers and thus preventing any single one of them from achieving a dominant influence over Iran. He will therefore continue to desire US support as a counterweight to possible Soviet pressure.

15. We also consider it unlikely that Tudeh's position will improve so rapidly under a policy of collaboration with Mossadeq as to enable it to gain power on its own initiative before the end of 1953. Despite its growth in experience, boldness, and ability to exert mob pressure, Tudeh is still a numerically small party (with an estimated card-carrying membership of 10,000) which is thus far concentrated in Tehran and a few other urban centers and is probably incapable of standing up against firm repressive measures by the security forces. While Tudeh infiltration of the security forces will probably continue, it is unlikely to reach serious proportions during the next few months, and there is also no indication that Tudeh either desires or will be able to significantly increase its own capabilities for a coup during that period.

16. In addition, Tudeh will almost certainly encounter considerable opposition from Mossadeq himself. While he will probably feel compelled to play along with Tudeh for the time being, much as did Qavam in 1946, he unquestionably recognizes it as a potential threat to his own position. He can be expected to retain firm control over the security forces, to resist Tudeh efforts to secure the direction of other important ministries, and to take action to prevent Tudeh demonstrations from getting out of hand. In this he has the support of an apparently vigorous and effective chief of staff.

17. It is possible that some unexpected opportunity might enable Tudeh to come to power within the next few months. If an armed struggle should break out between Mossadeq and his non-Communist opponents, Tudeh would almost certainly feel obliged to exploit such a

development to the utmost. Despite its apparent paucity of military preparations and the probable unwillingness of the USSR to intervene militarily on its behalf, Tudeh might succeed in gaining the upper hand if no definite winner, willing and able to use the security forces to suppress Tudeh outbreaks, were to emerge. A similar situation might arise if, in the event of Mossadeq's death, the Shah and Mossadeq's non-Communist opponents failed to work out a rapid solution to the succession problem.

18. Barring such an unpredictable eventuality, however, a Tudeh assumption of power is most likely to come about as a result of one or both of the following somewhat longer-range developments:

a. Tudeh may succeed in coming to power by parliamentary means. Although Tudeh is unlikely to secure a large representation in any Majlis election which might be held in 1953, continued failure to check its growth and provide some alternate vehicle for popular sentiment might enable it to secure a dominant position or even a clear majority in some later Majlis.

b. Even if Tudeh's purely political potential is not realized, a continuation of the present economic and political deterioration will sooner or later increase popular discontent and the demoralization and Tudeh infiltration of the bureaucracy to a point where Tudeh could readily seize power on its own initiative.

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260. Telegram From the Station in Iran to the Central Intelligence Agency[1]

Tehran, August 14, 1953, 1303Z.

TEHE 686. 1. Al Homdulillah.

2. Late last night, accompanied by kisses (literally) from Iranian source, we informed papers brought by [*name not declassified*]. They now in possession Zahedi. Evidently pressure finally effective and we feel much credit must go to [*name not declassified*]. Action scheduled midnight tonight.

3. Earlier meeting with Zahedi showed him firm of purpose but inhabiting dream world so far as his subsequent program concerned.

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[1] Source: Central Intelligence Agency. Secret. Transcribed specifically for the *Foreign Relations* series from microfilm in the Central Intelligence Agency that no longer exists. See "Sources" chapter.

Spoke of free medical care for the third class citizens, mechanizing agriculture and growing vast crops of cotton on Moghan Steppes, equalizing wealth by income taxes, etc. Time not right for us to argue issue but we warning strongly against making impossible promises in early speeches. It clear Zahedi will need firm realistic guidance.

End of message.

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261. Telegram From the Embassy in Iran to the Department of State[1]

Tehran, August 16, 1953, 10 a.m.

333. Embassy received unconfirmed report from good source Shah in dismissing Mosadeq issued royal decree appointing General Zahedi Prime Minister. Reports also received Acting Minister Court Amini and other court officials arrested this morning.

Up to 9:30 a.m. city appears calm, extra police on duty, with tanks and truck loads security forces around royal palaces and Prime Minister's residence. Embassy eyewitness reports seeing orderly crowd approximately 200 proceeding toward Baharestan Square waving Iranian flags.

Prime Minister's office phoned Embassy 8:45 a.m. advising Embassy and Point IV close as trouble expected. Appropriate instructions issued.

Rumors now prevalent and received by varied Embassy sources to effect alleged coup inspired by government. Reasoning behind this general impression is this action necessary give Mosadeq excuse move against Shah.

Mattison

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[1] Source: Central Intelligence Agency, DDO Files, Job 79–01228A, Box 11, Folder 14, Iran 1951–1953. Restricted; Security Information; NIACT. Repeated to London NIACT and to Beirut NIACT for Ambassador Henderson. Received at 4:28 a.m.

262. Telegram From the Embassy in Iran to the Department of State[1]

Tehran, August 16, 1953, 1 p.m.

337. Significance placed here upon fact *Shojat,* principal Tudeh newspaper, only one to have account alleged coup d'état this morning and that same paper had proclaimed imminence coup since August 13.

Aside minor hint in *Mard Asia,* anti-Mosadeq paper, August 16, that government apprehensive about coup, apparently only Communists had idea of purported coup.

Shojat on August 13 called upon government to forestall coup, naming many alleged plotters in armed forces. On August 14 same paper said certain army commanders in league with Shah and arrangements coup all set. Claimed Kashani also in plot.

August 16 *Shojat* said Mosadeq tipped off to plot Friday afternoon and plotters, learning this, later sent white flare into sky to notify conspirators delay action. "Coup was to come off last night. Following meeting General Schwarzkopf and Shah August 9, necessary preparations made. Monday Shah left for Caspian and Colonel Nasari in civilian clothes held meetings in Tehran. Friday Colonel Nasari ordered Imperial Guards hold selves readiness assignment.

"Plans called for mountain brigade of Colonel Montaz and units armored brigade of Colonel Shahrokh to attack Tehran 1 a.m. Saturday. Were to occupy government centers, radio station, arrest Prime Minister, ministers. Execute some at once. Plot discovered, tipped off. White flare sent up.

"American imperialists sent Schwarzkopf as spy to court after Dulles and Eisenhower statements with instructions present government must be ousted by military action and replaced by government headed by men like Alayar Saleh, General Zahedi, Hakimi, Dr. Amini."

Mattison

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[1] Source: Central Intelligence Agency, DDO Files, Job 79–01228A, Box 11, Folder 14, Iran 1951–1953. Restricted. Repeated to London and to Beirut for Ambassador Henderson. Received at 7:55 a.m.

263. Telegram From the Station in Iran to the Central Intelligence Agency[1]

Tehran, August 16, 1953.

TEHE 704. A. From Mattison.

Both Melbourne and I, only Embassy officers having knowledge plan, believe non-success CIA efforts not due to any lack dedicated effort nor through any failure to attempt to provide for various contingencies. All CIA personnel under K. Roosevelt leadership labored long hours in manner reflecting great credit their ability and courage.

Essential element in unfortunate result was commonly appreciated difficulty in operating when confronted by current Iranian incapacity for large scale organized effort under clandestine conditions, and when confronted by unforseen difficulties.

B. K. Roosevelt comments most grateful for above which is fully reciprocated. Both officers have given every possible [illegible] operation. We still think there [illegible] remaining chance success if Baghdad radio strongly presses point that Shah tricked out of country by Mossadeq determination overthrow constitution and Zahedi willing and able take aggressive stand.

End of message.

[1] Source: Central Intelligence Agency. Secret. Transcribed specifically for the *Foreign Relations* series from microfilm in the Central Intelligence Agency that no longer exists. See "Sources" chapter.

264. Telegram From the Station in Iran to the Central Intelligence Agency[1]

Tehran, August 16, 1953.

TEHE 707. Suggest pass [*less than 1 line not declassified*] soonest:

1. Request you inform Shah that U.S. Govt has taken following steps to support him:

[1] Source: Central Intelligence Agency. Secret. Transcribed specifically for the *Foreign Relations* series from microfilm in the Central Intelligence Agency that no longer exists. See "Sources" chapter. [*text not declassified*]

A. Arranged world press interview to establish fact Shah has acted legally in interest his country.

B. Supported his new Prime Minister by bringing his credentials (firmans) to attention of Iran and whole world.

C. Brought heavy pressure upon Chief of Staff Gen Riahi to arrest Mossadeq.

D. Protected safety of Gen Zahedi.

E. Arranged to bring Shah's case to country. Army is still his and looking for his orders.

F. Religious leaders go to country tomorrow in Shah's behalf.

G. Make it clear to country Shah forced by Mossadeq temporarily to leave.

2. If Shah has not already done so desire he reaffirm Zahedi's position as acting constitutionally. Must save lives and inspire those who now know first time what their King wants. Situation bad but may improve.

3. Zahedi plans to issue appeal to country. He has not given up and will do best carry out orders Shah. Great strength remains army and church Zahedi now plans utilize.

End of message.

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265. Telegram From the Central Intelligence Agency [*text not declassified*][1]

Washington, August 16, 1953.

DIR 16044. Re: [*less than 1 line not declassified*] (CIA officer).

1. Request you report immediately info re: whereabouts Shah, feasibility establishing covert contact; surveillance and protection by Iraq Govt.

2. Send info copies all messages to STEHE and [*less than 1 line not declassified*] (CIA officer) and use indicator.

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[1] Source: Central Intelligence Agency. Secret; Operational Immediate. Transcribed specifically for the *Foreign Relations* series from microfilm in the Central Intelligence Agency that no longer exists. See "Sources" chapter.

3. Above info should be acquired in such a way as *not* reveal our intention contact Shah. Security of paramount importance as Iran situation most explosive. Do *not* make any effort to contact Shah.

End of message.

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266. Telegram From the Embassy in Iran to the Department of State[1]

Tehran, August 16, 1953, 3 p.m.

342. Late morning August 16, correspondents Donald Schwind, Associated Press, and Kennett Love, *New York Times*, went to hills north of Tehran at request son of General Zahedi for conference. Zahedi not present, but son showed signed decree from Shah and gave photostats of it to newsmen.

Decree, signed by Shah, dated Thursday, August 13, 1953, said:

"View of fact situation of nation necessitates appointment of an informed and experienced man who can grasp affairs of country readily, I therefore, with knowledge I have of your ability and merit, appoint you with this letter Prime Minister. We give into your hands duty to improve affairs of the nation and remove present crisis and raise living standard of people."

Zahedi's son said father naturally in hiding; that coup not intended; that Colonel Nasari went to Prime Minister's home this morning with soldiers to present this decree to Mosadeq and was arrested by guards.

Translator US Embassy, well acquainted with Shah's signature because previous employment, saw photostat and declared belief Shah's signature genuine.

Mattison

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[1] Source: Central Intelligence Agency, DDO Files, Job 79–01228A, Box 11, Folder 14, Iran 1951–1953. Restricted; NIACT. Repeated to London NIACT and to Beirut for Ambassador Henderson. Received at 10 a.m.

267. Telegram From the Embassy in Iran to the Department of State[1]

Tehran, August 16, 1953, 5 p.m.

345. At 11:15 General McClure on Embassy advice had conference with Chief of Staff Riahi lasting forty minutes.

McClure stated he gravely concerned at reports he received and radio news broadcast re coup d'état. Stated had information from Embassy and other sources that Shah issued decree dismissing Mosadeq and appointing new Prime Minister.

He also had information from Mohanna, Deputy Minister of Defense, that there was no such decree.

McClure stated his mission was accredited to legal and constitutional government and that two conflicting reports of existence of Shah's decree made his official position an uncertain one in relation to army.

Was army to support Shah and carry out his orders or support an ousted Prime Minister (granting that decree was authentic)?

Riahi replied that mission relationship remained unchanged; that few officers and civilians had attempted overthrow Mosadeq and had not succeeded; that he knew of plot six hours beforehand and had taken appropriate steps. He denied, without apparent conviction that a decree had been authentically signed. He stated that Iran and its people came before Shah or any particular government and that army was of people. Army would support people. He said Iran had adopted policy of long range benefit to its people; that Iran wanted and needed sympathetic help of free world particularly US but that she would not deviate from that policy even though it meant loss of aid and even friendship of US. He repeated his desire for continued help.

McClure replied he did not know what our government's policy would be in support an illegal government if it were determined that Shah had signed a decree setting up a new government.

Riahi stated cordial personal and official relationship between them had been based on frank and honest expression of views and that he hoped that relationship would continue. He added footnote that it unfortunate that US had been taken in by British propaganda and poor reporting; while blood ties of Britain and US caused close collaboration,

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[1] Source: Central Intelligence Agency, DDO Files, Job 79–01228A, Box 11, Folder 14, Iran 1951–1953. Secret; Security Information; NIACT. Repeated to London NIACT and to Beirut for Ambassador Henderson. Sent with an instruction to pass to the Defense Department. Received at 12:10 p.m.

US was the one country who could help peoples achieve their "four freedoms."

Embassy believes McClure handling of conversation most helpful and in US interest under present difficult circumstances.

Mattison

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268. Telegram From the Embassy in Iran to the Department of State[1]

Tehran, August 16, 1953, 8 p.m.

348. Flight by Shah and uncertainty Zahedi actions presumably leave Mosadeq victor in protracted and Persian-mannered campaign eliminate Shah as political force in country. Embassy considers quite possible Mosadeq may establish regency to provide needed interim before eventual proclamation Iranian republic.

Believe under circumstances and pending Department decisions upon varied policy matters apparent as result new situation that Ambassador's immediate return desirable. However, as situation may be still fluid suggest Ambassador return prepared to continue be unwell in order avoid any official interviews if situation warrants. Attitude, statements and actions Mosadeq government in next few days likewise will assist Department in determining lines to be followed.[2]

Mattison

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[1] Source: National Archives, RG 59, Central Files 1950–1954, 788.00/8–1653. Secret. Repeated NIACT to London and to Beirut for Ambassador Henderson. Received at 1:09 p.m.

[2] Telegram 370 from Tehran, August 17, reported that Henderson arrived in Tehran that day at 6 p.m. (Ibid.)

269. Telegram From the Station in Iran [*text not declassified*][1]

Tehran, August 16, 1953.

TEHE 705. Foll is message Shah should broadcast ad infinitum, by voice and recording. Suggest he be urged quickest do so in name Churchill, Eden and Salisbury:

"Beloved people: In past 28 months Dr Mossadeq has been given by me greatest support and encouragement in hope he would serve nation but in all this time he has created nothing but greatest poverty, disunity and chaos. Has also spent best part time libeling patriots and statesmen who tried help Iran.

"Have sworn upon God and holy Koran preserve constitution but Mossadeq's impertinence reached point where he tramps on all our sacred ideals. He's now endangered country in name welfare country and is skillfully driving country to communism. Finding it impossible endure his treacherous deeds I dismissed him and appointed Zahedi form cabinet in order improve bad conditions. But Mossadeq with well known tactics twisted facts and arrested my emissary and thus hit hardest blow against constitution. Thus all army officers who have taken oath allegiance to Shah and country must take action unite, in this darkest period history, under banner *true* nationalism and put end rule of mentally sick man who has written new chapter in despotism. Great God who has always protected dear country ours will again rescue us."[2]

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[1] Source: Central Intelligence Agency. Secret. Transcribed specifically for the *Foreign Relations* series from microfilm in the Central Intelligence Agency that no longer exists. See "Sources" chapter.

[2] In telegram DIR 16048, August 16, the CIA reported that the Department of State had no objection to British efforts to get the Shah to broadcast such a message. (Ibid.)

270. Telegram From the Station in Iran to the Central Intelligence Agency[1]

Tehran, August 17, 1953.

TEHE 710. 1. MilSitRep 15–16 August 53.

A. As of night 13 Aug 52 [*53*] (as recd) CIA cut out of military preparation by Batmangeliche and Zahedi.

B. Farzanegan was told night 14 August he was not Deputy Chief Staff. Once Batmangeliche took over control of situation lost.

C. On 14 Aug 53 Zahedi (as recd) made decision to cut in Gen Daftari on final plan to act. This may have been fatal. Riahi was informed 1700 hours 15 Aug that Shah would act that night at 2400 hours.

D. Riahi used 7 hours warning to advantage. By 2300 hours his commanding officers Parsa, Momtaz, Ashrafi, Sharokh, and Novanry were all on spot and waiting arrival Zahedi emissaries.

E. Despite that fact Momtaz, Sharokh, Kiani were arrested when Col Nassiri went into action.

F. Belief that Mossadeq would not accept firman unless forcefully presented to him proved by events. Nassiri was correct in going directly to Prime Minister with firman for that is normal channel. But Nassiri walked into superior force and was arrested after notifying Mossadeq servant he had personal message for Mossadeq. Firman dismissing Mossadeq now probably in Mossadeq's hands.

G. Meantime Batmangeliche refused to attempt Chief of Staff's office when he saw tanks and troops waiting for him at door. Without his presence in Chief of Staff's office command radio net could not be used.

H. Zahedi waited for 2 jeeps of troops to escort him to officers club but of course troops firmly under Riahi's commanders. Zahedi look for escort then returned Farzanegan brothers house in Shimran at 0035 August.

I. Troops moving down at 0120 hours from Shimran to Teheran sounded to Zahedi like Nassiri's. Troops sent to arrest the alerted Riahi. This sounded like plan being attempted despite now overwhelming odds.

J. At that time Zahedi sent Navabi to reconnoitre. Navabi returned 0210 hours. Police and troops stopping all vehicles. Mossadeq's house protected from 1130 hours by infantry and tanks.

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[1] Source: Central Intelligence Agency. Secret. Transcribed specifically for the *Foreign Relations* series from microfilm in the Central Intelligence Agency that no longer exists. See "Sources" chapter.

K. At 0230 hours Gen Guilanshah took Batmangelich on tour of city. At 0309 hours Guilanshah reported to Zahedi that Nassiri had been arrested at 1150 and obviously someone was a traitor.

L. Consensus was that Daftari had given game away.

M. Debate followed. Should Zahedi hide, run, or come out in open. Decided to hide and send Farzanegan to ask CIA advice.

N. At 0410 hours Station officer reconnoitered city. Mossadeq house surrounded for blocks. Ministry of War protected by sleeping soldiers. 2 tanks being brought up to reinforce Mossadeq's house. All police boxes reinforced. City quiet. No fighting.

O. Advice to Zahedi to make firman known and to declare openly his legal rights reported elsewhere.

P. Riahi called meeting all high ranking officers 0900 hours and laid down law. Gen McClure estimates that had Zahedi then walked in with firman he would have won.

End of message.

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271. Telegram From the Embassy in Iraq to the Department of State[1]

Baghdad, August 17, 1953, 7 a.m.

92. For Under Secretary—No (repeat no) Distribution. Shah of Iran expressed to Iraqi Government desire to meet me. In order to provide Department with first hand account of recent Iranian events as Shah sees them, and recalling his basic pro-western attitude and Department's policy of supporting him, I called quietly at 9:30 last evening at Iraqi official guest house where he is staying. I found Shah worn from three sleepless nights, puzzled by turn of events, but with no (repeat no) bitterness toward Americans who had urged and planned action. I suggested for his prestige in Iran he never indicate that any foreigner had had a part in recent events. He agreed.

Shah stated that in recent weeks he had felt increasingly that he would have to take action against Mosadeq as the latter became bolder in flouting Iranian Constitution. Therefore, when a fortnight ago it was

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[1] Source: National Archives, RG 59, Central Files 1950–1954, 788.00/8–1753. Top Secret; Security Information; Priority. Repeated to Tehran. Received at 7:14 a.m. This telegram is printed with redactions in *Foreign Relations,* 1952–1954, vol. X, Iran, 1951–1954, pp. 746–748 (Document 345).

suggested that he sponsor a military coup he accepted the idea. However, in giving it more thought he decided that such action as he took must be within the framework of his constitutional power, hence, not (repeat not) a coup. Thus, after consultation with an American, not (repeat not) an official of the State Department, decided to appoint General Zahedi as Prime Minister in place of Mosadeq. After being assured that everything was arranged and that there was no (repeat no) possibility of failure, he left Tehran for his Caspian Palace in order to put Mosadeq off guard and from there three days ago sent letter of appointment of General Zahedi to Tehran with a trusted Iranian Colonel. The letter was delivered to General Zahedi and he was to choose the timing and method for informing Mosadeq. The Shah expected action would take place that very day. But no (repeat no) action took place, apparently because message arrived too late in day, and no (repeat no) action took place the following day, apparently because it was a holiday. On the third day Mosadeq by some means had been alerted and had had the time to take successful countermeasures so that when the Colonel arrived at Mosadeq's house he was himself arrested.

This morning the Shah left his Caspian Palace in a Beechcraft with a pilot, one Palace official and his Queen and landed in Baghdad at 10:15. King Faisal returned from Jordan at 11:00. This afternoon, the Shah called upon King Faisal and King Faisal returned the call, offering hospitality, but lacking the supporting presence of his uncle who is in Cairo, seemed somewhat overpowered by events.

The Shah said that he will have to issue a statement very soon and possibly tomorrow. He needs, however, to be informed of the situation in Tehran and to have advice from his American friend. He will try to hold off giving out a statement until he gets advice, but the pressure to issue is great and mounting. He is thinking of saying in his statement that three days ago he dismissed Prime Minister Mosadeq and appointed General Zahedi as Prime Minister, taking his action because Mosadeq had continually violated the constitution. As he himself had sworn, upon ascending the throne, to respect and uphold the constitution, he had no (repeat no) choice, but to remove the Prime Minister of a government acting unconstitutionally. When it was apparent that his orders were not (repeat not) being followed, he left the country to prevent bloodshed and further damage. He is ready to return when he can serve the Iranian people and in the meantime prays for the independence and safety of Iran and that all true Iranians will never allow their country to fall under the control of the illegal Tudeh Party.

The Shah said that he is utterly at loss to understand why the plan failed. Trusted Palace officials were completely sure of its succeeding. The American friend was absolutely confident of its success. When he had said to the American if it should fail what should he do, the Amer-

ican scouted the possibility of failure adding when pressed, that the Shah should go to Baghdad. The Shah said that is why he came to Baghdad when the plan miscarried. Now he needs information and advice upon his next move. He said that he thought that he should not (repeat not) stay here more than a few days, but would then go to Europe and he hoped eventually to America. He added he would be looking for work shortly as he has a large family and very small means outside of Iran. I tried to boost his morale by saying that I hoped that soon he would return to reign over his people for whom he has done so much, but he replied that Mosadeq is absolutely mad and insanely jealous, like a tiger who springs upon any living thing that it sees moving above him. Shah believes Mosadeq thinks he can form a partnership with the Tudeh Party and then outwit it, but in so doing Mosadeq will become the Dr. Benes[2] of Iran.[3]

Berry

[2] Czechoslovak President, 1935–1938 and 1945–1948.

[3] In a memorandum dated August 18, Under Secretary Smith summarized this telegram for the President and forwarded it to him as an attachment. He commented that "the attached message is self-explanatory and will give you the Iranian situation in a nutshell. The move failed because of three days of delay and vacillation by the Iranian generals concerned, during which time Mosadeq apparently found out all that was happening. Actually it was a *counter*-coup, as the Shah acted within his constitutional power in signing the firman replacing Mosadeq. The old boy wouldn't accept this and arrested the messenger and everybody else involved that he could get his hands on. We now have to take a whole new look at the Iranian situation and probably have to snuggle up to Mosadeq if we're going to save anything there. I daresay this means a little added difficulty with the British." (*Foreign Relations,* 1952–1954, vol. X, Iran, 1951–1954, p. 748; Document 346)

272. Telegram From the Central Intelligence Agency [*text not declassified*][1]

Washington, August 17, 1953.

DIR 16090. 1. Reference your priority message of 17 August.[2] In view extra sensitivity this matter we have been requested by State to convey [*1½ lines not declassified*].

[1] Source: Central Intelligence Agency. Secret. Transcribed specifically for the *Foreign Relations* series from microfilm in the Central Intelligence Agency that no longer exists. See "Sources" chapter. Omissions are in the transcribed text.

[2] The reference is presumably to [*text not declassified*].

2. State considers your handling of situation exemplary under circumstances and requests that if in your judgment the situation permits you should contact Shah again at earliest opportunity and suggest to him that he issue clear and definitive statement explaining his actions and _____ the _____ along lines of his statement to you yesterday, viz: "In recent weeks Shah had felt increasingly that he would have to take action against Mossadeq as the latter became bolder in flouting the constitution. Therefore he decided to take action within the framework of his constitutional power _____ _____ taken not in any sense a coup d'état. He decided to appoint Zahedi in place of Mossadeq. Three days ago he sent letter of appointment to Zahedi to capital city with a trusted emissary. The letter was delivered to Zahedi which empowered him to take office. When the messenger arrived at Mossadeq's house to deliver Shah's communication he was arrested while trying to carry out Shah's order. Shah took this action dismissing Mossadeq and appointing Zahedi in his place because Mossadeq had continually violated the constitution and because Shah himself had sworn upon ascending the throne to respect and uphold the constitution. Shah had no choice but to remove the head of a government acting unconstitutionally. When it became apparent that Shah's orders were not being followed he left the country but he stands ready to return when he can to serve the people and in the meantime prays for the independence and safety of the country and that all the patriots will never allow their country to fall under the control of the illegal identity E. Finally Shah might usefully give public expression to his view that Mossadeq thinks that he can form a partnership with Tudeh Party and then outwit it, but in so doing Mossadeq will become the Doctor Benes of the country.

3. For your information State has seen Arab news agency report of Shah's statements which considered helpful but deficient in many respects and inferior to summary statements summarized by you. His statement intention move to Europe in near future is unfortunate as revealing lack seriousness of purpose.

4. For your further guidance State unwilling in absence of more hopeful indications as to possible results to authorize you to press Shah issue an appeal to the army to rise. Shah has not said anything on his own initiative this regard and State does not wish assume responsibility for urging upon Shah course of action which might well prove useless and even reckless.

5. For guidance [*less than 1 line not declassified*] you are not to take any action with respect to Shah without specific authorization HQS. Please lend all possible support and assistance to Berry particularly with respect to prompt servicing his communications.

6. [*less than 1 line not declassified*] pass paras 1 thru 4 above to MI–6.

7. Explanation genesis of above follows immediately.[3]

End of message.

[3] In telegram TEHE 712, August 17, the Station in Tehran urged that the following request be sent to Ambassador Berry in Baghdad: "I urge you to send strongly worded message encouragement to the Shah of Iran who is now in Baghdad. According my information he has latent support majority of Iranian population including its most eminent clerics, including, of course, Borujerdi. However his presence needed Iran to successfully rally populace against tyranny of Mossadeq. In exercising his constitutional prerogatives of dismissing one Prime Minister and appointing another he has placed himself in position having fight to finish. Please have my personal assurances that he issued firman for dismissal of Mossadeq and appointment Zahedi. It is my belief that a word from one so renowned as yourself will encourage Shah return to his country and carry on struggle which rapidly becoming symbol constitution vs. unconstitutional methods." (Central Intelligence Agency. Transcribed specifically for the *Foreign Relations* series from microfilm in the Central Intelligence Agency that no longer exists. See "Sources" chapter.)

273. Telegram From the Station in Iran to the Central Intelligence Agency[1]

Tehran, August 17, 1953.

TEHE 717. 1. While initial attempt failed several significant facts remain:

A. Firmans established new govt and dismissed old. They are in effect. Mossadeq has actually conducted a revolution. Legally Ambassador is not accredited to him but to Shah who has dismissed him.

B. Economic situation will continue to worsen.

C. Mossadeq strengthened at moment. Period probably last two months.

D. Army still basically Shah.

E. Tudeh will occupy more important position than ever.

F. Impossible to woo Mossadeq toward U.S. COL will remain in ground and Tudeh will thrive.

[1] Source: Central Intelligence Agency. Secret. Transcribed specifically for the *Foreign Relations* series from microfilm in the Central Intelligence Agency that no longer exists. See "Sources" chapter. All brackets are in the transcribed text.

G. Army will be in turmoil. Riahi will attempt throw out all possible rivals. Army will steadily resent constant reshuffling which now greatly intensified.

H. Religious leaders now desperate. Will attempt anything. Will try save Islam and Shah of Iran.

I. People apathetic toward Mossadeq call for mob reaction. Fear loss of Shah and Tudeh takeover.

J. Shah waiting to see if U.S. supports his first courageous action.

K. Amny [*Many*], many yyes [*eyes*] now look to U.S. to save them.

L. Past Dept. of State policy can only end in loss of Iran.

2. Situation will worsen, while dictatorship strengthens.

3. Dept. of State seems willing to pull démarche and throw arms around Mossadeq who cannot be veered.

4. U.S. long range Middle East interests require firm continuation Eisenhower policy.

5. Nothing can be gained by selling the Shah, constitution, army, Islam, down drain.

6. Recommend in strongest terms CIA express firm belief in constitution policy of opposition. In long run that policy will be vindicated or all lost.

7. Will discuss above with Ambassador Henderson this evening.

8. Ref para one DIR 16046[2] and 16048:[3] Particularly in view [Berry's] conversation with Shah do not see how we can in good conscience refuse Shah advice and encouragement.[4]

End of message.

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[2] In telegram DIR 16046 to Tehran, August 16, the DCI informed Roosevelt that the Department of State was firmly opposed to any American attempt to contact the Shah. (Ibid.)

[3] See footnote 2, Document 269.

[4] See Document 271.

274. Memorandum Prepared in the Directorate of Plans, Central Intelligence Agency[1]

Washington, August 17, 1953.

Messages need to be sent to the following places and persons containing in each case the various points indicated:

a. A message via [*less than 1 line not declassified*] to Burton Berry in Baghdad providing State Department guidance to him along agreed lines [*1½ lines not declassified*]. This message should indicate that the Department considers that he handled situation in exemplary fashion under the circumstances and should make it clear that at least for the present, and in absence of any satisfactory indications of possible success, the U.S. wishes to avoid assuming responsibility for urging statements upon the Shah beyond what he himself has indicated his disposition to be. This message might be from Whiting to Berry. We should indicate that State has seen the Arab News Agency report on the Shah's statement which is considered helpful but deficient in many respects—e.g., it is not nearly as good or as full as his oral statements to Berry. Also, his statement of intention to take off for Europe in the near future is regarded as unfortunate.

b. [*2 lines not declassified*] The message to Berry will be [*1½ lines not declassified*] that Berry will handle any contact with the Shah.[2]

c. The substance of the message to Berry, including the text of the statement (to be drawn from Berry's cable as indicated by underscoring), should be repeated to Roosevelt together with the additional explanation that State has gone part of the way in the direction apparently desired by Roosevelt but has been unwilling to authorize Berry to press the Shah to make an appeal to the armed services of Iran to arise in support of him—as a matter of U.S. initiative. In this regard, the Department feels that, lacking more satisfactory indications than it has been able to draw from Roosevelt's messages, that there is a *real* and *significant* possibility of decisive action in Iran, the Department does not wish to become associated with a reckless backing of a hopeless cause. The possibility of a more affirmative State Department position in this regard would depend upon Roosevelt's ability to provide more satisfactory evidence of the possibility of significant resistance. (State is not sure whether Roosevelt's language intended to buck up Shah or whether all of it is really meant at full strength.) Reference should also

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[1] Source: Central Intelligence Agency, DDO Files, Job 80–01701R, Box 3, Folder 10, TPAJAX. Secret; Eyes Only.

[2] The message to Berry has not been found.

be made to IN 10764,[3] and Roosevelt should be advised that State has passed the word to VOA and instructed its own press relations people to avoid any such terminology as "coup d'état," "plot," etc., and that while playing the story "straight" they should play up the fact that there is another version of the story supported by both Zahedi and now the Shah which indicates that if there was any coup d'état it was that of Mossadegh and not of Zahedi.

d. We have also to consider adding as part of one of the foregoing messages or making it the subject of a new message—[*less than 1 line not declassified*]—a reference to our OUT 81878 of 16 August[4] which indicated that, while State had no policy objection to the British urging the Shah to make the statement suggested by Roosevelt, we were under admonitions to avoid any approach of our own to the Shah for this purpose. The point should be made that Mr. Berry's action has at least partially overtaken that position of State and that Berry is being authorized to speak with the Shah in the sense of subparagraph a. above.

[3] Not found.

[4] See footnote 2, Document 269.

275. Memorandum Prepared in the Office of National Estimates, Central Intelligence Agency[1]

Washington, August 17, 1953.

SUBJECT

The Iranian Situation

1. The unsuccessful attempt to remove Mossadeq from power this weekend, culminating in the flight of the Shah to Iraq, greatly advances the progressive deterioration of political stability in Iran.

2. On the one hand, Mossadeq's numerous non-Communist opponents have been dealt an almost crippling blow and may never again be in a position to make a serious attempt to overthrow him. The chief figures in the attempt to oust Mossadeq are already in jail or in hiding, thus at least temporarily eliminating or neutralizing the most vigorous

[1] Source: Central Intelligence Agency, DDI Files, Job 79T00937A, Box 2, Folder 2, Staff Memoranda—1953 Substantive. Secret; Security Information.

of these opponents. Even more important, the Shah's flight—a move which may well be followed by the appointment of a regency council and may even lead to designation of a new Shah or abolition of the monarchy—greatly weakens the ability of Mossadeq's opponents to combine against him in the future. The withdrawal of the Shah from Iranian soil not only deprives the opposition of a central figure about which it could rally but also eliminates virtually all hope that the considerable prestige and authority of the monarchy could be used to secure the necessary cooperation of the security forces and reassure the public in any future effort to oust Mossadeq. Except in the unlikely event that a strong and resolute opposition majority develops in some future Majlis, any future attempt to unseat Mossadeq will necessarily be an out-and-out coup, without legal sanction.

3. On the other hand, Mossadeq's position will remain basically precarious, despite the temporary advantages which he will obtain from the failure of the attempt to unseat him and from the repressive measures he is likely to undertake to consolidate his victory. The events of the weekend are unlikely to provoke any great revival of enthusiasm for Mossadeq himself, and in any event his probable continued failure to solve the basic economic and social problems facing Iran will result in a slow but steady drain on his popular support. While Mossadeq will probably make greater use of authoritarian methods, he shows little promise of being able to eliminate all opposition. If Mossadeq goes through with new Majlis elections, as appears likely, his prestige plus his ability to rig the balloting will probably enable him to obtain a majority. However, he is likely to be little more successful than in the past in finding men who will stand by him once they are elected.

4. Thus the ultimate beneficiary of the failure to unseat Mossadeq is most likely to be the Tudeh Party which has regarded the neutralization of the "counterrevolutionary" forces around the Shah as a primary objective and which has also capitalized on the widening popular unrest and insecurity which has been developing under Mossadeq. Although Mossadeq's reassertion of his authority makes it less likely that he will have to make important concessions to Tudeh to stay in office, Tudeh is not yet ready to seize control and will probably feel compelled to confine itself to pressure group tactics for the next few months. Nevertheless, Tudeh is at present the only remaining major contender for Mossadeq's power, and as the deterioration of the political and economic situation in Iran progresses its capabilities for an eventual showdown with Mossadeq will continue to grow. In the event of Mossadeq's death, Tudeh might well be able to capitalize on the confusion which would probably result and to gain control at least in Tehran.

5. Mossadeq's innate suspiciousness, which has probably been reinforced by the events of the weekend, may lead him to link the attempt

to unseat him with the recent hardening of US policy toward him and to represent the attempt as an "imperialist" plot engineered by the US and UK. Even if Mossadeq convinces himself that the US is involved, however, we believe that he is likely to stop short of provoking an open break with the US. He will probably still feel the need of the US as a counterweight to the USSR, with which an attempt to settle outstanding problems is now under way. Moreover, he has long believed that if he held on long enough and thus proved that he was the man to deal with, fear of Communism would eventually force the US to come to his help. With his control newly reconfirmed and the opposition seriously weakened, Mossadeq probably believes that this concept is more valid than ever. Although he will probably criticize and seek to embarrass the US, his main object will probably be that of forcing the US to assist him on his terms.

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276. Telegram From the Station in Iran to the Central Intelligence Agency[1]

Tehran, August 18, 1953, 1149Z.

TEHE 724. Source [*less than 1 line not declassified*].

1. At extraordinary party contact evening 16 August Tudeh issued foll instruction:

A. Members possessing firearms must inform party. Also anyone knowing where firearms can be bought must report. If necessary party will get arms by disarming police.

B. All members who have completed military service must inform party.

C. All members having houses with direct access to streets must report.

D. Party needs all money members can give. Personal possessions must be sold if necessary to get money.

E. Now is sensitive and critical time for party. Time for talking has ended. Party must be prepared to act.

F. Foregoing instructions must be regarded as most secret.

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[1] Source: Central Intelligence Agency. Secret. Transcribed specifically for the *Foreign Relations* series from microfilm in the Central Intelligence Agency that no longer exists. See "Sources" chapter.

2. Wash only: [*less than 1 line not declassified*].

End of message.

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277. Telegram From the Central Intelligence Agency [*text not declassified*][1]

Washington, August 18, 1953.

DIR 16225. 1. The following represents instructions from State with which we concur.

2. [*less than 1 line not declassified*] officer should take up directly and personally with Ambassador the subject matter of this message.

3. Ambassador should know that DCI requests her to determine soonest the securest and least ostentatious means of establishing contact with Shah now in Rome, for purpose of urging him to issue clear and definitive public statement explaining his actions and reasons along lines similar his conversation with U.S. Ambassador to Iraq, Berry, on 16 August.[2] Following is specific line we believe Shah should follow in statement:

"In recent weeks Shah had felt increasingly that he would have to take action against Mossadeq as the latter became bolder in flouting the constitution. Therefore he decided to take action within the framework of his constitutional power (hence action taken not in any sense a coup d'état). He decided to appoint Zahedi (Identity C) in place of Mossadeq three days ago he sent letter of appointment to Zahedi to capital city with a trusted emissary. The letter was delivered to Zahedi which empowered him to take office. When the messenger arrived at Mossadeq's house to deliver Shah's communication he was arrested while trying to carry out Shah's order. Shah took this action dismissing Mossadeq and appointing Zahedi in his place because Mossadeq had continually violated the constitution and because Shah himself had sworn upon ascending the throne to respect and uphold the constitution. Shah had no choice but to remove the head of a government acting unconstitutionally. When it became apparent that Shah's orders were not being followed he left the country but stands ready to return when he can to

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[1] Source: Central Intelligence Agency. Secret. Repeated to Tehran [*text not declassified*]. Transcribed specifically for the *Foreign Relations* series from microfilm in the Central Intelligence Agency that no longer exists. See "Sources" chapter.

[2] See Document 271.

serve the people and in the meantime prays for the independence and safety of the country and that all true patriots will never allow their country to fall under the control of the illegal identity D." Finally Shah might usefully give public expression to his view that Mossadeq thinks that he can form a partnership with Tudeh Party and then outwit it, but in so doing Mossadeq will become the Doctor Benes of the country.

4. All cables this subject should be sent by Ambassador [*less than 1 line not declassified*] bearing above indicator. This matter of utmost sensitivity and should be handled by [*less than 1 line not declassified*] Ambassador accordingly.

End of message.

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278. Telegram From the Central Intelligence Agency to the Station in Iran[1]

Washington, August 18, 1953.

DIR 16224. Ref TEHE 717.[2]

1. In view Ambassador Henderson's return and in light of indications contained in ref, State Dept and ourselves most anxious receive benefit your views after full discussion which we assume already taking place between you and Ambassador Henderson.

2. State Dept has indicated following tentative stand:

This view on basis evidence available to it is that operation has been tried and failed and we should not participate in any operation against Mossadegh which could be traced back to US and further compromise future relations with him which may become only course of action left open to US.[3]

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[1] Source: Central Intelligence Agency. Secret. Transcribed specifically for the *Foreign Relations* series from microfilm in the Central Intelligence Agency that no longer exists. See "Sources" chapter.

[2] Document 273.

[3] In a telegram from Washington to the Foreign Office, August 17, British Ambassador Sir Roger Makins wrote that "Bedell Smith told me today that latest developments made it necessary for the Administration to take a new look at policy towards Persia. He thought it would be necessary to cultivate good relations with Mussaddiq. Perhaps American technicians might be sent. Whatever his faults Mussaddiq had no love for the Russians and timely aid might enable him to keep Communism in check." (British National Archives, Prime Minister's Files, PREM 11/514)

3. British position which we understand should shortly reach you in more detail via CIA official summarized below:

We must regret we cannot consider going on fighting with prospects as stated by US official ("operation not quite dead")[4] and with no fresh supporting evidence.

4. In view foregoing and in absence strong contrary recommendations from you and Ambassador Henderson, operations against Mossadegh should be discontinued.

5. Questions re details liquidation, possible future action and fulfillment commitments will follow your answer to this message. One such question which you might be able answer soon is: What kind of activity do you consider essential to protection of security of preceding actions, including key personalities having knowledge of most details, and also for preservation of such assets as can be saved for future use.

End of message.

[4] Apparently a paraphrase of the opening sentence of telegram TEHE 715, August 17: "Project is not yet quite dead in that Zahedi Gilanshah (Iranian sources) and Farzanegen determined to press action." (Central Intelligence Agency. Transcribed specifically for the *Foreign Relations* series from microfilm in the Central Intelligence Agency that no longer exists. See "Sources" chapter.)

279. Telegram From the Embassy in Italy to the Department of State[1]

Rome, August 18, 1953, 8 p.m.

571. Shah arrived Rome early this afternoon (reference Baghdad's 97 and Tehran's 374 to Department).[2] Associated Press has given Embassy following on what it believes exclusive interview with Shah:

Asked about Iranian Foreign Minister's demand that he abdicate, he said "I am not (repeat not) going to abdicate now"; asked if he had fled, he said "It is not (repeat not) true—I have not (repeat not) fled from my country"; asked if he would return, he said "Probably, but not (repeat not) in immediate future"; Shah added he and Queen had not

[1] Source: National Archives, RG 59, Central Files 1950–1954, 788.11/8–1853. Confidential; Security Information; Priority. Repeated Priority to Tehran and Baghdad. Received at 6:27 p.m.

[2] Not found.

(repeat not) yet made up their minds, but would not (repeat not) remain in Rome, indicating that they might stay on elsewhere in Italy as this is "nothing else but a vacation". Asked if he had any comment on Mossadeq's policy, he said "I cannot answer that now, but I will have a statement regarding that in a few days. You can say, however, that I am watching very carefully every development in my country".

Foreign Office informed Embassy it was embarrassed by Shah's presence. First information it had came this morning from Shah's cable requesting hotel reservations here in Rome; subsequently, information received from Italian Mission Baghdad to effect visa had been issued. Foreign Office pointed out that Shah was still Sovereign as he had neither been deposed nor abdicated. Junior officer protocol section of Foreign Office met Shah and took him to hotel.

Would appreciate instructions on manner in which Department desires Embassy deal with Shah.

Luce

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280. Telegram From the Embassy in Iran to the Department of State[1]

Tehran, August 18, 1953, 10 p.m.

384. 1. My talk with Mosadeq this evening lasted one hour. He received me fully dressed (not pajama clad) as though for ceremonial occasion. He was as usual courteous but I could detect in attitude certain amount smoldering resentment. Usual exchange amenities after which I expressed sorrow at chain events since my departure over two months ago, adding I sorry see Iran apparently even worse off politically and economically than it was then. He acknowledged my statement with sarcastic smile and there lull in conversation.

2. I remarked I particularly concerned increasing number attacks on American citizens. After Shiraz incident he had issued instructions to law enforcement agencies which had afforded high degree protection to American nationals. Unfortunately law enforcement agencies appeared again to be becoming lax. Every hour or two I receiving addi-

[1] Source: National Archives, RG 59, Central Files 1950–1954, 788.00/8–1853. Secret; Security Information; NIACT. Repeated to London. Received at 6:57 p.m. Also printed in *Foreign Relations,* 1952–1954, vol. X, Iran, 1951–1954, pp. 752–755 (Document 347).

tional reports attacks on American citizens not only in Tehran but also other localities.

3. He said these attacks almost inevitable. Iranian people thought Americans were disagreeing with them and, therefore, were attacking Americans. I said disagreements no reason for attacks. He replied Iran in throes revolution and in revolutionary stress and strain it would require three times as many police as exist to afford full protection to American citizens. I should remember that in American Revolutionary times when Americans wanted British out, many Britishers in US were attacked. I said if Iranians wanted Americans out individual attacks not necessary. We would go en masse. He said Iranian Government did not want Americans leave but some individual Iranians did and, therefore, were attacking them. I replied Chiefs of American military mission, American gendarmérie mission, and TCI had informed me today that Iranian officials with whom they dealt had assured them they were anxious that these missions continue to function in Iran. These missions could be assured of maximum cooperation from Iranian authorities. These chiefs had also told me that at no time had they been receiving more full and effective cooperation from Iranian authorities than at present. I had refrained from informing Washington of this situation until I could talk with him. I wanted to know what his present attitude was re these American aid missions and also re giving adequate protection to members these missions. It did not make sense for certain Iranian authorities to insist that these missions remain in Iran while members of these missions were subject to insults and attacks from gangs of hoodlums.

4. Prime Minister said he sure law enforcement agencies doing all possible give protection. I disagreed and read to him excerpts various memoranda which I had received from members American aid missions during course of day, some of which indicated that police were passive while they were being attacked. He said he wished assure me that he desired aid missions to stay. He thought they were performing valuable services and would look further into matter protection of their members.

5. After another lull I told him I would be grateful if he would tell me confidentially for use my government, just what had happened during recent days. US Government interested with respect both events and legal situation. He chose interpret my remarks as reference to President's letter to him last July.[2] He reminded me that we had had agreement to effect existence these letters would be confidential and exchange would not be published unless US reply would be favorable.

[2] See Document 230.

He maintained American officials either in Washington or in Tehran had directly or indirectly deliberately leaked information to pro-British Iranian press re this exchange and against his will US had insisted on publishing notes. He said he had actually never consented to their publication and was astonished receive letter from Embassy expressing appreciation his willingness that exchange be published. When he saw US Government was determined to publish, he had finally insisted previous messages exchanged last January between him and President-elect be also published. I told him it had been my understanding leak had occurred in his office and in view distorted public version of President's letter unfavorable to US, US Government had thereupon insisted exchange be published. He denied heatedly Iranians had been guilty of leaks. No Iranian except himself and Saleh, US Embassy Iranian assistant and interpretor, had been aware of existence these letters. He had kept them among his own private papers, not in office files. I intimated I not sure his private papers were kept in manner which would prevent clever agents having access to them. I also pointed out there were certain modern hearing devices which might result in knowledge this kind falling into possession of agents parties hostile both to Iran and US. He continued insist certain Americans had deliberately leaked in order that public knowledge of contents of President's letter might weaken his government. I told him that I knew that exchange had been handled in US and Tehran in most discreet manner by trusted officials and I sure no US leak.

6. Mosadeq then outlined events which led to dissolution Majlis. His narrative in general in line with information already furnished Department by Embassy. He maintained however that 30 members Majlis had been bought outright by British. Only 40 votes had not been bought. Ten of these 40 votes could easily have been purchased for 100,000 tomans and when he learned that negotiations were in progress to complete such purchasing operation he decided that British purchased Majlis was unworthy of Iranian people and should be eliminated. He asked me if I had any comments to make regarding his dissolution Majlis.

7. I reminded him he inviting me comment on Iran internal affairs. I realized it not usual for comments of this kind to be offered by foreign diplomat. Nevertheless he would recall that during some of our past conversations I had overcome my scruples in this respect. I said only comment which I wished to offer at this point was that it seemed to me unfortunate for Iran and no compliment Iranian people that government of Iran apparently could not be based on a Parliament. Iran was in most dangerous international position and I thought it would be more secure if all organs provided for in Iranian constitution could be functioning with at least certain degree of harmony.

8. I told him I particularly interested in events recent days. I would like to know more about effort replace him by General Zahedi. He said on evening of 15th Col. Nasiri had approached his house apparently to arrest him. Col. Nasiri himself, however, had been arrested and number other arrests followed. He had taken oath not try to oust Shah and would have lived up this oath if Shah had not engaged in venture this kind. Clear Nasiri had been sent by Shah arrest him and Shah had been prompted by British.

9. I asked Mosadeq if he had reason believe it true Shah had issued firman (decree) removing him as Prime Minister and appointing Zahedi in his place. Mosadeq said he had never seen such decree and if he had it would have made no (repeat no) difference. His position for some time had been that Shah's powers were only of ceremonial character; that Shah had no (repeat no) right on his personal responsibility issue firman calling for change in government. I said I particularly interested in this point, and I would like to report it carefully to United States Government. Was I to understand (a) he had no (repeat no) official knowledge that Shah had issued firman removing him as Prime Minister, and (b) even if he should find that Shah had issued such firman in present circumstances he would consider it to be invalid? He replied "precisely".

10. Before departing I told Mosadeq that during 24 hours since my return Tehran, members American official family here had received intimations from various Iranian authorities which caused me believe some Iranian officials suspected Embassy harboring Iranian political refugees. I would like tell him point blank this untrue. My present policy in this respect was as follows: (a) if political refugees should endeavor to enter Embassy, efforts would be made to stop them; (b) if they should succeed in entering compound, efforts would be made to persuade them to leave voluntarily; (c) if they should refuse to leave voluntarily, it my intention to notify Iranian authorities that persons had taken refuge in Embassy and that I was telegraphing my government for instructions.

11. Mosadeq thanked me for my statement and said he would like add statement of his own. In case any Iranian political fugitives would take refuge in Embassy, he would like Embassy keep them there. I asked if in such event Iranian Government prepared defray expenses for lodging and food or whether he would expect this to come out of Point IV funds. He said Iranian Government would be glad, despite limited budget, pay expenses those refugees.

Henderson

281. Memorandum for the Record[1]

Tehran, August 19, 1953.

Ambassador Henderson saw Prime Minister Mossedeq by appointment for an hour yesterday evening. He reported that Mossedeq was as usual courteous but the Ambassador detected in his attitude a certain amount of smoldering resentment.

The Ambassador told Mossedeq that he was particularly concerned at the laxity of the Iranian law enforcement agencies in permitting the increasing number of attacks on American citizens both in Tehran and other localities. Dr. Mossedeq replied that these attacks were almost inevitable as the Iranian people thought the Americans were disagreeing with them. The Ambassador replied that disagreements were no reason for attacks, and that if the Iranians really wanted the Americans out individual attacks were not necessary, as the Americans would go en masse. After stating that the law enforcement agencies were doing everything possible to give Americans protection, the Prime Minister assured Ambassador Henderson that he wanted the Aid Missions to remain in Iran. He thought they were performing valuable services and said he would look further into the matter of the protection of members of the Missions.

Mossedeq then outlined events which led to the departure of the Majlis along much the same lines as reported in previous telegrams. He did maintain, however, that certain members of the Majlis had been bought outright by the British. He said only 40 votes had not been bought and that 10 of these 40 could have been purchased by 100,000 tomans. When he learned that the negotiations were progressing to complete the purchasing operation, he decided that a British-purchased Majlis was unworthy of the Iranian people and should be eliminated. Mossedeq then asked for Henderson's comments concerning the dissolution of the Majlis. Henderson replied that although he was reluctant as a foreign diplomat to comment on Iranian internal affaires, it did seem to him unfortunate for Iran and no [comfort(?)][2] to the Iranian people that the Government of Iran apparently could not be based on a Parliament. Iran was in a most dangerous international position and Ambassador Henderson thought that it would be much

[1] Source: British National Archives, FO 371/104570. Secret; Security Information. The memorandum is attached to a covering note from R.J. Bowker, a Foreign Office official, indicating that the memorandum was handed to him by Joseph Palmer of the U.S. Embassy in London.

[2] Brackets are in the original. The word in telegram 384 (Document 280) reporting the conversation is "compliment."

more secure if all organs provided for in the Iranian constitution functions with at least a certain degree of harmony.

As to the events of recent days, Mossedeq explained that on the evening of August 15, Colonel Nasiri had approached his house with the apparent intention of arresting him. Colonel Nasiri himself, however, had been arrested and a number of other arrests followed. The Prime Minister said he had sworn not to try to oust the Shah and that he would have honored this oath had the Shah not engaged in a venture of this kind. It was clear that Colonel Nasiri had been sent by the Shah to arrest him and that the Shah had been prompted by the British.

In reply to a question by Ambassador Henderson as to whether he had reason to believe that it is true that the Shah had expected a firman removing Mossedeq and appointing General Zahedi as Prime Minister, Dr. Mossedeq said that he had never seen such a firman and that if he had, it would have made no difference. His position for some time had been that the Shah's powers were of a ceremonial nature and that the Shah had no right on his personal responsibility to issue a firman calling for a change in government. When Ambassador Henderson pointed out that he was particularly interested in this point and that he would like to report it carefully to the United States Government, Mossedeq affirmed that: (a) he had no official knowledge that the Shah had issued a firman removing him as Prime Minister, and (b) even if he should find that the Shah had issued such a firman, he would consider it invalid in present circumstances.

Ambassador Henderson reported that Mossedeq appeared in a much better frame of mind at the end of the talk but that nevertheless, from his unusual reserve, the Ambassador was inclined to believe that Mossedeq was suspicious that the United States Government or at least United States officials were either implicated in the effort to oust him or were sympathetically aware of such an effort in advance. His remarks were interspersed with a number of little jibes which although semi-jocular in character were nonetheless barbed. In general the jibes hinted that the United States was conniving with the British to remove him as Prime Minister.

Ambassador Henderson requested that the above be treated as highly classified information.

282. Memorandum for the Record by the Deputy Director for Plans, Central Intelligence Agency (Wisner)[1]

Washington, August 19, 1953.

SUBJECT

Conversation with Governor Stassen August 19, 1953, concerning FOA support for Zahedi regime

1. Colonel White and the undersigned called upon Governor Stassen at his office this afternoon in order to follow up on earlier conversations between Governor Stassen and the Director in which Governor Stassen had indicated that his agency would be in a position to move promptly to the support of the new regime with new or stepped-up programs of economic assistance. (I had learned from General Smith just prior to the meeting with Governor Stassen that the two of them had discussed this matter at some length and were in agreement that FOA should move in with substantial economic assistance at the right moment.)

2. I explained the current situation to Governor Stassen, who appeared to be fully aware and appreciative of the significance of the entire matter. He approved of our sending to the Embassy by our communications a statement confirming the readiness of FOA to give immediate and favorable consideration to new programs of financial and economic assistance and requesting advice as to the types and kinds of programs most urgently needed and best calculated to have the desired effect.[2] He enlarged upon this with a recommendation to the effect that the most appropriate way of launching this aspect of the matter would be for the Embassy to suggest to Prime Minister Zahedi and/or the Shah that he (they) should address a communication to the President requesting economic aid. Governor Stassen said that it would look very strange and would not be at all appropriate for the US Government to rush forward with a volunteering of aid and that it would be such more logical and reasonable for the President to reply to an appropriate request. The Embassy should make sure that the request is couched in the proper language which should be somewhat as follows:

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[1] Source: Central Intelligence Agency, DDO Files, Job 79–01228A, Box 11, Folder 14, Iran 1951–1953. Secret; Security Information.

[2] No specific telegram has been found. However, in telegram 633 to Tehran, August 27, the Department expressed its concern over obtaining the best psychological effect in Iran from any announced aid figure. Therefore, it suggested to the Embassy that it seek a specific request from the Zahedi government, in order that the U.S. Government might then be able to offer a specific amount that would correspond to Iranian expectations. (National Archives, RG 59, Central Files 1950–1954, 888.00–TA/8–2753)

The Prime Minister should state that Iran has been through a most difficult and exhausting period of economic and financial chaos; that the new government has definite plans and programs for the financial and economic rehabilitation of the country and proposes to move as rapidly as possible to get the country on a sound footing; but that there is the greatest need for immediate assistance to tide the country over during the short-range period and also to enable the programs of agricultural and economic improvement, that the new administration has in mind, to be launched.

The President could reply to such a request stating that he was most sympathetic to the trials and problems of the country of Iran and its people, that he had taken note of the determination of the new government to do everything within its own possibilities to help itself, and that he understood the need for immediate assistance to tide over, etc. He could also say that accordingly he had directed the Foreign Operations Administration to proceed immediately with the development of appropriate programs of support.

3. Governor Stassen thought that we should get off this additional guidance to the field in very short order, but he wished to have us check it with General Smith before doing so. He was particularly anxious to be sure that General Smith would approve of this approach, as being the right one.

4. Governor Stassen also recommended that the Ambassador take up this matter at the earliest feasible moment with Mr. Warne and obtain his assistance and guidance. He explained that Mr. Warne is a very able and energetic representative of FOA who should be brought into the act and who should be able to make a substantial contribution—and also since Mr. Warne will have to assume responsibility for the administration of any new programs that may be developed.

5. I pointed out to Governor Stassen the fact that our representatives had put us on notice of the fact that Zahedi's appreciation of the financial situation was unrealistic and that he had some very fanciful notions concerning the feasibility of certain programs for social and economic betterment. Our information further indicated that Zahedi would require some very firm and realistic guidance, and that he had been warned against making impossible promises in his early speeches. (I showed Governor Stassen the reports of the early speeches which indicate that Zahedi has not been too mindful of this advice to date.)

6. Concerning the possibility of our receiving help from FOA on the $5 million immediate requirement, Governor Stassen said that he did not think that FOA could very easily do this. He did not believe that it was appropriate for him to provide cash to us for secret payments, and he said that he thought this was "exactly the kind of thing we (CIA) have our reserves for—and that we (CIA) should draw upon our re-

serve for this kind of money." He went on to say that just as soon as FOA programs are launched in Iran they will begin to generate counterpart funds in Iranian currency. He promised to do his best to make substantial amounts of such counterpart funds available to us in partial "repayment" for our outlay and also to provide us with funds which will probably become necessary for further operations to shore up the new regime. I pointed out to Governor Stassen the continuing necessity for maintaining security with respect to this entire affair. I said that there had been already a great deal of speculation in the press of the free world and direct accusations of US intervention in the Communist press and radio broadcasts. Governor Stassen fully acknowledged the importance of maintaining security and said that he would be very mindful of this factor in his own dealings. He also agreed that for the present our communications facilities should continue to be employed for *all sensitive* aspects of this affair and, moreover, he stated that he would clear with us any communications which he might wish to send at a slightly later date to the Embassy or to Mr. Warne.[3]

Frank G. Wisner[4]

[3] At the bottom of the page is a typewritten note that reads: "8/21/53. Colonel White—Acting DD/A stopped and left the following message in response to FGW's inquiry: 'The memorandum of conversation with Governor Stassen is in my opinion entirely accurate and I have no changes to suggest.' BJM"

[4] Printed from a copy with a stamped indication that the original was signed.

283. Telegram From the Embassy in Iran to the Department of State[1]

Tehran, August 20, 1953, noon.

419. 1. Too early as yet to furnish precise detailed report of events last 36 hours. Nevertheless we shall attempt herein give preliminary outline assessing flow of events in light such knowledge at present available to us.

[1] Source: National Archives, RG 59, Central Files 1950–1954, 788.00/8–2053. Confidential; Security Information; NIACT. Repeated to London, Rome, Dhahran, and Baghdad. Received at 8:01 a.m. Also printed in *Foreign Relations,* 1952–1954, vol. X, Iran, 1951–1954, pp. 752–755 (Document 348).

2. Evening August 18 break appeared to take place between Communist-controlled Tudeh and Mosadeq regime. Apparently Tudeh partisans began demonstrating on streets without having obtained usual appropriate clearance from Mosadeq and engaged in acts violence. Mosadeq ordered streets cleared and cessation of demonstrations. For first time in several months serious fighting took place between security forces and Tudeh.

3. Morning August 19 supporters Shah had arranged pro-Shah demonstration for purpose of showing sentiment continued exist in country for him. This demonstration began in small way in bazaar area but initial small flame found amazingly large amount combustible material and was soon roaring blaze which during course of day swept through entire city. Security forces sent to put down demonstration refused to resort to violence against crowds some joining demonstrators and others remaining passive. As crowds increased in volume in various parts city they destroyed offices of those newspapers which during recent days had been most scurrilous in their attacks on Shah including most violently pro-government and pro-Communist organs. One of first strategic points seized was Office of Posts and Telegrams which was used in sending messages to stir up whole country. From center city huge crowds commandeered vehicles of all kinds and rushed northward engulfing Tehran Radio station. Members of Embassy had good opportunity observe character these crowds at this time. They were primarily civilians interspersed with members security forces some of whom bore arms. Crowds however appeared to be led and directed by civilians rather than military. Participants not of hoodlum type customarily predominant in recent demonstrations in Tehran. They seemed to come from all classes of people including workers, clerks, shopkeepers, students, et cetera. Crowds seemed to be imbued with strange mixture resolution and gaiety. Holiday mood which seemed to prevail did not prevent execution of grim missions which on at least two occasions resulted in loss life. Defenders radio station failed to put it out commission. By early afternoon it was effective means of maintaining high morale of demonstrators and of transforming their enthusiasm.

4. In early part of day attacks made by demonstrators against house Prime Minister and against General Staff were repulsed with some loss life. Later in day, however, despite resistance defenders Prime Minister's house overrun and gutted. Apparently he had in meantime, escaped and gone into hiding. Shortly before night-fall General Staff offices fell into possession Zahedi Government and General Batmanqilich assumed his duties as Chief of Staff. Almost simultaneously General Zahedi occupied desk in Prime Minister's office which had not been used by Mosadeq.

5. Considerable concern up to night-fall regarding what attitude commanders of military units in suburbs Tehran might take. Some fear lest under orders General Riahi Mosadeq's Chief of Staff they would descend on city during night and retake it on behalf Mosadeq. Also rumors afloat that Tudeh was preparing "show its hand" after public enthusiasm pro-Shah crowds had worn itself out and they had dispersed. When, however, Batmanqilich assumed duties Chief of Staff it would, seem all army units in vicinity Tehran automatically began taking orders from him. It then became possibile for orders to be issued clearing streets and proclamation 8 o'clock curfew. Since 8 p.m. last evening strict law and order has prevailed. Plans to arrest prominent members Tudeh party early this morning seem to have failed as result of inefficiency of police. Tudeh reputed to be gathering for counterattack this morning. Security forces being assembled to thwart this counter move. Outcome this struggle extremely important for security city and future Iran.

6. At this moment no reliable news from provinces. Unconfirmed reports, however, would indicate most of Iran at present under control of forces new government. According one report some resistance Isfahan. More information this respect will be included in subsequent factual telegrams.

7. Not only members Mosadeq regime but also pro-Shah supporters amazed at latter's comparatively speedy and easy initial victory which was achieved with high degree spontaneity. Among factors believed responsible for this are following:

A. Iranian people of all classes were disgusted at bad taste exhibited by anti-Shah elements supporting Mosadeq. For instance, they were outraged when gangs of hooligans bearing red flags and chanting Commie songs began tearing down statues of Shah and father, breaking into houses and shops for purpose destroying Shah's pictures, etc. They were repelled by vituperative language employed by Foreign Minister Fatemi and by Iranian newspaper editors in attacking Shah.

B. Iranian people of all classes in general also worried by what seemed to be at least temporary alliance between Mosadeq and Tudeh. They were alarmed at seeing thousands of Tudeh demonstrators whom they regard as agents Soviet Union marching openly arm-in-arm through streets denouncing Shah and Western countries particularly US. Tudeh clearly overplayed hand by causing Iranian people believe latter had to choose between Mosadeq and Soviet Union on one hand and Shah and Western world on other.

C. Iranian people had become thoroughly tired of stresses and strains of last two years. They yearned for period of quietness which would give them chance to improve their economic and social status. Many had lost hope of improving their conditions under Mosadeq.

D. Rupture which had taken place between Mosadeq regime and Tudeh on evening August 18 prevented effective cooperation on morning August 19 between these two anti-Shah forces in facing pro-Shah demonstrators. Tudeh was conspicuously absent all day. It possible that Tudeh leaders were sure that during course of day they would be called upon by Mosadeq regime come to its assistance. However, once demonstrations got underway Mosadeq regime not in position ask for such help.

E. Most armed forces and great numbers Iranian civilians inherently loyal to Shah whom they have been taught to believe is symbol of national unity as well as of stability of country. Army in particular extremely friendly US partly as result fear of strong northern neighbor and partly because of appreciation of US military aid during recent years. TCI aid also has made many friends for US among Iranian civilians. Many military persons and civilians had become convinced that Mosadeq's policies prevented close American-Iranian cooperation and that only under Shah's leadership could that cooperation be maintained.

8. As already pointed out crowds although intensely savage at times were generally in holiday mood. No hostility manifested towards foreigners with exception of minor demonstrations in front of Soviet Embassy and reported destruction Soviet Information Bureau. No shouts of "Yankee go home" no Americans stoned. Point Four Tehran Regional Officer (not General Office) near Mosadeq's house at which he had taken temporary refuge during demonstrations February 28 damaged by crowd under mistaken impression he might again be hiding there. So far as can be ascertained no Americans or other foreigners injured yesterday. Crowds insisted all autos turn on headlights as symbol support for Shah and that they display picture Shah. Naval Attaché's car stopped by crowds which demanded he display Shah's picture. When he placed on windshield bank note containing Shah's picture crowds applauded and laughed.[2]

Henderson

[2] In telegram 606 to Rome, August 20, the Department authorized the Embassy in Rome to share the contents of telegram 419 from Tehran with the Shah. (National Archives, RG 59, Central Files, 1950–1954, 788.00/8–2053)

284. Telegram From the Central Intelligence Agency [*text not declassified*][1]

Washington, August 19, 1953.

DIR 16330. 1. New State instruction follows. (These instructions should be carried out by Ambassador Baghdad in event Shah leaves Rome for Baghdad.)

A. Discreet contact should be established with _____ of the _____ or designate.

B. Shah should be urged strongly to make or reiterate public statements thanking people for spontaneous uprising in his support and calling on people Iran to continue this support, and also announcing his intention returning Iran soonest.

C. Shah should be prepared return Iran soonest. We advised by Teheran extremely large pro-Shah crowds awaiting give him triumphant reception.[2] (FYI we feel it extremely important for Shah to return immediately since issue is still in doubt and his presence just might make all the difference.)

2. In event Shah still hesitant return, opinion below may be cited as comment in diplomatic circles Washington: i.e. to be used preferentially (?);

A. That what _____ did was entirely compatible (?) and legal with Iranian law and moreover in keeping with Iranian practice and tradition.

B. Had Shah remained in place and not run away—and backed up Zahedi with his own presence and his affirmation of sincerity—the change of government would have been effective in the first instant. The failure is in very large part attributed to the fact that Shah departed suddenly leaving behind only pieces of paper which are not too meaningful or powerful if Iran is best (?) let alone when they are the subject of compromise (?) as to their validity.

3. VOA beginning about 10:00 a.m. today received authorization to play as straight news President's statements made to Rome in Persian to Teheran. Has been doing so, [*less than 1 line not declassified*] now

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[1] Source: Central Intelligence Agency. Secret. [*text not declassified*] Transcribed specifically for the *Foreign Relations* series from microfilm in the Central Intelligence Agency that no longer exists. See "Sources" chapter. The transcript of this telegram lists the date as "18 or 19 AUG 1953." All blank underscores that indicate omissions and question marks are in the transcribed text.

[2] Apparent reference to telegram TEHE 740 from Tehran, August 19, which reads: "Imperative that Shah of Iran be prepared for immediate triumphant return. Million enthusiastic subjects jamming city." (Ibid.)

being told query [*less than 1 line not declassified*] London re similar action BBC.

4. For State only: Above is result of Shah policy changes from position previously given you, aimed of course at new situation.

End of message.

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285. Telegram From the Station in Iran to the Central Intelligence Agency[1]

Tehran, August 19, 1953.

TEHE 737. 1. We frankly horrified at lack support and guidance given Shah of Iran. Must point out also that Embassy no [*not*] been given text Shah statement, as requested, and we received *no* guidance.

2. If we to continue support Shah, Station and (Iranian sources) urge foll action:

A. British prevail on Shah to broadcast as Commander in Chief order to army to give support to legal Prime Min Zahedi.

B. MAAG announce soonest cutback in military aid Iran.

C. Eisenhower at weekly news conference raise question as to constitutionality of Mossadeq's claim to premiership after being dismissed by Shah.

D. CIA and British Bagh urge Iraq mollahs cable Borujerdi requesting that he call jihab [*jihad*] against communism.

3. FYI:

A. Troops in Tehe broke up Tudeh demonstration night 18 August bashing heads and shouting "long live Shah."

B. Genl Gilanshah restrained by (Iranian sources) from making 15 plane air raid on capital.

C. Aminis angered by anti Shah demonstrations and Qashqais willing drop Mossadeq but adamant in opposition to Shah.

D. Unconfirmed reports received 19 August that army garrison Sanadej in revolt against govt.

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[1] Source: Central Intelligence Agency. Secret. Transcribed specifically for the *Foreign Relations* series from microfilm in the Central Intelligence Agency that no longer exists. See "Sources" chapter.

E. (Iranian sources) learned from G–2 and secret police sources that they and we still "completely clean."

End of message.

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286. Telegram From the Station in Iran to the Central Intelligence Agency[1]

Tehran, August 19, 1953.

TEHE 742. 1. Overthrow of Mossadeq appears on verge of success. Zahedi now at radio station.

2. Ambassador Henderson and I request urgently that five million dollars be held immediately available to support new govt and enable it meet govt payroll. Will advise later how money should be deposited but see no need ship money out here.

End of message.

[1] Source: Central Intelligence Agency. Secret; Operational Immediate. Transcribed specifically for the *Foreign Relations* series from microfilm in the Central Intelligence Agency that no longer exists. See "Sources" chapter.

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287. Telegram From the Station in Iran to the Central Intelligence Agency[1]

Tehran, August 19, 1953, 1923Z.

TEHE 744. Ambassador Henderson believes moment has come when the Shah should issue appeal to all members armed forces and all Iranian civilian officials to obey orders of Gen Zahedi and those appointed by him. Shah also hopes all loyal Iranians will give full support to this genuine national govt. Shah plans to return Tehe in near future. In addition to making this statement suggest Shah have records made

[1] Source: Central Intelligence Agency. Secret; Operational Immediate. Transcribed specifically for the *Foreign Relations* series from microfilm in the Central Intelligence Agency that no longer exists. See "Sources" chapter.

of his appeal and rushed by air to Tehran. If necessary by chartered plane. If Dept agrees it is hoped that immediate contact be made in Rome.[2]

End of message.

[2] Telegram TEHE 745 from Tehran, August 19, noted that Ambassador Henderson cautioned "that Shah of Iran must not now be permitted return. Let public sentiment develop into demand for his return then let Shah of Iran return when Tehe reports moment." (Ibid.)

288. Telegram From the Embassy in Iran to the Department of State[1]

Tehran, August 19, 1953.

400. PTT and Press and Propaganda offices occupied. Telegrams reportedly being sent provinces urging pro-Shah action similar that of Tehran.

Embassy officers report truckloads soldiers, civilians and six tanks seen roaming city displaying pictures Shah.

Radio Tehran played nothing but recorded music for short period after Press and Propaganda taken and silent thereafter.

General Daftari reportedly appointed Tehran Military Governor and Police Chief. He apparently attempting use, according Embassy radio intercepts, Customs Guards organization he previously commanded in behalf Mosadeq regime.

Henderson

[1] Source: National Archives, RG 84, Tehran Embassy Files, Lot 60 F 86, general records, 1953–1955, Box 7. Restricted; NIACT. Drafted by Cuomo and repeated NIACT to London. The telegram is the Embassy copy as approved and has no time of transmission.

289. Telegram From the Station in Iran to the Central Intelligence Agency[1]

Tehran, August 20, 1953, 0010Z.

TEHE 747. 1. MilSitRep last few days:

A. Efforts made to hold assets and develop new ones. Full story later.

B. Movement today genuine peoples uprising led by nobody until leaders were provided.

C. [*less than 1 line not declassified*] held Zahedi up and he proved to be most courageous, work with military paid off. Farzanegan risked life and got Bakhtiar to agree ride on Tehe with Kermanshah brigade.

D. Batmangelich proved himself a man. Farzanegan now at his side with full [*less than 1 line not declassified*] orders to secure situation from possible Tudeh takeover. All key points heavily guarded.

E. Zahedi and Guilanshah got in tanks [*less than 1 line not declassified*] and bravely won the day.

F. Farzanegan made a speech on Radio Tehran and defied them to come get them.

G. MilAtts very helpful today. [*less than 1 line not declassified*] should acknowledge their great work, particularly Major William Kaiser, Assistant Air Attaché. McClure was of no assistance.

H. Every fifteen minutes through crucial night [*less than 1 line not declassified*] receives reports from Chief of Staff's and Prime Minister's office.

I. Army is getting ready for Tudeh.

J. Complete (new government) lineup now appointed. Momtaz had to be killed. Will keep you advised.

K. City quiet 10 hundred hours local.

End of message.

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[1] Source: Central Intelligence Agency. Secret; Priority. [*text not declassified*] Transcribed specifically for the *Foreign Relations* series from microfilm in the Central Intelligence Agency that no longer exists. See "Sources" chapter.

290. Telegram From the Station in Iran to the Central Intelligence Agency[1]

Tehran, August 20, 1953, 1853Z.

TEHE 756. Re: DIR 16355.[2] Some difference of opinion exists among Iranian officials on best timing for Shah's return and we think this question best resolved without our involvement particularly since direct communications between Shah and his people now easy. Therefore tell Shah all news most encouraging and we understand his govt in touch with him directly.[3]

End of message.

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[1] Source: Central Intelligence Agency. Secret; Operational Immediate. [*text not declassified*] Transcribed specifically for the *Foreign Relations* series from microfilm in the Central Intelligence Agency that no longer exists. See "Sources" chapter.

[2] Not found.

[3] In telegram TEHE 749, sent earlier on August 20, the Station requested to "have the Shah start Tehe immediately." (Central Intelligence Agency. Transcribed specifically for the *Foreign Relations* series from microfilm in the Central Intelligence Agency that no longer exists. See "Sources" chapter.)

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291. Memorandum Prepared by the Chief of the Iran Branch, Near East and Africa Division, Directorate of Plans, Central Intelligence Agency (Waller)[1]

Washington, August 20, 1953.

General Fazlollah Zahedi is in definite control of Tehran and has restored public order in the capital. No word has been received concerning continuing significant pro-Mossadeq activity in the provinces. From the outset the important Northwest Province of Azerbaijan, long considered a stronghold of pro-Shah sentiment, was behind the Shah and his newly designated Prime Minister Zahedi. The Military units stationed in Senandaj and Kermanshah contributed armed forces to General Zahedi's successful attempt to assume the Premiership on August 19th.

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[1] Source: Central Intelligence Agency, DDO Files, Job 79–01228A, Box 11, Folder 14, Iran 1951–1953. Secret. At the end of the memorandum is a handwritten note that reads: "above written by John Waller for DD/I [*name not declassified*] to be incorporated in CIB."

The Royalist, pro-Zahedi, movement of August 19th contained a large element of spontaneity and there seemed to have been a genuine reaction of shock and dismay on the part of the Tehran populace when the Shah left Iran for Iraq.

Prime Minister Zahedi and Chief of Staff designate, General Batmangalich, themselves manned tanks during the early stages of the events on August 19th in an effort to rally the people and army to the Shah's cause.

The Shah intends to leave Rome shortly and proceed to Tehran. Depending upon events, and instructions from the Zahedi government, the Shah may stop off in Baghdad enroute to Tehran so that a more appropriate and impressive entrance can be arranged.

The opportunistic but at least outwardly loyal Mossadeq supporter, Abol Ghassem Amini, acting Minister of Court, who was arrested by Mossadeq during the events of August 14th, is believed to have thrown some support to the Royalist cause from the strong Amini family who controlled certain key points of command in the Iranian army. The strong and influential Qashqai tribe, led by four paramount chieftains, who have remained loyal to Mossadeq and who have been closely allied with the above-mentioned Amini family, can still be considered in opposition to the Shah, but indications are they will take no paramilitary action to endanger Iran's security for the time being.

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292. Telegram From the Central Intelligence Agency to the Station in Iran[1]

Washington, August 20, 1953.

DIR 16474. 1. CIA officials are joined by the appropriate divisional and branch officers in extending commendation and congratulations to all Tehran Station personnel. Kermit Roosevelt both in HQS and on scene of action has distinguished himself and served US Govt and CIA well. We respect the Tehran group for their great stauchness in the face of difficulties and temporary discouragement. We are proud of the Tehran Station personnel who have all to varying degrees contributed

[1] Source: Central Intelligence Agency. Secret; Priority. [*text not declassified*] Transcribed specifically for the *Foreign Relations* series from microfilm in the Central Intelligence Agency that no longer exists. See "Sources" chapter. No time of transmission appears on the source text.

greatly to the success of overthrow. Commendation is also extended to CIA official who has done an excellent job backstopping the operation [*less than 1 line not declassified*] and has handled with credit the sensitive task of conducting liaison [*less than 1 line not declassified*].

2. The DCI wished to extend his warmest personal congratulations to Kermit Roosevelt for a superbly and successfully executed mission. Roosevelt's persistence, extreme competence and courage should be commended most highly.

3. Commendation also being prepared for CIA official upon latter's return.

End of message.

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293. Telegram From the Central Intelligence Agency [*text not declassified*][1]

Washington, August 20, 1953, 1853Z

DIR 16556. 1. State has received Eisenhower approval that message essentially same as one proposed originally by Kermit Roosevelt can be delivered personally, orally, and confidentially to Shah. Decision as to when this message can be released and sent [*less than 1 line not declassified*] to Teheran for delivery will be made by DCI.

2. Eisenhower and State do *not* want this message joint with Churchill nor does Eisenhower want Churchill to affiliate himself with message. Also Churchill should *not* make any reference this message in one of his own.

3. DCOS, Tehran pass para 1 and 2 above to MI–6 in most diplomatic way possible.

4. Tehran should *not* take action para 1 above until Spaake release and approved text received. This should be soonest.

End of message.

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[1] Source: Central Intelligence Agency. Secret; Routine. [*text not declassified*] Transcribed specifically for the *Foreign Relations* series from microfilm in the Central Intelligence Agency that no longer exists. See "Sources" chapter.

294. Memorandum Prepared by the Deputy Director for Plans, Central Intelligence Agency (Wisner)[1]

Washington, August 20, 1953.

The following are additional points and thoughts which should be considered in connection with the idea that the company might be in the position to play a most useful and constructive role in connection with the recent development in "x" country. The following information is based upon statements of extremely well-placed and reliable informants.

The new Boss has very definitely in mind a series of programs of economic and social betterment for his country. As a matter of fact, this is rather definitely confirmed by the fact that the very first words he uttered upon getting to the loudspeaker on the eventful day were promises to the people of such programs. Unfortunately, his ideas are ill-formed and to some extent quite impractical and he is definitely believed to be standing in the need of advice. Specifically, he needs someone, whom he would regard as disinterested and friendly, to point out to him what kind of programs would be useful and constructive and which are, at the same time, feasible. It would be of equal importance for him to be advised as to what kind of programs, including some ideas which he has in mind, are not feasible either in the immediate future or, for that matter, at all. The time is ripe at this very moment for such advice and assistance because, if this is not forthcoming and if there is no one who can provide this, he may commit himself further along lines that he will not be able to deliver on to the people. This in turn will have an adverse effect and will play directly into the hands of the very worst elements of the opposition. (There is no doubt that any overstatements or unkept promises will be exploited by the Party and Soviet propaganda to the utmost.) It is even possible that the company might wish to send one of its knowledgeable representatives out for a quick trip to look over the situation and to contribute his recommendations. It is also believed to be a practical certainty that the Ambassador would recommend such a visit and would be only too glad to arrange for appropriate introductions and the presentation of the most favorable and impressive credentials.

Even though it is understood that there will presumably be continuing governmental programs under the administration of Mr. Stassen's

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[1] Source: Central Intelligence Agency, DDO Files, Job 80–01701R, Box 3, Folder 10, TPAJAX. Eyes Only. A typed note on the memorandum reads: "The following was dictated by FGW in presence of [*name not declassified*] and [*name not declassified*] took the original with him. 9/20/53."

new organization (FOA), there will of course be a limit to both the size and kind of such programs with the probable result that there will be a substantial area left open for consideration by a private company engaged in this particular line of business. Moreover, the contribution of advice and guidance which could be made at this time would be highly valuable in and of itself alone and certainly any publicity which the company would be willing to authorize concerning the interest which it is taking would in all probability redound to the benefit and strengthening of the present regime which is understood to be rather favorably regarded by our government.

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295. Memorandum From Acting Director of Central Intelligence Cabell to President Eisenhower[1]

Washington, undated.

Comment on the Iranian situation:

An unexpected strong upsurge of popular and military reaction to Prime Minister Mossadeq's government has resulted according to late dispatches from Teheran in the virtual occupation of that city by forces proclaiming their loyalty to the Shah, and to his appointed Prime Minister Zahedi.

Mossadeq and his chief of staff Riahi were reported still ensconced in their respective headquarters but cut off from communications which are in control of the royalist forces. The city appeared to be generally under control of royalist forces although some Mossadeq supporters here reportedly still on the streets. The royalists in Teheran were using the communications systems to urge the people and the army to rise to the support of the Shah.

The strategic province of Azerbaijan according to radio dispatches originating from Tabriz is held by royalists but Isfahan radio some two hundred miles south of Tehran has in a single brief announcement proclaimed itself loyal to Mossadeq.

In this confused situation it appears that the tone and content of the communiqués is definitely anti-communist. Tudeh overt activity

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[1] Source: Eisenhower Library, Whitman File, Iran, 1953–58(8), Box 32. Secret. At the end of the memorandum is a handwritten note that reads: "DDE has seen 8/21/53—ACW." Also printed in *Foreign Relations,* 1952–1954, vol. X, Iran, 1951–1954, pp. 755–756 (Document 349).

has been almost non-existing during the past critical hours. Should the royalists manage to take over, Tudeh will be their strongest and most violent opponent.

Our sources have confirmed press and radio reports that pro-royalist forces appear in control of city of Teheran and that Zahedi has returned to city where he broadcast proclamations to the people promising a program of economic and social reforms. Our sources report huge crowds in streets of Teheran calling return of the Shah.

C.P. Cabell

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296. Telegram From the Station in Iran to the Central Intelligence Agency[1]

Tehran, August 21, 1953.

TEHE 765. 1. Tudeh discipline appears to have been broken. This particularly noticeable between hard-core, rigidly disciplined element composed of leaders, functionaries, and responsibles, and ordinary rank and file.

2. It definite that working arrangement obviously dominated by Tudeh, has been reached among Pan Iran, Third Force, Bazaari loyal to Mossadeg, and Tudeh.

3. Tudeh's tactics call for no action in party's own name, but infiltration of pro-Shah groups for purpose of incitement such groups to violence, arson, etc. in name of Shah. This to blacken reputation new regime.

4. Tudeh planning no action in own name until there evidence of organized activity on part Iran army officers loyal to Mossadeg. (Field comment: Strong implication here, which probably true, that Tudeh trying organize such officers in conjunction Tudeh-controlled officers.)

5. Cells instructed in early morning to turn in to party all firearms and ammunition to enable party centralize available weapons. (Field comment: There several unconfirmed reports re locations centralized arms stores and issuance arms from these places.)

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[1] Source: Central Intelligence Agency. Secret. Transcribed specifically for the *Foreign Relations* series from microfilm in the Central Intelligence Agency that no longer exists. See "Sources" chapter. A typed notation indicates that this telegram was transmitted at 0033Z, August 22.

6. Party leaders and high level functionaries hiding out at homes lesser functionaries and responsibles where planning sessions being held.

7. Cells have been reorganized into three-man cells. (Field comment: Previously cells have consisted of 8 individuals.) Primary internal party emphasis appears to be on maintaining communications and contact with membership.

8. Wash only: [*less than 1 line not declassified*].

End of message.

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297. Memorandum From the Deputy Director for Plans, Central Intelligence Agency (Wisner) to Mitchell[1]

Washington, August 21, 1953.

SUBJECT

Proposed Message to "C"

I should appreciate it if you would be kind enough to convey a message along the following lines to your chief, in acknowledgement of his informal message to me of August 20.[2]

[*1 paragraph (6 lines) not declassified*]

"Regarding significance this matter, we regard it as substantial victory for the West as matters now appear, but are very concerned over numerous and significant possibilities of new set-back or reversal. Tudeh potential remains very strong and we should not rule out even an attempted "snatch" operation by opposition. We must not relax vigilance and must do all within our capabilities to provide support and encouragement to new regime and to prevail upon our respective Foreign Offices (and defense establishments) to act in ways best calculated to shore up present regime and avoid statements or actions which would be locally harmful. We are moving along these lines and have received certain encouraging assurances."

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[1] Source: Central Intelligence Agency, DDO Files, Job 80–01701R, Box 3, Folder 10, TPAJAX. Top Secret; Eyes Only. The recipient is referred to as "Mr. Mitchell" in the original and is not further identified.

[2] Attached but not printed.

298. Memorandum From the Chief of the Iran Branch, Near East and Africa Division, Directorate of Plans (Waller) to the Deputy Director for Plans, Central Intelligence Agency (Wisner)[1]

Washington, August 24, 1953.

1. Attached hereto is the draft of a cable prepared by Mr. Jernegan of State on the basis of suggestions made by you.

2. It has not been sent, however, since Messrs. Byroade, Matthews and Berry of State were in agreement that such an approach to Zahedi at this time would be unwise. Specifically, their reasoning was as follows:

A. State would possibly find itself in a difficult position if Zahedi actually concluded economic agreements with the USSR. Such agreements might, amongst other things, prejudice U.S. aid. If Zahedi were to construe U.S. remarks per attached cable draft as encouragement to continue negotiations, it would be difficult later to bring pressure to bear causing Zahedi to abandon undesirable economic ties with the USSR.

B. The Department of State would risk adverse U.S. criticism if the attached cable draft should leak from Persian government sources and be quoted out of context. Zahedi could, in fact, use it as an excuse for later démarches with the USSR which would be unacceptable to the U.S.

C. Inexperienced as he is, Zahedi may find himself outmanoeuvered and out-foxed by the Soviets in ensuing negotiations. This could be to the detriment of U.S. interests.

3. If you still feel that the attached cable draft or a communication similar to it should be sent, it is suggested that you discuss the matter with Mr. Matthews.[2]

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[1] Source: Central Intelligence Agency, DDO Files, Job 79–01228A, Box 11, Folder 14, Iran 1951–1953. Secret.

[2] At the end of the memorandum is a handwritten note that reads: "While I originally shared reason #A, the possibilities of the Russians rising to the bait was remote; and even if they did we could avoid the fish (barracude, that is), swallowing angler Zahedi for the same reason we could avoid Z from falling in the river (see reason C). As to reason B, maybe we shouldn't have started Ajax, and simply stayed in bed to avoid 'risk adverse U.S. criticism.' (Reason B)"

Attachment

In your discretion, if it seems appropriate, you may indicate to Zahedi that it might be advisable for him to continue negotiations with Soviets or at least not make first move to break them off. Such an attitude would be in line nationalist policies expected of Zahedi and would, if Soviets refuse pay gold or make concessions, be another black mark against Russians in Iran. However, Zahedi should not obtain impression American public would be unconcerned if his Govt made any considerable concessions to Soviets.

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299. Draft Memorandum From the Assistant Secretary of Defense for International Security Affairs (Nash) to the Chairman of the Planning Board of the National Security Council (Cutler)[1]

Washington, undated.

SUBJECT

Course of Action with Respect to Iran

1. Recent events in Iran have at least temporarily halted the dangerous drift toward eventual communist control which was taking place under Mossadegh. However, the situation is far from stable and it is recommended that the U.S. initiate prompt action to insure the permanency of the Shah–Zahedi regime. Otherwise, we can expect increasing trouble from the Tudeh party which, you will recall, recently assembled over 100,000 supporters for a public demonstration in Tehran alone.

2. Doubtless Ambassador Henderson, based on his intimate knowledge of the situation, will submit proposals for U.S. action. Without wishing to anticipate or prejudge his recommendations, the following suggestions are forwarded as a possible course of action

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[1] Source: National Archives, RG 330, Records of the Department of Defense, Assistant Secretary of Defense for International Security Affairs, Office of Military Assistance, Project Decimal Files, 1953, Box 35, 091.452.1 Iran. Secret; Security Information. Attached is a handwritten note from Black to General Stewart, August 24, that reads: "This was prepared as a matter of urgency in accordance with Mr. Nash's instructions to draft a letter which would take advantage of the recent Iranian developments. Col. Bonesteel would like your views on the attached before the Planning Board meeting at 2:30 PM today."

which would help stabilize the situation in Iran and insure the establishment of a firm, pro-Western government:

a. Make a clear-cut NSC decision to support the Shah–Zahedi regime.

b. Avoid any discussions of the oil controversy until initiated by the Iranians. Play down any publicity on this issue, either here and in England.

c. Have the President express publically his congratulations to the Shah for successfully re-establishing in Iran true democratic processes; i.e., rule of law, public security, individual freedom and freedom of assembly.

d. This Presidential message would also state that if the Shah wishes, we are prepared to dispatch to Iran a high Cabinet official, such as Mr. Stassen, to demonstrate our active interest in the success of the Zahedi Government's program and to initiate a new U.S. program of economic and technical assistance.

e. Follow up this visit by expediting funds, equipment and technical assistance to Iran, in order that Zahedi can start implementing his eight-point program immediately. In particular, the U.S. could help his Government with its programs for the mechanization of agriculture, free medical treatment and the roadbuilding program.[2]

f. The British Government should be informed in advance of these steps, but should not be permitted to inhibit vigorous unilateral action on our part to exploit the current fortunate turn of events.

[2] A final sentence, "Toward this end, the Department of Defense is prepared to contribute road construction equipment and engineers upon request," has been crossed out by hand.

300. Telegram From the Embassy in the United Kingdom to the Department of State[1]

London, August 24, 1953, 6 p.m.

771. Altho Fonoff highly gratified at improvement Shah's position and downfall of Mossadeq, its attitude towards Zahedi, as revealed in recent conversations with us, reflects considerable reserve.

Fonoff attributes Mossadeq's fall from power primarily to reaction against his steady march towards dictatorship (much of it at Shah's expense) and to his inability deliver promised benefits under extreme nationalist program (particularly profitable exploitation oil industry).

Cautious British attitude towards Zahedi seems derive partly from distrust as result their war-time experience with him, but more importantly from fact that they regard him as opportunist. They are, for example, concerned about association Zahedi appears have formed with extreme nationalist elements such as Kashani, even though they recognize former has been forced take his support where he could find it.

British foresee period of grave difficulty ahead. As they see situation, Zahedi faces three main immediate problems: (1) Extreme nationalism; (2) disorganized administration; and (3) empty coffers. Combination these three factors creates situation capable Communist exploitation. Re first, British see no reason believe that events which led up to Mossadeq's downfall portend any lessening of nationalist fervor in Iran and therefore look for little change in immediate future. However, second and third factors amenable to Govt action and British will be carefully watching see what corrective measures Zahedi takes.

Altho, for foregoing reasons, British still uncertain how Zahedi's accession to power will affect their interests, they recognize that it may be better at this juncture that Prime Minister's office be filled by someone with an anti-British reputation than by a Said.

We have impression that despite foregoing, British would like and hope be able improve their relations with new Govt. They have been encouraged, for example, by press reports of statements by Zahedi which are inferentially critical of Mossadeq's anti-British policy. For present, however, British seem likely maintain attitude of friendly reserve and watchful waiting. We see little prospect British taking initiative renewal diplomatic relations or oil question until Zahedi's position and policies become clearer.

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[1] Source: National Archives, RG 84, London Embassy Files, classified general records, Box 34. Secret; Security Information. Drafted by Palmer and cleared by Penfield. Repeated to Tehran and to Moscow by pouch.

Similarities in foregoing to reserved British attitude towards Naguib upon his accession to power should not be overlooked.

Aldrich

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301. Letter From Iranian Prime Minister Zahedi to President Eisenhower[1]

Tehran, August 26, 1953.

Dear Mr. President:

I wish to express to you and through you to the American people the appreciation of the Iranian Government and people for the aid which the United States has extended to Iran during recent years. This aid has contributed much to the security of the country and to the raising of its technical efficiency. The assistance which the United States is already rendering Iran, helpful as it is, is unfortunately not sufficient in amount and character to tide Iran over the financial and economic crisis which I find it to be facing. The treasury is empty; foreign exchange resources are exhausted; the national economy is deteriorated. Iran needs immediate financial aid to enable it to emerge from a state of economic and financial chaos.

Iran also requires aid of an economic character to enable it to carry out programs which the government is preparing for developing its agriculture and industry, for exploiting its rich mineral resources, for improving its transport and communications, for strengthening its internal and foreign trade, and for raising the health, education and technical levels of the Iranian people.

The people of Iran are anxious to have a prosperous, orderly country in which they can enjoy higher standards of living and make greater use of their talents and resources. They are willing, if given an opportunity, to work hard in order to obtain these objectives, but the realization of their aspirations may be delayed for sometime unless they receive technical, financial, and economic aid from abroad. I hope that the United States will find it possible at this critical moment in Ira-

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[1] Source: Eisenhower Library, Whitman File, Iran, 1953–58(8), Box 32. The text of the letter is printed from a White House press release of September 1. The letter is also printed in *Public Papers: Eisenhower, 1953,* pp. 580–581.

nian history to come to my country's assistance as it has done on occasions in the past.

In conclusion, I would like to emphasize that it is the intention of the new Government of Iran not only to strengthen the country internally but also to improve its international position. The government desires to maintain friendly relations with the other members of the family of nations on a basis of mutual respect. It will pursue a policy of eliminating such differences as may exist or which may develop between other countries and itself in a spirit of friendliness and in accordance with accepted principles of international intercourse. I am sure that I voice the feelings of the great majority of the people of Iran when I state that Iran desires to contribute its share to the maintenance of peace and to the promotion of international goodwill.

Please accept, Mr. President, the assurance of my highest consideration.

General F. Zahedi[2]

[2] Printed from a copy that indicates Zahedi signed the original.

302. Letter From President Eisenhower to Iranian Prime Minister Zahedi[1]

Washington, August 26, 1953.

Dear Mr. Prime Minister:

I have received your letter of August 26 regarding the problems which you face in Iran. The American people continue to be deeply interested in the independence of Iran and the well-being of the Iranian people. We have followed policies in Iran, as in other countries of the free world, designed to assist peoples of those countries to bring about economic development which will lead to higher standards of living and wider horizons in knowledge and opportunity. I am gratified that the aid which we have extended has contributed to the security of Iran and to the raising of the technical efficiency of the Iranian people. I am also pleased to have your assurance that your Government desires to

[1] Source: Eisenhower Library, Whitman File, Iran, 1953–58(8), Box 32. The text of the letter is printed from a White House press release of September 1. The letter is also printed in *Public Papers: Eisenhower, 1953,* pp. 579–580.

maintain friendly relations with other members of the family of nations and that it will pursue a policy of eliminating such differences as may exist or which may develop with other countries in a spirit of friendliness and in accordance with accepted principles of international intercourse.

In an effort to assist you in dealing with your immediate problems, I have authorized my Ambassador to Iran to consult with you regarding the development of our aid programs there. I recognize that your needs are pressing. Your request will receive our sympathetic consideration and I can assure you that we stand ready to assist you in achieving the aspirations for your country which you have outlined.[2]

Please accept, Mr. Prime Minister, the assurances of my highest consideration.

Dwight D. Eisenhower[3]

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[2] The White House announced on September 5 that $45 million would be made available for immediate economic assistance to Iran, in addition to the existing military and technical assistance programs. (Ibid., p. 581)

[3] Printed from a copy with this typed signature and an indication that the President signed the original.

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303. Telegram From the Embassy in Iran to the Department of State[1]

Tehran, August 26, 1953, 3 p.m.

489. 1. I saw Shah again last evening at my request in order discuss various matters, particularly exchange of letters re financial, economic aid and Qashqai problem. Both these matters being discussed in separate telegrams.[2] This telegram limited to exchanges which might be of interest to Department between Shah and myself on other subjects.

2. Shah again said he not happy re Cabinet. He thought it had not made very good impression. Changes might be necessary very soon. I said Cabinet not yet completed, if selections to fill vacancies should be wise it could be materially strengthened. Shah would be deluged with

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[1] Source: National Archives, RG 59, Central Files 1950–1954, 788.00/8–2653. Top Secret; Security Information. Received at 11:22 a.m.

[2] Not found.

visits disgruntled politicians who will criticize new government's policies. I hoped he would neither by word or gesture indicate to any of them lack of full confidence in his Prime Minister. All country, including Zahedi, must be given to feel latter has Shah's complete support. Zahedi might be kind of man who could move with decision if he sure Shah back of him but who would become ineffectual if he not sure Shah's support. Even if Zahedi should do certain things which Shah considered to be unwise, Shah should not be unduly critical. No two persons do things in exactly same way. Zahedi must not feel he must consult Shah re every detail. Shah agreed, said he would try to build up Zahedi. During course of day he had given him active army status, promoted him to Lt. Gen. and given him highest Iranian decoration. Zahedi had conducted himself during this crisis with courage and wisdom. As result his estimate Zahedi had risen. Nevertheless it must be clear to Zahedi and every one that no person or organization can come between Shah and Army. Energetic steps must be taken to strengthen solidarity Army and to display favoritism at this time would give rise to rifts. Only officers of highest character and proven loyalty and ability should hold high positions. Certain additional US military aid essential. He would discuss this another occasion.

3. Shah continued by stating internal programs should be formulated rapidly which would appeal to youth of country. Communism must be combatted (A) by mercilessly weeding out Communist leaders who had buried themselves in number of united front organizations (B) by instituting programs which would undercut Communist propaganda. Iran must move in direction socialism; more equitable distribution of wealth of country. I said it seemed to me slogan should be "Greater production accompanied by more equitable distribution." Emphasis should be on greater production and equitable distribution should take second place. If slogan "More equitable distribution" given too much emphasis, certain groups might obtain impression quickest and easiest way improve their lots would be to take property from other persons rather than to work hard in order increase wealth. Emphasis on more equitable distribution rather than greater production would give rise to class warfare which could paralyze country and play into hands Communists. Shah again agreed but said effective measures must be taken without loss of time convince poor and needy Government looking after their interests. He hoped re-launch his campaign for distribution of crownlands on wide scale. He was wondering if Bank for Reconstruction which he had organized might not have been attempting to obtain loan immediately from EXIM Bank in order start building workers houses in Tehran and other large urban centers. If they could begin at once building cheap but healthy living quarters—say for 10,000 homeless families in Tehran, and a thousand or more in each of the other large Iranian cities—effect would be most salutary.

Perhaps EXIM Bank could make loan to Reconstruction Bank without necessity approval Majlis. I said I not qualified discuss this problem. It might be Majlis would require some kind of government guarantee. Shah said such guarantee would probably require Majlis approval. He still thought Majlis should dissolve itself although Zahedi was of opinion it would be politically wise permit rump Majlis to function while he held elections to fill vacancies. He afraid any kind Majlis would be great handicap to Zahedi. I said it seemed to me some kind loans for Iran would be necessary if it was to receive substantial aid from US particularly in direction road building, etc. Shah said he hoped I would discuss this matter in some detail with Zahedi.

4. Said he understood I had seen Meftah acting Minister of Foreign Affairs during course of day. I replied in affirmative stating I had discussed with Meftah US position in UN re problem and under instructions from Washington had expressed hope US could have Iranian support. At Shah's request I outlined US position (DepCircTel 102, August 20).[3] Shah asked if US could not get enough votes to support its position without Iran taking sides. He did not wish do anything which might offend Nehru. I said US would particularly like support Asian power like Iran. Shah asked if any other Asian countries would take sides against India. I said I certain number would.

Shah said he anxious have friendship Nehru. He therefore contemplated calling in Indian Ambassador and suggesting latter send message to Nehru to effect that Shah was not espousing socialism against capitalism or capitalism against socialism. Shah favored mixed economy in Iran. I asked Shah if it his intention give Nehru impression Iran would support "third force." I thought it would be unfortunate for Iran to encourage Nehru's ambitions in this direction. So-called "third force" not force at all. Conception based on false premises that both free world and Communist world equally guilty and "third force" was not taking sides but was merely supporting whichever world happened to be right re some particular point. Shah said he considered "third force" idea as unsound and did not intend giving support to it. His purpose in message to Nehru would relate merely to Iranian internal problems. Iran would like an economy similar to that of Scandinavian countries. I told Shah I hoped Iran would play more clear cut role on side free world in UN. No desire that Iran should necessarily provoke Soviet Union. Nevertheless it unbecoming sovereign country like Iran not to support movement on success of which Iran's future independence might hang merely because of desire not displease Soviet Union. Free world struggle to prevent Korea from becoming victim of aggression really struggle to prevent all countries contiguous of Soviet interna-

[3] Not found.

tional communism from becoming such victim. If as result vacillation and hesitation Korea should be lost to free world international communism would be encouraged to strike elsewhere. Shah did not reply.

5. Shah said he had difficulty knowing what be done with Mosadeq. Latter should really be tried for treason. Yet he feared trial might merely result in making former Prime Minister martyr. How could Government justify trial Army officers acting under Mosadeq's orders without trying Mosadeq himself? Impression might be created Government afraid to try Mosadeq. He had been toying with idea permit Mosadeq go abroad for medical treatment. Europe however too close to Iran. Might be preferable let Mosadeq go to US if he would give undertaking to refrain in future from engaging in Iranian political activities. He asked my opinion. I said matter too complicated for me to venture off-hand advice. I thought however, that if Mosadeq should be brought to public trial he might be able with his histrionic ability to make it appear that his accusers rather than he were being tried.

6. Shah said he had received letter from Qavam asking that latter be permitted leave country for medical treatment. He in quandary because Parliament had passed bill of attainder against Qavam and he might be condemned for permitting Qavam leave country in such circumstances. I asked whether it might not be possible to permit Qavam go to Europe for medical treatment provided latter would give signed statement he would return to Iran on Shah's request if he should subsequently be needed in connection with legal proceedings. Shah said he would look into this possibility.

Henderson

304. Memorandum of Discussion at the 160th Meeting of the National Security Council[1]

Washington, August 27, 1953.

SUBJECT

Discussion at the 160th Meeting of the National Security Council, Thursday, August 27, 1953

Present at the 160th Meeting of the Council were the Vice President of the United States, presiding; the Secretary of State; the Acting Secretary of Defense; the Acting Director, Foreign Operations Administration; the Director, Office of Defense Mobilization. Also present were the Secretary of the Treasury; the Acting Director, Bureau of the Budget; the Chairman, Atomic Energy Commission; the Chairman, Joint Chiefs of Staff; the Chief of Staff, U.S. Army; the Chief of Naval Operations; the Chief of Staff, U.S. Air Force; the Commandant, U.S. Marine Corps; Robert R. Bowie, Department of State; Frank C. Nash, Department of Defense; General Gerhart, Joint Chiefs of Staff; Robert Amory, Jr., Central Intelligence Agency; the Director of Central Intelligence; Robert Cutler, Special Assistant to the President; C.D. Jackson, Special Assistant to the President; the Acting White House Staff Secretary; the Executive Secretary, NSC; and the Deputy Executive Secretary, NSC.

There follows a summary of the discussion at the meeting and the chief points taken.

[Omitted here is discussion of Items 1 and 2.]

3. *The Situation in Iran* (NSC 136/1; NSC Actions Nos. 875–*b* and 766–*a*)[2]

General Cabell briefed the Council on the most recent developments in Iran. He said that General Zahedi appeared to be establishing a moderate nationalist government. There was real hope for its stability and for improvement in Iran's economic and financial situation. Members of the new government were as experienced and capable as one could anticipate in Iran, although the Shah had expressed disappointment at the small number of new faces in the Cabinet. Indications are that General Zahedi will oppose the indiscriminate imposition of

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[1] Source: Eisenhower Library, Whitman File, NSC Series, Box 4, 160th Meeting of National Security Council. Top Secret; Security Information; Eyes Only. Drafted by Gleason on August 28. Printed with redactions in *Foreign Relations,* 1952–1954, vol. X, Iran, 1951–1954, pp. 771–775 (Document 358).

[2] For NSC 136/1, see Document 147. For texts of NSC Action Nos. 875–*b*, and 766–*a*, see ibid., footnote 2, p. 772 (Document 358).

martial law, and when his control is firmly established he is expected to recall the Majlis. Elections for a new Majlis are to be anticipated thereafter. The army will doubtless manipulate these elections to ensure a conservative majority in the new Parliament.

General Cabell predicted that the Tudeh Party would be ruthlessly curbed, with the result that it would probably go underground. Its leadership is still intact, and it may be expected to work with the pro-Mossadegh factions to discredit the Shah and the new regime.

The allegiance of the tribes, said General Cabell, is not yet completely clear, but the fact that they have never been able to work in concert with one another minimizes the dangers which Zahedi must anticipate from the tribes.

General Cabell stated that the most urgent problems confronting the new government of Iran are economic and financial. It is unlikely that an agreement with Britain, to settle the oil controversy, can be readily and quickly achieved, if for no other reason than that General Zahedi cannot afford to seem a British stooge. However, concluded General Cabell, if United States financial aid can be promptly extended, Iran will again assume its place in the pro-Western grouping of nations and American relations with Iran will improve. Relations between Iran and Great Britain are not likely to undergo any sudden change, and a settlement of the outstanding issues between the Soviet Union and Iran is unlikely at present.

Secretary Dulles commented that while what happened in Iran was spontaneous, he did feel obliged to say that a number of people in Iran had kept their heads and maintained their courage when the situation looked very tough. He felt that CIA in particular was entitled to great praise. He also expressed himself as pleased with the cooperation between CIA, State and FOA.

As a result of what had happened, Secretary Dulles informed the Council, the United States now had a "second chance" in Iran when all hope of avoiding a Communist Iran appeared to have vanished. Secretary Dulles said that there had been an exchange of letters between the President and General Zahedi.[3] Secretary Dulles summarized General Zahedi's letter, pointing out the latter's statement that he desired to reconsider the problem of the oil settlement and that he needed assistance. The President had replied that General Zahedi's request would receive sympathetic consideration. Secretary Dulles went on to point out that in order to assist the new regime, the Administration would require funds beyond those programmed in the Mutual Security Act. The additional funds would probably be in the neighborhood of $35 mil-

[3] See Documents 301 and 302.

lion. The most difficult problem confronting us was how to develop revenues for Iran out of her oil. We can't very well subsidize Iranian oil when we can't make full use of present resources available to us. Since we must not, however, miss this second chance, Secretary Dulles suggested that we ought to select quickly an individual knowledgeable in the petroleum field, and a skillful negotiator, and then turn over to him full power to negotiate a settlement. In order to pick such a man quickly and get him started, Secretary Dulles recommended that the choice be entrusted to a committee consisting of himself, the Secretary of the Treasury, the Secretary of Defense, and Mr. Stassen.

Mr. Cutler inquired whether such an individual would be a special representative of the President. Secretary Dulles replied that he could represent the President or the Secretary of State. In any case, he would head up a task force. The main thing is to assure that all the manifold ideas for achieving a settlement should channel through this individual.

Secretary Dulles' proposal was well received by the Council, and CIA asked to be included in the committee if its representation thereon appeared useful.

Mr. Cutler then reminded the members of the Council of the task which it had asked the Attorney General to perform, noted that Judge Barnes had been appointed by the Attorney General to carry out this task, and that Judge Barnes was planning a committee of three individuals to perform the task. Mr. Cutler stated that Judge Barnes had already produced a tentative statement of the problem to which his committee should address itself. Mr. Cutler further pointed out the relationship between Judge Barnes' assignment and the committee which had been contemplated in NSC 138/1, which, of course, had never materialized.[4] Mr. Cutler assured the members of the Council that Judge Barnes would consult with the heads of appropriate departments and agencies before completing his report, which he hoped to have ready by December.

Secretary Dulles inquired whether any new consideration was now being given to postponing the civil suit against the so-called oil cartel. As he understood it, open hearings on the case were scheduled to begin in September, and while he sympathized with the problem confronting the Attorney General, to whom was entrusted the task of carrying out the law of the land, he was still very worried over the implications of this suit for the national security and for our foreign relations. It would be highly advantageous, said Secretary Dulles, if the case could possibly be settled out of court.

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[4] See *Foreign Relations,* 1952–1954, vol. IX, The Near and Middle East, Part 1, p. 637 (Document 279).

Secretary Humphrey expressed emphatic agreement with Secretary Dulles, and inquired whether this assignment should be added to that contemplated by the special representative.

Secretary Dulles expressed doubts as to the feasibility of Secretary Humphrey's proposal, but again insisted that the civil proceedings should be postponed if it was humanly possible.

Mr. Cutler suggested that the Council invite the Attorney General to come to the next meeting of the Council to hear the arguments and to discuss possible postponement of the suit. It developed that the Attorney General would be out of town except for one day this week, and Mr. Cutler therefore suggested that the Secretary of State get in touch with the Attorney General and explain to him the Council's unanimous feeling that, for reasons of national security, it favored postponement of the civil suit.

The National Security Council:[5]

a. Discussed the situation in Iran in the light of an oral briefing by the Acting Director of Central Intelligence on developments, and in the light of an oral report by the Secretary of State on actions taken or contemplated with respect to the situation.

b. Agreed that the Secretaries of State, the Treasury, and Defense, the Director of the Foreign Operations Administration, and the Director of Central Intelligence, should nominate, for the President's consideration, an individual to act as a special representative of the United States to deal with problems related to an Anglo-Iranian oil settlement.

c. Noted an oral report by Mr. Cutler regarding the status of the Attorney General's study of the Near East oil situation pursuant to NSC Action No. 875–*b*.

d. Agreed, with the concurrence of the Attorney General, to recommend to the President that in the interests of national security, in view of the Iranian situation, the Attorney General be requested to conduct proceedings in the so-called oil cartel civil suit, now being carried on as indicated in NSC Action No. 766–*a*, with due regard for their effect upon United States foreign relations.

Note: The action in *b* above subsequently referred to the Secretaries of State, the Treasury, and Defense, the Director of the Foreign Operations Administration, and the Director of Central Intelligence, for implementation. The recommendation in *d* above subsequently approved by the President and transmitted to the Attorney General for appropriate action.

[Omitted here is discussion of items 4–8.]

S. Everett Gleason

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[5] Paragraphs *a–d* and the Note constitute NSC Action No. 891. (National Archives, RG 273, Records of the National Security Council, Box 95, NSC Actions 697–1001)

305. Memorandum From the Deputy Director for Plans (Wisner) to Director of Central Intelligence Dulles[1]

Washington, August 27, 1953.

SUBJECT

The first stages of negotiations for the settlement of the oil dispute, and other matters pertaining to Iran

1. You are, of course, aware of the role played by this Agency prior to your departure in alerting various other departments and agencies (principally State and MSA) to the necessity of being prepared to provide economic assistance to Iran in certain eventualities. We have been prompt in following up these preliminary preparations and have, I think, done all that could be expected of us (CIA) in the direction of getting things moving. As a matter of fact, this has led us inevitably into certain aspects of the opening phases of consideration and negotiation (hopefully) looking toward a settlement of the Anglo-Iranian oil controversy. One of the reasons for our participation has been our close knowledge of the facts, including the local temperaments and temperatures in Iran, as well as the fact that our channel of communications was used at the beginning. But in addition, we have had our own financial interest at stake in that our pocket-book is affected and will be further affected if something is not got under way quickly to produce revenues for the Iranian Government.

2. We have discussed various aspects of these related matters with General Smith, Henry Byroade, Governor Stassen and others, making it clear to all concerned at all times that we were most anxious to avoid creating the impression that we are concerning ourselves with matters not within our range of interest. One development which has occurred and which you should know about is that (with General Cabell's authorization) I supported Henry Byroade's appeal for assistance in the form of getting Paul Nitze in on the State Department thinking and planning—if only on an arms' length, no title, no pay, basis. This was overruled for reasons deemed sufficient by higher echelons—a decision which I personally regard as regrettable in view of the vast amount of knowledge, background and experience which Paul has had throughout the entire history of the Iranian negotiations. (It will be recalled that he headed the US negotiation team which went to London about a year ago.)

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[1] Source: Central Intelligence Agency, DDO Files, Job 80–01701R, Box 3, Folder 10, TPAJAX. Secret; Security Information; Eyes Only. At the bottom of the page is a handwritten note that reads: "No other copies made—Orig *shown* to DDCI by FGW."

3. Because of your own interest and familiarity with some of the past history of these negotiations, it has seemed to me that you might be interested in the first two suggestions which were offered by Paul Nitze, following which I presume he would have fallen out of play. Paul proposed, very tentatively of course, that

a. Consideration be given to the possible applicability in the Iranian situation of the Mexican arbitration formula (as distinguished from the settlement which was ultimately arrived at between the Mexican and British Governments). According to Paul, the Mexican arbitration formula was a new invention at the time it was brought forth. It consisted basically of having each party pick his own "arbitrator" with the understanding, in advance, that if those two "arbitrators" could arrive at an agreement as between them, the contracting parties would not be bound by it but rather would have the opportunity of accepting or rejecting. This is, of course, not an arbitration at all, but rather a negotiation dressed up in the trappings of an arbitration for the purpose of achieving certain psychological effects. This worked in Mexico. It has not been tried or suggested in Iran. It might be a way of getting things started there.

b. We get some sort of negotiations going immediately for the purpose of creating some revenues for the Iranian Government. These should not be as a part of any over-all settlement to come, and should be so designed as to avoid setting the lines of the over-all negotiation. Moreover, the transaction sought should be clearly explainable in these terms by both parties. Paul's thought in this connection was, again subject to further study and modification, for the Iranians to make certain of the oil in the tanks available to the British—in return for which certain of the counter-claims asserted by the Iranians would be recognized and met with cash settlements by the British. The point here is that the two acts do not meet as they are not directly related. The advantage from the British standpoint would be two-fold, viz.: (1) Their position concerning ownership of the oil in the tanks would thus be recognized; and (2) since the money would not be paid for the oil but rather in settlement of certain collateral counter-claims, there would be an avoidance of any inference of *pricing*. The advantage from the Iranian point of view would be that their position concerning the counter-claims would be recognized and, last but not least, they would get some much-needed cash.

Frank G. Wisner[2]

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[2] Printed from a copy with this typed signature and a note that indicates Wisner signed the memorandum on August 28.

306. Memorandum From the Chief of Station in Iran [*text not declassified*] to the Chief of the Near East and Africa Division, Directorate of Plans, Central Intelligence Agency (Roosevelt)[1]

[*number not declassified*] Tehran, August 28, 1953.

[*less than 1 line not declassified*] Contribution to TPAJAX

1. In Station opinion we cannot be too complimentary concerning the contributions of our [*less than 1 line not declassified*] agents to the success of TPAJAX. [*less than 1 line not declassified*] did remarkably good job while maintaining security at all times. They are to be highly commended for laying the groundwork for action and providing the spark which set off the demonstrations on 19 August. Their contribution can best be described by a general review of TPAJAX.

2. As the project developed in late July and early August, we were still faced with the overriding problem of fear—fear on the part of most Iranians, including those in the opposition, to take any action against the Mossadeq government. In retrospect, our only hope to get popular and active backing in a movement to unseat Mossadeq was to point up an issue which would instill greater fear in the average Iranian than his fear of Mossadeq. For the first three weeks in August, [*4½ lines not declassified*] were able to lay the groundwork for future action. They were assisted in this campaign [*less than 1 line not declassified*] who also emphasized the collaboration of Mossadeq and the Tudeh. Secretary Dulles' and President Eisenhower's comments concerning the Tudeh were of great help and gradually the people of Tehran began to feel a greater fear than the one which previously pervaded their lives. They began to feel that Mossadeq's retention of power could only lead to a Communist state. They believed this strongly and it was reflected in the conversations of most to whom we talked during this period. There was still a deep fear of Mossadeq, but the groundwork had been laid—given an opportunity to act against Mossadeq with some degree of success, Iranians would join together to overthrow him.

3. On Sunday, August 16, news of [*cryptonym not declassified*] press interview began to leak out. The fact that he possessed a Firman began to spread, but still there was no proof since few had actually seen facsimiles of the Firman. [*2½ lines not declassified*] On Tuesday, reports of the Firman were printed in several papers and Foreign Minister Fatemi

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[1] Source: Central Intelligence Agency, DDO Files, Job 80–01701R, Box 3, Folder 8, TPAJAX Vol. II. Secret; Security Information. Sent by air pouch and for the attention of the Deputy Chief of Psychological Operations.

denied its existence. Nevertheless, the word continued to spread and the number who saw a facsimile increased. [*2 lines not declassified*]

3. Meanwhile, Fatemi had aided our cause by having the Statues of both Shahs torn down throughout the city. His violent speeches attacking the Shah offended most Iranians and strengthened their resolve to act. Their fear of the Communist menace, plus their indignation over Fatemi's actions combined in an emotional desire to do something. Only the spark was needed to set off the conflagration.

4. Wednesday was the day set by the Station for action. [*1½ lines not declassified*] We were hoping for a strong religious showing and felt that something might happen if we could only get it started. It must be said, however, that there were many persons out Wednesday morning who had no connection with us. Nevertheless, they were disorganized and milling about aimlessly until several people discovered a press shop in process of printing broadsheets containing a facsimile of the Firman appointing [*cryptonym not declassified*] Prime Minister. There were several shops doing this and there were several different items. [*less than 1 line not declassified*] a statement of [*cryptonym not declassified*] along with his Firman. [*less than 1 line not declassified*] a call to revolt and support the Shah along with a copy of the Firman. There was one other as yet unidentified. (probably [*cryptonym not declassified*]) By 9:30 a.m. people were running into at least two print shops, [*1 line not declassified*]. They distributed the broadsheets as fast as they came off the press and the pressman happily continued to print them for the rest of the day. [*7 lines not declassified*]

5. Armed with the knowledge that [*cryptonym not declassified*] was the legal Prime Minister, that the Shah had actually made his move, and conditioned for action by the past three weeks, the people of Tehran acted. Trucks, provided by the Army, [*less than 1 line not declassified*] were filled to overflow capacity and headed for Radio Tehran. Buses were stopped and commandeered by the mobs and all means of public transportation were forced to mob use. Private automobiles were ordered to allow Shah supporters to climb all over them and head for the radio station, which quickly fell to Royalist control.

6. After the mobs were out, the [*less than 1 line not declassified*] role diminished and the military role became paramount. Indeed, if plans had not been thoroughly laid for this aspect of TPAJAX the [*less than 1 line not declassified*] contribution would have been to no avail, all of which points up the multifacted nature of TPAJAX's success.

7. [*1 line not declassified*]

[*name not declassified*] [*name not declassified*]

307. Record of Meeting in the Central Intelligence Agency[1]

Washington, August 28, 1953.

TPAJAX

PRESENT

Lt. Gen. Charles P. Cabell
Deputy Director of Central Intelligence
Mr. Frank G. Wisner
Deputy Director/Plans
Mr. Richard Helms
Chief of Operations, DD/P
Mr. Kermit Roosevelt
Chief, Near East Division, DD/P
Mr. Tracy Barnes
Chief, PP
DD/P
[*name not declassified*]
Deputy Chief, Near East Division, DD/P
Mr. John Waller
Chief, NE/4
DD/P
[*name not declassified*]
Special Assistant to DD/P
Mr. Donald Wilber
Consultant
[*name not declassified*]
Reporter

Mr. Wisner: Mr. Roosevelt reported that in his conversations with the British going up to the highest levels they had expressed complete understanding of and agreement with the reasons which he gave for his failure to report adequately during the period from Sunday morning until Wednesday afternoon.[2] These reasons were that he was faced with the choice of spending his time reporting fully and factually or getting out and acting—he could not do both—and he chose to do the latter. General Cabell responded that we, of course, are in full accord.

Mr. Roosevelt: I think that the reporting up until Saturday night was reasonably adequate, and I think you do have a pretty good picture of what was going on even though there were details that weren't

[1] Source: Central Intelligence Agency, DDO Files, Job 80–01701R, Box 3, Folder 9, TPAJAX (Iran). Top Secret; Security Information; Eyes Only. Drafted by [*name not declassified*].

[2] August 16–19.

reported, but they can be filled in, but from Sunday morning on you have only the haziest kind of picture. We did report all the indications in the course of Saturday night that showed to us that the plan had gone astray. The radio jeep didn't arrive, the telephone system wasn't put out, tanks were moving but we couldn't tell whose tanks they were, and it was just obvious that something had gone very sour, and there was a little shooting—not much. We weren't sure of the situation really until about 5:50. At 4:50 after the curfew was over we sent out someone to look the situation over, and they said, "Yes, there are lots of tanks and troops around Mossadeq's house," but that wasn't conclusive. That would have been the case in either event. At about 6:00 o'clock [*less than 1 line not declassified*] who was a tower of strength in this whole business, showed up in pretty much of a stew, and he said Nasseri had been arrested.

At that time I got hold of General McClure and asked him to go and call on General Riahi and try to find out what the situation was. I didn't get McClure's report until a lot later, but I believe it was then that Riahi told him that there had been an attempted coup by the Shah's bodyguard under Colonel Nasseri and it had been defeated, but that there was American implication in the thing, specifically that Commander Eric Pollard had been implicated and that later on he told McClure that he had information that we were hiding out certain people in the Embassy including General Zahedi. I told McClure there was nothing in that, that Pollard had not been plotting, that we were not hiding out anyone in the Embassy.

Riahi was the Chief of Staff under Mossadeq. Mossadeq had an announcement put on the air at 7:00 o'clock to much the same effect that there was no American implication . . . that simply a coup had been attempted by the Shah's bodyguard and had been defeated. There was no mention of any firman by the Shah, no mention of any attempt to replace Mossadeq officially or appoint Zahedi. Zahedi's name never appeared in the first broadcast. [*4½ lines not declassified*] The Zahedis, father and son, showed tremendous courage through this whole business, so we then decided that the main thing to concentrate on was to prove to the Army and the people that this was not an attempted coup, that this was a legitimate change of government which Mossadeq had foiled by a coup. Accordingly our first step was to arrange for a secret interview with the foreign correspondents. There were only two—one from the *New York Times* and one from the AP—and we set that up for 11:00 o'clock. We wanted to have General Zahedi there, but he wasn't able to be there, and, incidentally, we weren't there. We set the thing up. Young Zahedi was there with, first of all, the original order of the Shah appointing Zahedi Prime Minister and, secondly, with a number of photostatic copies of it, which we gave to the correspond-

ents, and also a statement from his father which came out, as a matter of fact, which we sent out in the plane that went to Beirut to pick up Ambassador Henderson. We took over the firman then and kept it in our safe in the Embassy after photostating. There were two photostats made, one by Persians and one in the Embassy. The one by Persians was actually better, but ours was the one that got the most distribution and appeared in most of the papers. Now we then started immediately to prepare a statement for Zahedi to the press and public of Iran. He had seen the foreign correspondents. Now he was to speak to his own people, and we were worked up. We dictated in the course of that afternoon [*3½ lines not declassified*]. We did not have our own facilities for printing in Persian in the Embassy, but we had the facilities, but we didn't have a type set up, and we were most reluctant to bring in an indigenous typesetter into the Embassy compound, so we compromised. We had [*less than 1 line not declassified*] type the thing out in Persian on a typewriter. He did 10 copies. We whipped them off to Zahedi who signed them and sent them back to us, and then we distributed them to the foreign correspondents, and to such of the local press as we could get, and also to a couple of key army officers. By the time we finally succeeded in getting this it was too late to catch the morning papers, [*5½ lines not declassified*]. This came out Monday morning.

Mr. Wisner: [*less than 1 line not declassified*].

Mr. Roosevelt: [*1 line not declassified*].

Mr. Wisner: [*less than 1 line not declassified*].

Mr. Roosevelt: [*less than 1 line not declassified*]. Now there was one other very encouraging sign Sunday evening, and that was that Tudeh began some demonstrations in which they shouted, "Death to the Shah," and acting without orders, the Army started to beat the hell out of them, and they carted away four truckloads of bloody Tudeh demonstrators Sunday afternoon, and they had no authorization. It was just a spontaneous thing, and that gave us tremendous encouragement, so Sunday evening didn't look nearly as black as Sunday morning. Now, of course, the thing that was bothering us was the security of our principal agents or allies in this business. You can't call Zahedi an agent, but he was an ally, and he was someone to whom we had responsibility. We were desperately afraid that if he were captured the whole damn thing would collapse, and, therefore, we took the risk of hiding the principal people out in American houses. We actually did have some in the American compound and the house of one of our commo people, but most of them were outside of the compound but in American houses. That was necessary for two reasons: One, to try to give them some security, and also to enable us to see them because if they were hiding out in some locale where Americans never went, it would be impossible for us to see them, and in order to put this thing through we

had to be able to be in quite constant contact with them, so we took this chance.

Mr. Wisner: Where was this famous "cave" that Zahedi was supposed to be in?

Mr. Roosevelt: It is entirely mythical as far as I know. Zahedi was in our hands from Monday morning on. He took care of himself Sunday night. He was turned over to us on Monday morning.

[*1 paragraph (13 lines) not declassified*]

Well, by Monday morning . . . of course, the news of the Shah's departure arrived Sunday afternoon, and that was no particular surprise and really no particular shock.

Mr. Helms: He just took off?

Mr. Roosevelt: He just took off. He never communicated with us at all. He just took off. He was up in the Caspian. That was no concern except that we were concerned about getting either him on the radio, which I could see was difficult, or at least the statements from him on the radio from Baghdad in Persian, and I do feel that the British let us down on that. They should have been able to do that, but they didn't. They struggled. I think the British seriously struggled, but the Foreign Office was just thumbs down definitely.

Monday was devoted largely to circulating photostatic copies of the firman, which had a tremendous effect, particularly among the Army, and trying to arrange for follow throughs from Zahedi. We got additional statements. We tried to place them. We tried to get the previous evening's statement placed, and we tried to get the firman printed in as many papers or even just single sheet emergency papers as possible. [*1 line not declassified*] It was really an amazing thing, and I don't know how they did it, but they carried the firman; they carried the fake interview with Zahedi; they carried the next day the real interview with Zahedi; they carried more copies of the firman photostats; and they kept attacking Mossadeq; and they still continued publishing. I just don't know how they managed. Now we haven't had a bill for it, but that was the general tenor of Monday's events, and there were more talks between McClure and Riahi, and McClure himself was arguing at the time that the best thing to do was to make a deal with Riahi and hope that in due course he would overthrow Mossadeq.

The Ambassador arrived back Monday afternoon, and Monday was a day in which there was still a certain amount of pro-Mossadeq rioting in town and no particular indication of pro-Shah feeling except that these firmans were obviously having an effect. Everyone was asking about them. Was it true that the Shah had issued a firman? If so, why was Mossadeq lying about it? And wasn't that a most reprehensible thing to do? Monday evening was a curious evening for me. We

had a big Council of War in one of the houses in the compound and consisting of General Zahedi, [*1½ lines not declassified*] and myself. We smuggled these people in and out in the bottom of cars and in closed jeeps, and strangely enough never at any time was there any attempt to stop cars going in or out of the American Embassy, which was just as well, but, of course, there is an awful lot of traffic. I mean people . . . hundreds of cars come in and out of there. Well, this conference was going on, and I would have to leave it occasionally and go over and see Ambassador Henderson, and General McClure was sitting out in front of his house in the compound worrying over Ambassador Henderson's forthcoming interview with Mossadeq and McClure's previous interviews with Riahi, and they would say to me, "Now we must be able to assure the Prime Minister that we are not hiding out any Persians in the compound," and I would say, "Please give them every assurance," and we would discuss the matter for a while, and I would say, "Excuse me for a few moments," and then I would go back to this meeting. Henderson knew perfectly well what was going on. He told me afterwards. He said, "You did the only thing you could do. You had to tell them, but you also had to do your business." I don't think McClure knew. The decision was eventually reached that night. It was a typical Persian discussion. It went all around the God damn map for about four hours. I felt no compunction coming in, and going out, and reassuring Henderson from time to time, and then eventually obviously someone had to make some decisions, and so we decided that we were going to make our play on Wednesday, and that we were going to send off three messages outside of Teheran, and that we were going to continue and intensify our activities inside Teheran, and the three messages were to be: [*3 lines not declassified*] and that we were then going to build up a terrific demonstration on Wednesday around the religious theme that it was time for all loyal army officers, and soldiers, and the people of Iran to rally to the support of their religion and the throne.

Then we wanted some outside military support from outside of Teheran, and it looked to us as if the two best bets within reach were the troops at Kermanshah under Colonel Bakhtiar and the troops at Isfahan under Brigadier General Mahmud Davalu. [*6½ lines not declassified*]

[*1 paragraph (6 lines) not declassified*]

Of course, the build-up that had gone on over the previous months, and particularly, I think, the material produced by the headquarters here, the cartoons and the articles, etc., had an accumulated effect by this time. I mean seeds weren't falling on barren soil at all. You could see that there was a response, but Tuesday was a bad day nonetheless because there was nothing much we could do. [*12 lines not declassified*]

Well, by that time we had suffered so many postponements in this business that it really looked as if we were damn close to the end of the road, and we said, "Well, all right, if the Mullahs can't act until Friday they can't act until Friday, and that is too bad, but we have got to have some kind of a demonstration on Wednesday. We can't let this thing just drift because if it drifts it is going to drift away from us."

The Shah's statement[3]—incidentally it was from Baghdad—was by that time receiving a good deal of circulation by word of mouth, and that was having a good effect, so although there were discouraging signs, it didn't look too desperate, so we sent out. [*8½ lines not declassified*]

Mr. Waller: [*less than 1 line not declassified*].

Mr. Roosevelt: Well, they did. Incidentally, those troops didn't get to Teheran until after the thing was pretty well over, but they served a very useful purpose on the way because the one place in which there were serious pro-Mossadeq demonstrations on Wednesday was Hamadan, and these boys hit Hamadan just as the Iran Party and the Tudeh was out on the streets, and they shot them up a bit and sent them scurrying back to their hiding holes and came rolling on to Teheran. No one could understand just how this happened. The General Staff was very puzzled about it later. And incidentally in Hamadan the authorities were entirely confused. They couldn't see how a man from Kermanshah had suddenly fallen upon them and taken care of their problem, so that was the first good news on Wednesday.

Then at about 9:00 o'clock in the morning, which I think is rather early, isn't it, for demonstrations to start—

Mr. Waller: Much too early.

Mr. Roosevelt: By God about 9:00 o'clock in the morning they started getting word from the Bazaar that there were crowds out and that they were tearing the Iran Party Headquarters to pieces, that they tore down "Bakhtar Emruz", and I think this was [*less than 1 line not declassified*].

Mr. Wilber: I wondered because one of the statements we got was that that mob was headed by people from *Zuhrkhaneh* exercise clubs, sport clubs, and [*less than 1 line not declassified*].

Mr. Roosevelt: We don't know. We will find out in due course, but we don't know yet, but when their targets appeared we felt fairly confident that [*less than 1 line not declassified*] and they went after "Bakhtar Emruz" which was the most virulent, and pro-Mossadeq, and anti-

[3] See Document 269.

American paper, and they really wrecked that place, and the Security Forces wouldn't fire on them. So things started developing, and by, I think, about 10 o'clock there was a mob headed toward Mossadeq's house. That was where the bloodshed was because the troops were uncertain at that time, particularly Mossadeq's guard, of what way things were going, and they fired on the mob. They obeyed orders, and they fired on the mob, and I think that was where most of the casualties were. The casualties so far as we could make out were greatly exaggerated in newspaper reports and Radio Teheran reports, as also was the account of fighting around Mossadeq's house. I read *Time* this morning, and it said that tanks were shooting 75 millimeter shells at each other, and they were bouncing off World War II armament for four hours. Well, dammit all, that just isn't true because one of the girls in the office went down to look at what was happening, and in front of Mossadeq's house about 2:30 the fighting was all over, and the house was being ransacked, and there wasn't anything like that. Later on there was mortar firing, and I think that some of the troops just lobbed mortars into Mossadeq's house for fun.

Mr. Wisner: Weren't there ransackers in there?

Mr. Roosevelt: They probably broke it down before they got in. I don't think they would worry about whether the ransackers were in. There was a certain air of irresponsibility at that time.

Well, beginning about 10:00 o'clock we began to have really great hopes of the situation, [*26 lines not declassified*] and we brought him to the place where Zahedi was hidden, which was quite close to the Embassy compound in the house of one of our people. He was in the basement there, and we put the two of them together and we said, "Now, gentlemen, it is very likely that you are going to have to take action soon, and you just talk it over and decide what the best thing to do is," and that was about 12:00, I guess, and what worried us then was the possibility that this, like all previous Persian demonstrations, would take time off for lunch and a siesta because that is the usual thing. At about 1:00 or 1:30 they knock off until about 5:00 o'clock in the evening, and, of course, we didn't want to take our precious little chickens and put them out in the open if the damn thing was going to fold for lunch and siesta, so we didn't dare make the move then. Furthermore we didn't yet have the confident strength, but a great big crowd started heading up the road to Teheran Radio Station, and the road was blocked off by military, and they wouldn't let any traffic through, but they were cooperating with the crowd, and so that looked very encouraging, and so at about 1:30, although there appeared to be a slight lull, we decided that things were pretty good, and I went off to get a bite to eat around 2:00 and started listening to Radio Teheran which had been discussing cotton prices all through this business but which switched

to music at about 2:00 o'clock, and at about 2:15 there appeared to be something wrong with the record. It would halt or would sound slurred, and at about 2:30 the thing just went off the air, and we had no way of getting to the radio station, but it looked pretty good. The one real worry I had was that they might have wrecked the radio station so badly that they couldn't get it on the air again, and while that would hurt Mossadeq, it would also hurt us if we were going to be able to make the play, so I went back to the Embassy, and at about 3:30 Radio Teheran came on the air again deliriously pro-Zahedi. As a matter of fact, it was an irresponsible and silly performance, but anyhow they were pro-Zahedi. As a matter of fact, they had one man speaking for a time who claimed to be Zahedi, which caused us to raise our eyebrows, but . . . so as soon as I knew Radio Teheran was on the air, we sent out a scouting party to determine whether there were still tanks and trucks of troops waving the Shah's picture and the word, so about 10 minutes of four I went over to the house where Zahedi was hidden in the basement, and I found Zahedi in his underwear and khaki pants eating lunch with [*name not declassified*] who was clad in a dirty old sport shirt and some torn up pants. Zahedi had his uniform there, and I said, "Gentlemen, the time has come now. You are going to have to get out on the streets and take command of the situation, and we have Radio Teheran." Unfortunately the radio we had given to them the batteries went dead, so they didn't know we had Radio Teheran, but they both responded immediately, and they said, "Certainly, how do we do this?" and I said, "Well, what we are going to do is we are going to send [*name not declassified*] out in one of our cars with white tags—non-diplomatic tags—and we are going to hunt around until we find a tank or truckload of soldiers which are pro-Shah, and then [*name not declassified*] will get out, and he will pick up the tank preferably, and, if not, the truckload of soldiers, and he will meet General Zahedi at a given street corner at 4:30 sharp, and we will deliver Zahedi in a closed jeep with again white tags on it to this street corner. He will get in; he will ride up to Radio Teheran, and General Zahedi will go on the air, and he will make a statement, and after that you are in," and they said, "Fine".

There was some argument. [*name not declassified*] had the idea maybe they should go directly to the Chief of Staff's office. I vetoed that. I thought it was too dangerous, so anyhow [*name not declassified*]—

Mr. Helms: Excuse me just a second. At this point had Mossadeq already fled? I mean are you aware he had disappeared?

Mr. Roosevelt: We weren't sure where he was. He had left his house by then, yes, but we didn't know. The rumor was he had gone to the Chief of Staff's office, and so [*name not declassified*] went out on the street, but this, like every other part of the plan, didn't go quite according to schedule.

[*name not declassified*] got out on the Naderi, and he saw some air force officers, so he said to the guy who was driving him along, he said, "You have done enough. Now it is up to me. Let me out right here," and the guy let him out, and [*name not declassified*] went up to these air force officers who recognized him and embraced him. [*less than 1 line not declassified*] and so very popular with them, and they said, "What can we do for you?" He said, "I would like a tank, if you please," and they said, "Fine, we will get you a tank," so they searched around and they got him a tank, and they put him in it, and they draped themselves all over the outside of the tank, and then they said, "Now do you know where General Zahedi is?" and he said, "Yes, I do and, as a matter of fact, we have a date to meet him at 4:30." Well, then they looked at their watches, and it was only ten past four. They said, "The hell with that. Take us to him right now."

[*name not declassified*] said to me afterwards, he said, "What can I do?" So he took them to him, and this tank came sailing right into the compound of this house, and Iranian Army officers poured out of it, and they went in and they got Zahedi out of the basement, and they put him on their shoulders, and they put him in the tank, and they marched up to Radio Teheran.

Fortunately there were so many wild stories going around that night that this one got no more attention than any of the others, and also, fortunately, the guy who got the credit for it was the landlord of the house. He was considered to be a great patriot for having hidden Zahedi out without the knowledge of the Americans.

Mr. Wilber: It is a long way out to the radio station. How did the tank get up there without breaking down?

Mr. Roosevelt: It just shows MAAG has done a good job. The tanks were getting around pretty well that day. We lost any immediate responsibility for the operation from then on. They took it into their own hands, and they kept in constant touch with us, but largely about security measures, what to do about the Tudeh, how to act when the Chief of Police whom they had counted on defected on them and fled to the hills.

Mr. Wilber: Who is he, Kim?

Mr. Roosevelt: Naderi, the Chief of Secret Police. They had counted on him. I think he was the person who betrayed them.

Mr. Wilber: I was wondering if you had any stronger ideas.

Mr. Waller: What happened to Mumtaz?

Mr. Roosevelt: He wasn't killed. Mumtaz was in charge of the guard in front of Mossadeq's house. They apparently did fight for a while. The first story we got was that Mumtaz had been killed in front of the house by a machine gun from a tank.

Mr. Wisner: Was that the fellow who was mentioned in the telegram?

Mr. Helms: One telegram said he had to kill so and so.

Mr. Wilber: Yes.

Mr. Roosevelt: Did they say that we had to kill him?

Mr. Wisner: They said, "Unfortunately so and so (Mumtaz) had to be killed."

Mr. Roosevelt: Well, Mumtaz, we had nothing desperately against him. He didn't do very well by us.

Mr. Waller: Was he supposed to be in on it?

Mr. Roosevelt: No, he was not anyone we counted on, but we hoped at the last minute he would come on our side, but he apparently directed the defense of Mossadeq's house and then fled at the appropriate moment, but the story was he had been shot and then committed suicide in front of Mossadeq's house, but two days later he turned up without a scratch on him under arrest.

I think really when you come right down to it there were about three casualties among the military which is, considering all the shooting that went on, a remarkable thing, and probably somewhere between 50 and 100 civilian casualties.

Mr. Waller: What about the Qashqais?

Mr. Roosevelt: Well, the Qashqais had gone to Shiraz now without the mother who was in Teheran. The Qashqais left as far as we can make out Tuesday because they could smell that things weren't going too well, and they beat it down to Shiraz, [*9 lines not declassified*].

There was one moment when the Tribesmen started to disarm the gendarmérie, and troops were sent down from Isfahan, and the whole thing collapsed, and the Qashqai were being very quiet, so nothing much came of them at all.

Now that covers the gap that wasn't reported to Washington.

Mr. Helms: You may be interested to know as an aside that the FBIS started picking up Radio Teheran play by play, and it was blasting in here at a hell of a rate, so we were practically abreast of it the way you were in Teheran.

Mr. Roosevelt: Except Radio Teheran was an extremely unreliable source.

Mr. Helms: I mean it reported its unreliability. It would be off one minute, and on the next, and crazy the next, etc., so we were all sitting here sort of getting the pattern of this thing, wondering whether we were in, out, up, or down.

Mr. Roosevelt: By the time we had Radio Teheran we were in. It was just a question of getting them safely out on the streets, and, well, that was . . .

Mr. Wisner: May I ask you a couple of questions here?

Mr. Roosevelt: Yes.

Mr. Wisner: What do the tribes, in particular the Qashqai, look like doing now?

Mr. Roosevelt: Well, I can tell you the first thing that happened when this government came in was all the tribes except the Qashqai sent telegrams to Zahedi saying, "If these Qashqai make any trouble, don't send the Army after them. Let us go and take care of them." A whole batch of telegrams came in, so that is one indication.

The Qashqai represented a problem that we have to concern ourselves with now because it may be, much as some people like the four brothers, that the time has come for them to go, and I think it could be done quite easily.

Mr. Wisner: Would they make common cause in your opinion with any opposition elements that might come up?

Mr. Roosevelt: They might, yes. I am in favor of fairly drastic action with the Qashqai.

Mr. Helms: When this fellow Roosevelt says somebody has got to go, you sort of go like this, don't you, or they have had it?

Mr. Roosevelt: [*1½ lines not declassified*].

Mr. Waller: [*1 line not declassified*].

Mr. Roosevelt: [*1 line not declassified*].

Mr. Wilber: I wonder if it wouldn't be the time instead of having us go for us to move in on them as we plan to do over the years and haven't been able to quite pull off because of their resistance?

Mr. Roosevelt: It may be that that could be done, but the trouble is the one thing they have been consistent on is they have always been against the Shah. The Shah is now our boy and, dammit all, we can't put up . . .

Mr. Waller: You don't suppose we could force them and, as Don says, use a blunt instrument, not to do away with them but to get them to help us out on a couple of odd jobs?

Mr. Roosevelt: Well, it might be. This is going to take a little study. I don't think it is anything we want to move too rapidly on. They are potentially very useful and also potentially very dangerous, and we have to decide which side of the coin is most likely to come up most often.

Mr. Wisner: I would like to ask another question here. It has more than one facet, and you can handle it in any way you like. It has to do with the Tudeh Party, and their present strength, and the strength of the menace that they represent at the present time, and what measures are actually being taken against them.

Mr. Roosevelt: Well, first of all, about the present capabilities. [*1½ lines not declassified*] and after an initial period of confusion they all appeared to be presenting the same picture, which was one of very substantial disruption, that the leadership was still relatively firm in its intentions, but that the rank and file had pretty much dropped away. Has anything come in since I left to give a different picture on that?

Mr. Waller: No.

Mr. Roosevelt: They tried to arrange a demonstration on Thursday morning at 11:00 o'clock of which we got word, [*less than 1 line not declassified*] and the Security Forces got word, and it never even showed its head. I mean a few of them came creeping out looking for friends and didn't find any and scurried right back underground again, and I would say that for the present time the Tudeh is in as bad shape as it has been. When was it last proscribed?

Mr. Wilber: February, '49.

Mr. Roosevelt: Yes, well, it is probably in worse shape than that. Furthermore, the parties with which it has been allied recently, or with which it might have allied, are also in bad shape—the Iran Party. Has it been confirmed that Zirakzadeh's brother cut his throat?

Mr. Wilber: We heard his older brother actually committed suicide, but we haven't any additional confirmation.

Mr. Roosevelt: We have that too, and it was evident that the Iran Party had lost confidence in his leadership, and the great danger, of course, was an alliance between the Tudeh and the Iran Party.

Mr. Wisner: Well, what measures are being taken to further smash the apparatus and the machinery of the Tudeh Party?

Mr. Roosevelt: Well, both the Shah and Zahedi promised me that very vigorous measures would be taken. What slowed them up was the defection of this Police Chief of whom we had been hoping a great deal. [*3 lines not declassified*] But what happened, on Wednesday morning the guy took to the hills, and finally a day or so later we managed to arrest him. So the machinery that had been set up to take care of that just never functioned. Now when I last spoke to the Shah and Zahedi about it and pointed out the urgency of the matter, they said that they recognized the urgency, and what they proposed to do was combine the Army and the Police, or at least assign Army Officers and Army units to strengthen the Police and really go after these people in a big way.

Mr. Wisner: And the arms caches, surely they must be able to find those?

Mr. Roosevelt: According to the newspaper reports they have already found one of the two major ones. At least I saw that in the *London Press.*

Mr. Wisner: Were any of the suggestions that we sent through to you in one rather long cable[4] just about the day before you left—we hoped that you would receive it before your last conference there with the Shah and Zahedi—accepted, or was it simply fortuitous that some of these things were done anyway? These had to do with various measures such as the disposition of Mossadeq.

Mr. Roosevelt: Oh, yes. Well, those, as you probably recognized when you sent them, were already things that we were trying to do.

Mr. Wisner: Yes.

Mr. Roosevelt: The disposition of Mossadeq was a debated subject when I left. The Shah discussed it with Henderson.[5] He discussed it with me a little bit, but I didn't really feel that it was up to me to get into it too much. This was my final interview with the Shah on Saturday, and I had certain points that I wanted to get across, and I didn't want to discuss a whole lot of things that really weren't part of my operation.

Mr. Wisner: We appreciated that when we said it.

Mr. Roosevelt: I did say that I thought it was wise not to make a martyr out of Mossadeq, and the Shah agreed, but I think the Shah still at that time had the intention of having the public trial. Now I felt that Henderson could talk him out of that if it is the opinion of the United States Government that he should be talked out of it, but I would tell you one thing: I would be more inclined to trust his judgment and Zahedi's about it than I would ours. I mean they know the psychology of the situation, and certainly from here we can't tell it. Maybe Henderson [*less than 1 line not declassified*] out there can tell it, but I will tell you back here you certainly can't, and the one thing that I did say to the Shah on the subject of trials was that I thought Riahi should be executed, and the Shah said, "Well, why particularly?" He said, "he may not have known he was acting against a firman of mine." I said that he certainly damn well did know and that he had said to General McClure that even if he did know that it was your firman, Mossadeq was on the side of the people, and his loyalty was to the people, and I said, "He seems to have made a slight miscalculation, but I don't think that excuses him for having committed treason," and the Shah said that he didn't either. In fact, the Shah got rather a nasty glint in his eye at that stage of the game. Riahi, you know, was the guy who wrecked us in the first attempt. If it hadn't of been for him there wouldn't be any trouble at all. So he and I think it is important for the morale of the Army that

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[4] Not found.

[5] Telegram 489 from Tehran, August 26, records a conversation between the Shah and Henderson in which the fate of Mosadeq was discussed. The Shah gave expression to his concern that Mosadeq not be made a martyr. Henderson's reply was to say "that if Mosadeq should be brought to public trial he might be able with his histrionic ability to make it appear that his accusers rather than he were being tried." (National Archives, RG 59, Central Files 1950–1954, 788.00/8–2653)

an example be made of the senior officer who disobeyed the orders of his Commander in Chief, so even though General McClure thinks Riahi is a fine man, I am afraid that I think he should suffer.

Mr. Wisner: I have a number of other questions to ask, but I think that probably they could wait. I am sure, however, that General Cabell and the rest of us would like to hear something about what happened in London.

Mr. Roosevelt: Oh, yes. Well, I don't know whether you want all of this taken down or not.

Mr. Wisner: No, I don't think this is necessary.

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308. Monthly Report Prepared in the Directorate of Plans, Central Intelligence Agency[1]

Washington, undated.

IRAN

August 1953

A. *General Developments*

1. The fall of the Mossadeq government overshadowed all other activities and operations in Iran. The successful outcome of the efforts of General Zahedi and his supporters to gain control of the government and the return of the Shah to Iran have undoubtedly paved the way for increased internal stability and closer relations with the U.S., and have created a favorable atmosphere for CIA operations in the country. As a result of the change of government CIA contacts in key government and military circles have been greatly increased; few losses were sustained.

2. Experience has proven, however, that the Iranian internal political situation is given to rapid and drastic change. While CIA should capitalize to the fullest extent on the present favorable situation it should at the same time prepare itself to cope with problems arising under new and possibly unfavorable conditions.

3. The greatest assurance for the maintenance of the present government in power and internal stability lies in a rapid improvement of the country's finances and economy. Prompt initiation of new labor giving projects under the long-range developmental program, known

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[1] Source: Central Intelligence Agency, DDO–IMS Files, Job 81–01061R, Box 2, Folder 3, Monthly Report—August 1953—Country Summaries and Analyses. Top Secret.

as the Seven Year Plan, would create popular confidence. This action, if properly propagandized, could be developed into a nation-wide popular appeal, having the effect of reducing the appeal of extreme nationalism and communism.

4. U.S. aid now contemplated may tide Iran over financially for the time being and also provide means for starting developmental works, but in the long run the solution lies in a settlement of the oil problem.

5. The new government wasted no time in clamping down on the Tudeh Party by raiding cells and publications and making arrests. It has established its control over the country generally through the Army and civilian appointments. There is no information on the residual strength of the now latent, extreme nationalist and other pro-Mossadeq elements.

6. The Qashqai who appeared to be on the point of rebelling against the new government at the time of its accession to power, are quiescent at least momentarily, and with a consolidation of the new government it is unlikely that they will take action against it. The Shahsevan and at least a part of the Bakhtiari have given their allegiance to the new government. Other tribal elements appear to be quiescent, except a few minor groups who frequently take advantage of unsettled conditions to raid and plunder.

B. *Station Synopsis*

[Omitted here are paragraphs 7–12.]

C. *Operational Summary*

Political and Psychological Warfare

13. Although the anti-Tudeh activities continued, PP operations were largely directed in support of bringing about a change in government.

[*4 paragraphs (11 lines) not declassified*]

Paramilitary Operations

18. There were no important developments in the paramilitary field during the month, as Iranian political developments compelled the station to concentrate its efforts on political and psychological warfare activities.

[*1 paragraph (5 lines) not declassified*]

John H. Waller[2]
CNE-4

[2] [*name not declassified*] signed for Waller above Waller's typed signature.

The Aftermath of Operation TPAJAX, September 1953–December 1954

309. Memorandum From the Acting Chief of the Near East and Africa Division, Directorate of Plans ([*name not declassified*]) to Director of Central Intelligence Dulles[1]

Washington, September 2, 1953.

SUBJECT

Memorandum of Conversation Between Mr. Henry Byroade, Assistant Secretary of State for NEA, and John Waller, CNEA–4, Concerning Allayar Saleh, Iranian Ambassador to the United States

The conversation reported herein took place at the request of the Deputy Director, Plans:

1. Mr. Waller called Mr. Byroade's attention to the fact that Ambassador Saleh had tendered his resignation and presumably planned to return to Iran in the near future. Information had reached us to the effect that the Iranian government had urged Saleh to remain at his post and withdraw his resignation. However, it appeared that Ambassador Saleh definitely intended to relinquish his post. Mr. Waller stated that CIA was concerned by the prospect of Saleh's return to Iran at this time in view of his Iran Party ties and his very considerable personal prestige which might be exploited by pro-Mossadeq or even pro-Tudeh political factions which are in current opposition to the Shah and the Zahedi government. In this connection Mr. Waller recalled the recent role of the Iran Party in support of Premier Mossadeq and in violent opposition to the return of the Shah, which role had brought the Iran Party dangerously close to outright alliance with the Tudeh Party.

2. Mr. Waller observed that this was essentially a Department of State problem but that CIA felt that it was appropriate for its views to be brought to the attention of the Department of State. Furthermore, it would be perhaps possible for CIA to take covert action designed to neutralize any adverse effect which Mr. Saleh's return might occasion.

3. Mr. Byroade acknowledged the fact that the possible problems presented by Ambassador Saleh's return to Iran were of concern to the Department of State. He stated that he also had received information to the effect that the Zahedi government had urged Saleh to remain at his

[1] Source: Central Intelligence Agency, DDO Files, Job 7901228A, Box 11, Folder 14, Iran 1951–1953. Secret.

post in Washington and that Ambassador Saleh had refused to do so. Mr. Byroade added that in his opinion Saleh now regretted having announced in such strong terms his allegiance to Mossadeq and opposition to General Zahedi. In Mr. Byroade's opinion, Ambassador Saleh's press release on the subject was hastily made and made on the basis of inadequate information from Iran which had caused Mr. Saleh to under-estimate the degree of popular support for the Shah. Mr. Byroade stated that the Department probably should have gotten to Ambassador Saleh before he made his unfortunate remarks to the press, but that since these remarks were made it would appear that Ambassador Saleh had burned his bridges behind him. Mr. Byroade believed that there was absolutely no chance that Saleh would at this point consider remaining as Ambassador to the U.S.

4. With regard to possible black campaigns intended to discredit Saleh or otherwise neutralize him in Iran, Mr. Byroade felt that we should proceed with caution since Saleh, given favorable circumstances, might later prove helpful to the U.S. Mr. Byroade stated that the Department had an informal channel of contact with Saleh through Mr. Engert, former Ambassador to Iran and Ambassador to Afghanistan. Through this contact it might be possible to encourage Saleh to delay his return to Iran. However, Engert had reported recently that Saleh intended to return straightway to Iran despite real fear and apprehension as to his reception there.

5. Mr. Byroade stated that he was not sure we need worry about future opposition activities by Saleh in Iran. Nevertheless, he shared to some extent CIA's concern in this regard. Mr. Byroade said he would like to think about the problem further and he would let CIA know of any action which the Department felt it should or could take either to delay Saleh's return to Iran, or to neutralize him once in Iran.

[*name not declassified*]

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310. Despatch From the Station in Iran to the Chief of the Near East and Africa Division, Directorate of Plans, Central Intelligence Agency (Roosevelt)

Tehran, September 4, 1953.

[Source: Central Intelligence Agency, DDO Files, Job 80–01701R, Box 3, Folder 8, TPAJAX. Secret; Security Information. 5 pages not declassified.]

311. Despatch From the Chief of Station in Iran ([*name not declassified*]) to the Chief of the Near East and Africa Division, Directorate of Plans, Central Intelligence Agency (Roosevelt)

Tehran, September 4, 1953.

[Source: Central Intelligence Agency, DDO Files, Job 80–01701R, Box 3, Folder 8, TPAJAX. Secret; Security Information; Eyes Only. 5 pages not declassified.]

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312. Telegram From the Chief of the U.S. Military Mission in Iran (McClure) to the Chief of Staff, United States Army (Ridgway)[1]

Tehran, September 6, 1953, 0815Z.

S 748A. Had a conference with His Majesty lasting 1 hour and 15 mins. Conf was entirely in English with no rpt no interpreter nec. His first and most important problem was the morale of the armed forces. Something must be done immediately to provide min housing rqmts for jr officers and noncommissioned officers many of whom at present living in squalor. He accepted as an interim organization the one which our mil had programmed and is now prepared to support—12 Inf Brigades and 3 Armored Brigades and appropriate supporting trps. He desires a highly proficient and tech trained small army with considerable mobility which could be backed, in time of war, by large numbers of tribesmen armed as Inf and trained to fight defensively until over run and then resort to guerilla tactics. To this end he required strategically located bases to support a retirement from his northern frontier to a final defensive line. While accepting the reorganization plan as an interim measure, he is not rpt not satisfied with the equip we are providing. He stated that the tank battalions are equipped with tank destroyers instead of tanks. These tank destroyers should ultimately be transferred to Inf Brigades. He believes the heaviest tank which the Russians would attempt to use on this country is the modified T–34 and that his 3 Armored Brigades must be equipped with US tanks which

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[1] Source: Central Intelligence Agency, DDO Files, Job 79–01228A, Box 11, Folder 14, Iran 1951–1953. Confidential; Security Information.

will compete on favorable terms with this Russian tank. To this end he asked for consideration of furn 3 battalions of Patton tanks. He stated that each of the 5 corps required an Anti-Acft Battalion to protect ground trps from straffing and bombing attacks, as well as to prevent paratroops from dropping on airfields beyond our line. He asked for 3 additional AA Battalions. He also stated that airfields in the Teheran–Tabriz areas would be non-usable thru immediate bombardment or by seizure with paratroops. He wants these fields heavily mined and prepared for destruction as well as the mining of critical passes thru the Eiburz mountains. Recognizing the lack of adequate airfields in the southern part of the country he rqsts consideration of steel matting for air strips. He visualizes the mission of the Air Force as being one of close support to ground trps only. He does not rpt not feel the F–47 is effective enough to justify its continuance. He accepted the T–6 as an interim vehicle and recognizes that it is much too early to ask for jet acft. However he believes that specially selected Iran officers should be sent to the US for a period of 2 years to become proficient in jet acft and form the nucleus of an instructor group in Iran. He was very disappointed to learn that the 155 Howitzers had been removed from the program. He recognized that he had no rpt no authority over Gen Staff at the time that was agreed upon. He was emphatic that the minimum rqmt for the type force which Iran must have would require 5 battalions—1 for each corps. He said an opponent having 155′s would put his ground forces with 105′s at such disadvantage they would not rpt not stand even in mountain passes. He also commented on the fact that there was no rpt no bridge equip other than for tng purposes prov in the program. While admitting there were apparently few rivers of any size in this country he said that in certain seasons of the year his Armored Div should have aval 200 meters of Bailey Bridge. He stated that he would direct the Gen Staff to proceed at once with the reorganization. In his parting remarks said he hoped we would have frequent meetings to discuss mil matters and planned an early one to go over his strategic plans in the event our northern neighbor moved south. In summary his Imperial Majesty is concerned primarily with (A) Morale (B) The provision of 3 Tank Battalions capable of stopping the improved T–34 (C) The addition of 3 Anti-Acft Battalions (D) The provision of 5 Battalions of 155 Howitzers (E) Provision of bridge equip (F) Early tng of jet pilots. The Shah was confident positive and intense during the conference and left no rpt no doubt in my mind that he expects to assume leadership over the Armed Forces.

313. Memorandum From the Deputy Director for Plans (Wisner) to Director of Central Intelligence Dulles[1]

Washington, September 8, 1953.

SUBJECT

Financial and economic assistance to Iran; the views and position of Mr. Eugene Black, of the World Bank

1. Reference is made to the various memoranda held in reserve for the Director concerning the efforts of this Agency to stimulate (by all appropriate means) the interest and action of various US governmental and other officials to the end that sufficient and timely economic and financial assistance may be provided to the new Iranian Government.[2] After some days of unsuccessful effort to reach Mr. Eugene Black, he finally called me on September 4 and we had a very carefully guarded conversation of which the following is the substance (although not the wording, since no identifying references were made). I opened the conversation by saying that because of my familiarity with his own past interest and efforts in "a certain country recently in the news," I wondered what thought he was giving currently to the latest developments and whether he had any idea of sending one of his representatives there to take soundings. Mr. Black understood immediately and said that he had indeed been thinking about this matter and had taken a few actions, although he had not been approached by the State Department about it.

2. Mr. Black said that the World Bank could not, at the present time, entertain any request for a loan to Iran since it is a principle of the Bank to make loans only in those cases where there is solid assurance that the loan can be repaid. In the case of Iran obviously such a loan could not be repaid unless and until that country's problems with the British were satisfactorily resolved.

3. Under the circumstances Mr. Black did not propose to send [*less than 1 line not declassified*] representative of the Bank to Iran, as this would undoubtedly give rise to speculation that the Bank was about to entertain a loan application, which might cause further embarrassment. However, with realization of how much assistance the Bank could render Iran, Mr. Black consulted the head of the Monetary Fund with respect to the willingness of the *Fund* to send a mission to Iran, if

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[1] Source: Central Intelligence Agency, DDO Files, Job 79–01228A, Box 11, Folder 14, Iran 1951–1953. Secret; Security Information. A note on the memorandum indicates it was noted by DCI on September 10.

[2] Two such memoranda are Documents 282 and 305.

and when asked, to aid in solving the exchange problems which are sure to arise—and in fact have already come up—[2 *lines not declassified*]. The head of the Fund readily agreed, and Mr. Black is hopeful that this plan may go forward soon. [2 *lines not declassified*]

4. Mr. Black regards most favorably the man who has been named as the new head of the Central Bank of Iran. This individual (Nasr) has been Iran's representative on the World Bank Board up until very recently, and is now on his way home to take up his new post. Mr. Black discussed with Mr. Nasr the desirability of the visit to Iran of a mission from the Monetary Fund and understands that Mr. Nasr will, in his new capacity as head of the Central Bank, request such a mission. While Mr. Nasr was on duty in Washington, Mr. Black personally took care to see that he met quite a number of key US officials such as Assistant Secretary of State Byroade, and persons of considerable importance in both the Treasury and the Federal Reserve System.

Frank G. Wisner

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314. Central Intelligence Agency Information Cable[1]

CS PD 916 Washington, September 8, 1953.

SUBJECT

Qashqai–Zahedi Relations

SOURCE

[2 *lines not declassified*]

SUPPLEMENT TO

CS–19535 (PD–871)[2]

1. The Qashqai Khans are attempting to obtain from the Zahedi government some "face saving" concessions (possibly a public announcement that the government has no intention of arresting "loyal Iranians" Khosro and Mohammad Hoseyn Qashqai, and that it has re-

[1] Source: Central Intelligence Agency, DDO Files, Job 89–00176R, Box 1, Folder 19, Political Activities—Iran. Secret; Security Information. Sent to the Departments of State, Army, Navy, and Air Force, the National Security Agency, the Joint Chiefs of Staff, the Secretary of Defense, the Office of National Estimates, and the Office of Current Intelligence.

[2] Not found.

leased fellow members of the former national movement fractions who were formerly arrested before burying the hatchet with Zahedi.

2. At the request of the Qashqai, Zahedi is sending Hoseyn Makki to Shiraz on 3 September to confer with Nasr Qashqai. (Washington comment: For further information concerning Makki's activities, see PD–903.)[3]

3. The Qashqai have absolutely no intention of rebelling or "seceding" and will fight only in self-defense if attacked by the army.

Field distribution: State, Army, SUBCOMNELM formal dissem follows. (End of message)

The above info based on Tehe 868 (IN 16169).[4]

[*name not declassified*]

[3] Not found.
[4] Not found.

315. Memorandum From the U.S. Technical Cooperation Administration Regional Director in Shiraz (Bryant) to the Director of the U.S. Technical Cooperation Administration Mission in Iran (Warne)[1]

Shiraz, Iran, September 9, 1953.

Third Memorandum Report Pertaining to the Ghashghaie Situation

The Governor General, Mr. Haiat, and the General of the Sixth Division, Mirjahangiri, met the Ghashghaie brothers in an area near Abadeh, at which time every effort was made to reconcile the Ghashghaie with the present government. The Ghashghaie chiefs presented a large number of considerations, some of them nearly impossible for the government to accept without being embarrassed and showing weakness. They asked for an early release of Mr. Mossadegh, members of his Cabinet, and deputies of the Majlis who have been placed under arrest by the present government. The brothers entered a strong protest

[1] Source: National Archives, RG 469, Records of U.S. Foreign Assistance Agencies 1948–1961, Mission to Iran, Executive Office Subject Files (Central Files) 1951–1961, Box 7, Folder 6, 350. Secret. Printed from an uninitialed copy, which is attached to a covering memorandum from Warne to Henderson dated September 12.

of being policed by the military except during periods of martial law when instituted for the entire country.

In later discussions with the brothers they indicated that they did not expect the government to concede to all of their requests. The proposals made by them to gain their support or to remain quiet were purposely difficult for the government as the Ghashghaies at this time were not in a position to make a decision as to their future course of action. This final decision will not be made until they meet with all of the sub-tribal chiefs, consisting of approximately 100, in about two weeks time.

The meeting was conducted in a friendly atmosphere and the Ghashghaie high personal regard for Mr. Haiat and General Mirjahangiri was further enhanced; however no real satisfaction was realized by the government (as intended by the chiefs), but a promise was made to submit the Ghashghaie proposals to Tehran for further consideration.

Following this meeting there was a definite indication of increased concern, particularly with the Kashkuli and Darashuri tribes, that a peaceful settlement could not be obtained. It appears that this fear developed as a result of the difficult position purposely pursued by the Ghashghaie brothers. Bahmanbegui made an early contact with me following this meeting stating that Ziad Khan, chief of the Darashuri, and Elias Khan, chief of the Kashkuli, were in Shiraz and that they were very uncertain as to the position taken particularly by their chief, Khosrow Khan. They would not be disloyal, but they disliked any contacts or any traffic of any nature with members of the Tudeh party. They were also of the belief that no benefit could be achieved by anti-government action on their part.

I turned down an invitation to see them personally since this might be misconstrued by the brothers that we were creating dissension and disloyalty among their people. These two chiefs, however, represent at least 60 per cent or more of the Ghashghaies and, as it was evident that they represented definite soft spots, I did send a message through Bahmanbegui to them. We explained that we understood their concern and that we were of the opinion that they could do much to stablize the tribes at this critical time.

In an effort to lend their support they left Shiraz to meet with the brothers a full day in advance of my appointment to see Khosrow and Malek Mansour Khan. I believe that they contributed substantially in convincing Khosrow that he should not take any anti-government action at this time, but should make an effort to reconcile their position. These two powerful sub-chiefs would undoubtedly remain loyal to the majority view of the brothers, but, without question, Khosrow's attitude was softened as a result of pressure exerted by them. Khosrow's

position would be greatly weakened if he failed to take their views into consideration.

Bahmanbegui contacted Nasser Khan on my instructions for the purpose of making arrangements for me to meet with him. Realizing that Nasser was in sympathy with giving support to the present government, I left it for him to decide with whom I should meet. Nasser, recognizing Khosrow's popular following, suggested that I first meet with Khosrow and Malek Mansour and, if this meeting was not successful, he would make arrangements to see me at a very early date.

My meeting with Khosrow Khan, Malek Mansour, and other leaders of the Ghashghaies took place on September 5 in an area known as the Tangarue plain, approximately four or five hours drive from Shiraz. Other Ghashghaies present at this meeting besides Khosrow and Malek Mansour were Ziad Khan, Elias Khan, Habib, and Bahmanbegui. The camp was located only a very short distance from the area in which they are presently staging a part of their force. I later learned that it was necessary for them to establish this separate camp since they had other visitors in their main area. I gathered that for the most part these visitors consisted of pro-Mossadegh followers who are doing what they can to encourage the Ghashghaies to take up action against the government.

I covered frankly, but in some detail, the information which was reviewed and decided upon in Tehran to give them. It was evident that they were extremely anxious to hear from us and that in all probability they would determine a course of action in accordance with the desires of the Americans. I explicitly informed them that the action taken by Ambassador Henderson was, in my opinion, extraordinary on their behalf and that we expected this to remain absolutely confidential. They were informed of the assurances given by General Zahedi that it was not his desire in any way to make their position difficult, that he had always enjoyed their friendship and confidence, and that he desired to continue to maintain a close and satisfactory working relationship and understanding with them. I also explained that General Zahedi would welcome a visit by any of the brothers and that he would further assure them of safe travel to and from Tehran if they wished to meet with him.

Khosrow deeply appreciated the fact that Ambassador Henderson recognized that assurances from the Prime Minister would not be sufficient to safeguard their future security and had, therefore, discussed their situation with the Shah. In discussing the conversation that Ambassador Henderson and the Shah had, I pointed out to them that I was of the opinion that Mr. Henderson had presented their situation in the most favorable manner. They were informed that the Ambassador had spoken to the Shah of the good working relationship we had always maintained with the Ghashghaies and that they had always extended

to the Americans the finest hospitality and, in addition, had been of substantial service to the Americans.

I explained that the Shah did not understand why they disliked him since he felt that he had personally never done anything counter to their interests. I further explained that the Shah had also informed Ambassador Henderson that he was so deeply concerned over the future of Iran that he was not only willing but desirous to let "bygones be bygones," and that he in no way wished to make conditions difficult for the Ghashghaies. I made it clear to them that Ambassador Henderson stated that he accepted these assurances from the Shah in the good faith that he thought they were given. It was quite evident that Khosrow would liked to have received more of a direct assurance from the Americans, but nevertheless accepted our position that we could not give a guarantee on matters which pertain to the internal affairs of any nation. I am certain that these statements and assurances extracted by Ambassador Henderson immediately greatly impressed the other Ghashghaies and that as Khosrow had an opportunity to think about it he was deeply appreciative for the effort that was made by Mr. Henderson.

In my discussion with the Ghashghaies I covered in some detail the opinions of Ambassador Henderson as to the consequences they could expect if they took action counter to the interest of the government. I told them that the Ambassador was of the opinion that such action on their part could lead to nothing but disaster as far as the Ghashghaies were concerned. They were informed that as their friends we would not want to see them suffer losses among their people, their flocks, and their land.

Knowing that they had been in contact with the leading member of the Shiraz Tudeh party (Tavalali) I stressed the fact that I knew that they understood that we could not have a satisfactory relationship with any group that had direct or indirect dealings with the Communists. Khosrow did not hesitate to say that he had personally held discussions with representatives of the Communists and that he had informed them that regardless of the present situation that some day in the future they would undoubtedly be shooting at each other.

Throughout all the discussion the Ghashghaies indicated that they had faith and believed in General Zahedi, but that they did not feel that his government would remain in office for any prolonged period of time. However, at no time did they indicate that they could ever accept the Shah or believe in any statement made by him. They are of the opinion that the Shah will continue to interfere and to make political intrigues against the Prime Minister and his government. They stated that they have concrete evidence that the Shah has already started to

criticize Zahedi. I believe, if anything, they have more contempt for the present Shah than they even held for his father, if this is possible.

They hold in the highest regard the Governor General Haiat and General Mirjahangiri, but possess a fear that they will be replaced by someone who will not give them the consideration which they feel they deserve. As indicated they deeply appreciate the efforts made by Mr. Henderson, but fear also that at some date he may leave Iran and that his influence will be forgotten. I pointed out to them that the conversations which took place had been reported and that certainly Washington would be informed of our position. This seemed to give them some satisfaction as pertains to their future.

Since it was impossible to return to Shiraz Saturday night, I remained with the Ghashghaies and later that evening Khosrow spent about three hours with us at which time he spoke in detail of their present situation. His attitude had softened a great deal as compared to the early afternoon when I had talked with them as a group. It was evident that they had reviewed their situation and were fully aware that any action on their part would ultimately benefit the Communists. Khosrow stated that he knew they could not win, but that his first concern was that they should be treated as other Iranians and that they should not be subjected to martial law and that such action on the part of the government might create an incident whereby they would be unable to avoid taking up arms. There seemed to be no doubt in his mind as to their ability to seize the population centers of south Iran.

The one thing which the Ghashghaies seem to have in common is an absolute lack of fear of military. Khosrow believes that many of the officers are not loyal to the present government and stated that he was informed by the Communist representatives that at least one garrison held a 30 per cent Tudeh membership. He pointed out to me that during the past week he had personally purchased 150 Bruno [*Brno*] rifles sold by the army officers to them. These rifles were new and had never been out of the box. They have been able to purchase any quantity of ammunition that they desired from the army officers. They have been promised other weapons including machine guns, bazookas, and one officer had told them that he could secure for them two 75 mm. guns. With this condition existing within the military they feel that it would be completely ineffectual when placed under attack.

Khosrow stated that under no circumstance would they make an immediate attack upon Shiraz. Their plan is to station a force near Shiraz which would tie down the military in giving security to that vicinity. They would then take as their first objective the city of Kazeroon. Their choice in making Kazeroon their first objective is based on their belief that 75 per cent or more of the population of that city would sup-

port the Ghashghaies, and secondly, because most of the military ammunition dumps are in that vicinity.

Throughout Khosrow's private discussion with me he continuously kept coming back to the realization that regardless of what they might achieve through armed action he realized that in the end they would lose and that the Communists would gain. Khosrow stated that he had repeatedly appealed to Dr. Mossadegh to discontinue his practice of tolerating the Communists and that he had tried to persuade him to be more positive in his relationship with the United States. He frankly stated that the tolerance of Communism by the past government was the great mistake, and that although he recognized this, he did not feel that he could desert Dr. Mossadegh. He pointed out that regardless of what might happen to Iran in the future that he and the Ghashghaies could never accept Communism and that as long as they were a force they would fight it.

There is no doubt but what Khosrow still holds Dr. Mossadegh in the highest esteem and sincerely believes that he has been one of Iran's great leaders. I emphasized to Khosrow that in my opinion in the present situation one had to rise far above the matter of personalities and that it was important to believe as the Shah in putting the welfare of Iran above any individual differences. I am certain that Khosrow believes this is the proper attitude and that this will have a real bearing on his final decision. In addition to this Khosrow has a very high respect for Mr. Goodwin and repeatedly referred to him and I believe this to be a very healthy influence upon him at this time.

Upon leaving the Ghashghaie camp the following morning one could not help but feel that the Ghashghaie would accept most any situation rather than endanger their American friendship. I sincerely believe that they want to reconcile their views with the government. They do not want to lose contact with us. They will not in the end try to drive a hard bargain with the government. They would like to see Dr. Mossadegh released, but not create trouble unless a sentence involving capital punishment were imposed.

Their second concern is the imposition of military supervision. They want the same kind of policing as given to other Iranian civilians. They state that they do not object to paying taxes or to having their sons drafted for military service. They state that many of the Ghashghaie families now have sufficient money whereby they are able to pay for keeping their sons out of service and that this practice is not different with them than other Iranian families that can afford to do so. They want some share in aid which is being given for technical purposes and for economic development. Three of the brothers believe that the tribes should have a long range plan whereby they can be settled down and amalgamated into the Iranian population.

They want most of all the development of an Iranian agency which has the primary responsibility of not only supervising the tribes, but will have a responsibility for their welfare. They want a bureau of tribal affairs that has welfare functions over and beyond policing responsibilities.

Upon leaving the camp one could not help but notice a change in the atmosphere. I was specifically informed that they had carried their discussions far into the night and that they had made one definite decision: they would not have any future contacts with members of the Tudeh party, that they would not talk to anyone as an intermediary between them and the Tudeh party. They stated that they now realized that the Tudeh party would only use the Ghashghaies to their advantage and they were very anxious to impress upon me that they would not receive in the future any other representatives. It should be mentioned that the Tudeh had definitely promised them all of the ammunition that they would need as well as helping them with arms and communications. It is apparent that they will now have nothing to do with this.

The following day after my return home I was informed by Bahmanbegui that a message had been sent to one of the sub-tribal chiefs by Khosrow that they were going to make peace with the government.

In evaluating the present situation I believe that much progress has been made as a result of Mr. Henderson's contacts and relationships which have been maintained with Khosrow by Embassy officials in the past as well as the efforts which have been undertaken by representatives of the Iranian government. I do not believe that the Ghashghaies will undertake any armed activity unless they feel that they are being subjected to pressure or that an unfortunate incident should occur between members of the tribe and the military. However, I have been given assurances that they will make every effort to prevent any incident occurring and that if one does occur they will do their best to keep this from spreading into a larger conflict.

They will stage some forces near the vicinity of Shiraz. This will not inconvenience them this year because of the extreme drought in the south. They will benefit by remaining in this area until after the first rains. They will probably not give open support to the present government, but will refrain from taking any anti-government action. They believe that this government will fall through intrigues of the royal court and that then they will have an opportunity to support a constructive third government. If this does not happen and there are no incidents within the next two or three months and they feel assured that this government has strength, there is a good possibility that they then may support it. If this government remains in office for two or three

months, some of the brothers, in my opinion, will come to Tehran (indicated by Khosrow) at which time a full reconciliation can be achieved.

I picked up one thing which I am not totally able to evaluate, but which I feel should be passed on. Habib is liked by the Ghashghaies, but does not stand in too high regard with a number of them, the reason is that he does not represent any tribal people since his tribe is dissolved. And secondly, some feel that he would put personal interest over that of serving the tribes.

E.C. Bryant

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316. Despatch From the Embassy in Iran to the Department of State[1]

No. 154 Tehran, September 11, 1953.

SUBJECT

Attitude of Qashqai Tribes Toward the Zahedi Government

There are transmitted herewith several items reflecting upon the attitude of the Qashqai tribes toward the Zahedi Government (see list on page 3).[2]

As was to be expected, the Qashqai tribes were greatly alarmed by the change in administration occurring on August 19, fearing that it portended activity against them by the Central Government and by the Shah in particular. Principally through the leadership of Khosro Qashqai, a member of the National Movement Faction in the 17th Majlis, the tribes thoroughly allied themselves with the Mosadeq Government and on repeated occasions indicated to American officials in Iran that they would resist with force any change in administration unless they were assured in advance of a benevolent attitude on the part of the successor government.

In keeping with previous events, on August 19 tribesmen disarmed the Gendarmérie garrison of some 20 men at Semiron, summer seat of the tribes, but restored them to their former duties several days

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[1] Source: National Archives, RG 59, Central Files 1950–1954, 788.00/9–1153. Secret; Security Information. Drafted by Gannett. Received September 18. Sent by pouch to Isfahan and London.

[2] The list of enclosures on page 3 is not printed. None of the enclosures is printed.

later when it appeared no untoward actions against the tribes were forthcoming from Tehran. Khosro Khan, who had personally led an anti-Shah mob through the streets of Shiraz on August 16, was back in Tehran by August 19 but beat a hasty retreat that day to Fars Ostand when it became apparent the Mosadeq Government was falling. Meanwhile, Nasr Khan who had already sought to impose the role of intermediary between the tribes and the American Government upon Mr. Elmer C. Bryant, Regional Director at Shiraz of Technical Cooperation for Iran, got in touch with Mr. Bryant through Dr. Bahman Bege. Initially his intentions were ostensibly to acquaint the American Government with the alarm the tribes felt, but in reality he doubtless wished to solicit American moral if not material support as well as to sound out the intentions of the new administration in Tehran. The tribes began immediately preparations for the southward migration, some 30 days earlier than customary, in order to place as much distance between them and Tehran as possible and to take up secure winter positions in the shortest period of time. Mr. Bryant relates his several conversations with Dr. Bahman Bege in a memorandum of August 24, 1953 (see enclosure no. 1).

As a consequence of these conversations and of the local situation, Mr. Bryant decided to come to Tehran, making the trip by car on August 23. The Embassy's telegram to the Department (no. 484 of August 26, repeated London as no. 140)[3] relates the oral message he brought from the Qashqai chieftains, the Ambassador's conversation with the Shah and the oral messages given to Mr. Bryant to be conveyed to the chieftains from the Shah and the Ambassador. As yet no report has been received from Mr. Bryant concerning any further conversations he may have had with the Qashqais. Under date of August 30, however, he forwarded a memorandum (enclosure no. 2) on "Current Activities of the Qashqais and Associated Tribes," in which he indicates he had not yet been in direct touch with the Qashqais as the chieftains, who apparently desired to meet jointly with him, were still separated over a wide area and would not receive any communication through an intermediary.

The Qashqai chieftains have, of course, maintained other, more conventional channels with Tehran. Their mother has remained in the capital since before the events of August 19 and is known to have counseled them recently more than once not to take any precipitant action. Habib Qashqai has made a number of trips to the South since the fall of the Mosadeq Government. Moreover, Ali Hayat, who became Governor General at Shiraz following August 19, but recently resigned that post in order to accept appointment as President of the Supreme Court,

[3] See footnote 4, Document 321.

has been in direct touch with the tribes and states that "since there is still some unfinished work to be done (he is going back to Fars temporarily) as the Government's special representative" (see enclosure no. 4).[4] He has stated that the tribes have given solemn assurances they will not disturb the peace, and that for its part the Government has assured the chieftains may safely visit Tehran in order to pay their respects to the Shah.

As of present writing, it seems apparent that the Qashqai chieftains do not in fact intend to resort to a state of insurrection against the Central Government unless they are subjected to punitive action, but that they intend to take precautionary measures against such an eventuality. Meanwhile they have talked "loudly" and made numerous threats, partly as a result of the initial shock felt by the turn of events on August 19, partly to check any untoward moves by the Tehran authorities, and partly to save face with their own tribesmen. The Zahedi Government as well as the Shah, on the other hand, gives every indication of wishing, for the present at least, to relax tensions between them and the Qashqais, and to restore amicable relations.[5]

For the Ambassador:
Roy M. Melbourne
First Secretary of Embassy

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[4] Enclosure no. 4 is a report from the newspaper *Kayhan*, September 9, on the appointment of Ali Hayat, former Governor-General of Fars Province, to the Presidency of the Supreme Court. In his former capacity as Governor-General, Hayat commented on the tense, although improving, relationship between the government and the Qashqai.

[5] Enclosures no. 3 and 5 are not commented upon in the despatch. Enclosure no. 3 reproduces a warning issued on August 21, in which Brigadier Davalu referred to rumors that Mohamed Nasr Qashqai wished to incite a rebellion in the Semiron area. Davalu warned: "If these publications were really signed by Mr. Mohamed Nasr Qashqai, he, as well as Messrs. Mohamed Hosein and Khosro, is hereby notified to confess that he has been wrong, come immediately to Isfahan, and ask to be forgiven and be sure that he will definitely be secure. Failing to do so, they and the small number of people who, contrary to their religious and national duties, should make troubles for the people or the guards at the Gendarmérie outposts, etc., will promptly and mercilessly be wiped out by air and land." Enclosure no. 5 is a report from *Asia Javan*, September 9, that listed four conditions rumored to have been put to Hayat by the Qashqai, but which Hayat denied. The conditions read: "1. Release of Dr. Mosadeq and the leaders of the National Movement; 2. Freedom for political parties; 3. Continuation of the national struggle; 4. Continued severance of relations with Britain."

317. Information Report Prepared in the Central Intelligence Agency[1]

CS–20045 Washington, September 14, 1953.

SUBJECT

Relations between the Shah and Prime Minister Zahedi

SOURCE

[*1 line not declassified*]

1. On 3 September 1953 the Shah stated that he "is a new man" since his return to Iran. "Before 19 August 1953, I was the son of Reza Shah. Now I am the Shah in my own right."

2. The Shah stated also that he will not make the mistakes he made with Ali Razmara and Mohammed Mossadeq. During their premierships, he kept "hands off" and let them run the country; he will now take a direct interest.

3. The Shah has told Brigadier General Hassan Akhavi, Deputy Chief of Staff, to send all Army papers to him. The Shah added that Prime Minister Zahedi could receive information copies but that all action on Army matters would proceed from himself.

4. The first disagreement between the Shah and Zahedi occurred concerning Major General Ahmad Vosuq, Deputy Minister of National Defense. Vosuq is a "Shah man" and Zahedi is resisting Vosuq's appointment as Minister of National Defense and states that he does not trust Vosuq. The Shah has announced that Zahedi must refrain from interfering in Army affairs.

5. The Shah has included Ardeshir Zahedi, the son of the Prime Minister, within his private circle of friends. The Shah plays volleyball with Ardeshir, and once, when the latter was two hours late for an appointment with the Shah about which Ardeshir had not been notified, the Shah solicitously sent his own limousine in search of him and called the Police and the Military Governor. The Shah is worried about the danger of attempts on the lives of both Prime Minister Zahedi and his son Ardeshir.

6. The Shah has ordered Prime Minister Zahedi to wear a bulletproof vest of American origin on all state occasions, saying, "This is an order that you must obey."

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[1] Source: Central Intelligence Agency, DDI Files, Job 80–00810A, Box 23, Folder 95, CS Information Reports 20040–20049. Secret; Control—U.S. Officials Only.

318. Memorandum From the Chief of the Iran Branch, Near East and Africa Division, Directorate of Plans (Waller) to Director of Central Intelligence Dulles[1]

Washington, September 16, 1953.

SUBJECT

Transmittal of Texts of Messages Sent By Prime Minister Zahedi and Prime Minister Churchill

At your request, made during the NSC briefing given to you 15 September, the texts of Prime Minister Zahedi's personal message to Prime Minister Churchill, and Prime Minister Churchill's reply to Prime Minister Zahedi are herein repeated.

Personal and Secret Message Sent By Prime Minister Zahedi to Prime Minister Churchill on 3 September:

"Everything I suffered at British hands is forgotten. The centuries-old friendship between Britain and Iran, which was temporarily broken by mischief-makers, must be restored.

"I want Iran to be one family with Britain and America, to stand firmly hand-in-hand against Soviet Communism. To survive, we must act as one. I pledge my hand.

"Because of Iran's present condition, she is in need of friendship. She will accept friendly gestures as only proud and dignified people can do, recognizing at the same time the dignity and nobility which prompt friends to give her assistance.

"This is spoken to you from a soldier's heart, withholding nothing from a greater soldier whom I greatly admire and respect."

Personal and Secret Reply to Above Sent By Prime Minister Churchill to Prime Minister Zahedi on 8 September:

"I am very glad to receive your message and congratulate you on coming to the rescue of your ancient land and preserving its constitutional monarchy. You may be sure that Britain will welcome the revival of our centuries old friendship. We ought to be able to find ways of helping each other and we are certainly willing to play our part. I shall always be very glad to hear from you."

The above messages were transmitted via CIA channels.

John H. Waller

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[1] Source: Central Intelligence Agency, DDI Files, Job 80R01443R, Box 1, Folder 33, NSC Briefing 17 Sept 53. Top Secret; Security Information.

319. Briefing Notes Prepared in the Central Intelligence Agency for Director of Central Intelligence Dulles[1]

Washington, undated.

THE SITUATION IN IRAN

I. *Zahedi disappointed over US aid:*

A. Prime Minister Zahedi considers $45,000,000 too small to undertake necessary development and job-creating projects.

B. He allegedly considered resignation, but stated he was reassured after talking to Ambassador Henderson on 11 September.[2]

C. Zahedi is planning to send a special envoy to Washington before Congress opens to ask for more aid.

D. Point IV director Warne estimates that $37,000,000 of American aid is required to meet Iran's budget deficit for next 7 months—$8,000,000 would remain for economic development.

E. The American grant enables Iran to meet immediate obligations, but Zahedi must settle with Britain and sell Iran's oil in order to carry out program after US aid ends.

II. *Zahedi has not yet proposed reopening oil negotiations with British:*[3]

A. He has sent a message to London via the Swiss asking British to "take the initiative in creating a more favorable climate in Tehran."

B. The British have asked the US to find out informally what Zahedi means by "taking the initiative."[4]

III. *The Foreign Office feels that negotiations with Zahedi should be based on the February 1953 proposals made to Mossadeq:*[5]

A. Any agreement must provide "fair compensation" to AIOC for loss of its enterprise in Iran.

B. Iran must not profit more from its oil than the neighboring countries.

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[1] Source: Central Intelligence Agency, DDI Files, Job 80R01443R, Box 1, Folder 33, NSC Briefing 17 Sept 53. Top Secret; Security Information. Prepared for DCI Dulles for his briefing to the NSC on September 17; see Document 320.

[2] For Henderson's account of his meeting with Zahedi, see telegram 639 from Tehran, September 11, in *Foreign Relations,* 1952–1954, vol. X, Iran, 1951–1954, pp. 791–794 (Document 366).

[3] There is a handwritten note at this point that reads: "Open + [illegible]."

[4] At this point there is the handwritten insertion "Churchill exchange," an apparent reference to the communications between Churchill and Zahedi in Document 318.

[5] For the proposals of February 20, see telegram 3304 from Tehran, February 20, *Foreign Relations,* 1952–1954, vol. X, Iran, 1951–1954, pp. 670–674 (Document 300).

C. The February proposals represent Britain's minimum requirements.

D. Zahedi cannot appear too eager to settle with British nor can he fail to settle the dispute.

E. He is not likely to consider settling on terms which appear to prevent Iran from receiving full value for its oil or which puts Iran in Britain's debt for a long period.

IV. *Anti-Tudeh drive continuing effectively:*

A. 3,000 suspect government employees reportedly discharged, arrests of Tudeh total about 1,300.

B. Many arrested Tudeh will be put in a concentration camp in Luristan province in western Iran.

C. Important Tudeh members will be given trial by military court; rank and file will probably be released without trial after short imprisonment.

D. Tudeh membership is disorganized by police raids, but the party is trying to reduce cell structure from 8 to 3 to increase its security.

E. Tudeh reportedly receiving arms smuggled in from Soviet Union via Caspian Sea. Soviet embassy in Tehran believed printing literature for Tudeh whose presses have been destroyed.

F. Party still trying to carry on propaganda campaign including wall slogans and tracts; also trying to form united front with other anti-government groups such as Iran Party.

G. Despite government measures, party structures considered intact and party making strong effort to continue functioning underground.

H. Tudeh will be ineffective only as long as a government continues strong suppressive measures.

V. *The shah is asserting leadership:*

A. Reports from Tehran emphasize shah's new-found confidence.

B. He apparently feels that he has the mandate of the people.

C. Shah is trying to establish tight control over the army.

D. This pleases the minister of defense and the chief of staff, but has resulted in friction with Zahedi.

E. Possibility exists of more disagreements between shah and Zahedi.

VI. *Some cabinet changes are expected:*

A. The cabinet, containing many old-time politicians, has aroused criticism.

B. Shah and others feel more new blood should be brought into the government.

C. Zahedi is expected to make cabinet changes, but he is limited by his need for experienced politicians and administrators, even at the price of ability.

VII. *Zahedi's regime not yet threatened by political forces:*

A. Political forces are regrouping and opposition will probably soon appear.

B. Status of the Majlis is unclear since the shah and Zahedi favor its dissolution and new elections, but the remaining deputies refuse to resign.

C. Zahedi's government offers Iran a chance for stability.

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320. Editorial Note

The 162nd meeting of the National Security Council, September 17, 1953, included a discussion of Iran. While delivering his briefing on significant world developments affecting U.S. security, Director of Central Intelligence Dulles commented that "Zahedi would have his headaches in spending the $45 million aid from the U.S. He called attention to the new determination being exhibited by the Shah, for example, in his requiring the Chief of Staff to report directly to the Shah rather than to the Prime Minister. In the long run Mr. Dulles felt this would be a favorable and stabilizing change. In explanation of the Shah's change of behavior, Mr. Dulles suggested that it was only now that the Shah had become convinced of his personal hold over the people." (Eisenhower Library, Whitman File, NSC Series, Box 4a, 162nd NSC Meeting) (For the text of that portion of the memorandum of discussion at the National Security Council meeting devoted exclusively to Iran, see *Foreign Relations*, 1952–1954, volume X, Iran, 1951–1954, pages 794–796 (Document 367).

321. Despatch From the Embassy in Iran to the Department of State[1]

No. 172 Tehran, September 18, 1953.

REF

Embassy Despatch 154, September 11, 1953[2]

SUBJECT

Attitude of Qashqai Tribes Toward the Zahedi Government

There is transmitted herewith an additional memorandum concerning the Qashqai tribes by Mr. Elmer C. Bryant, Regional Director at Shiraz of the U.S. Operations Mission for Iran.[3] Mr. Bryant describes the interview he had with Khosro Khan and Malek Mansur Khan to deliver oral messages to the Qashqais from the Shah and from Ambassador Henderson (Embassy Telegram no. 484, August 26, repeated London as no. 140)[4] as regards the tribes' relationship with the Zahedi Government.

In summary, it would appear the Qashqais continue to consider the Shah as an anathema and Prime Minister Zahedi, while personally an honorable man, as the Shah's creature whose Government can be expected to fall in the not distant future; hence they will continue to remain aloof and will wait until the anticipated formation of another government before coming to terms with the Tehran authorities. Nevertheless, the chieftains appeared impressed by the word conveyed by Mr. Bryant that the Shah wished to let bygones be bygones and that Ambassador Henderson accepted this assurance as given in good faith. Finally, the chieftains appeared to have reached a decision to disassociate themselves completely from the Tudeh. In this latter connection there have appeared in the last few days a number of press stories that Nasr and Khosro have publicly reaffirmed their devotion to Mohamed Mosadeq and their desire to see the former Prime Minister returned to power. It seems probable this unlikely and unconfirmed report was in fact originated by the Tudeh, who have carried it as one item in a clandestinely circulated printed leaflet of their own.

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[1] Source: National Archives, RG 59, Central Files 1950–1954, 788.00/9–1853. Secret; Security Information. Drafted by Gannett. Received September 19. Sent by pouch and copied to Isfahan and London.

[2] Document 316.

[3] Printed as Document 315.

[4] Telegram 484 from Tehran, August 26, is in the National Archives, RG 59, Central Files 1950–1954, 788.00/8–2653.

There are, unfortunately, indications that the Shah is in fact rather riled by the Qashqais' actions in recent weeks and would derive considerable personal satisfaction in causing them harm. But for the moment there appears little likelihood that this disposition will be allowed to set the course of events.

Mr. Bryant, who has been in Tehran the last few days for a conference of Regional Directors, states the only item of interest coming to his attention with regard to the Qashqais since the date of his most recent memorandum[5] was concerned with an incident at Firuzabad, to the southeast of Shiraz, on about September 10. Apparently a sizable number of Qashqai tribesmen straddled the road from Shiraz in that vicinity, but did not attempt to interrupt traffic; nevertheless, this display of force so greatly alarmed officials at Firuzabad that they sent frantic messages to Shiraz and eventually some 80 gendarmes on duty in the vicinity simply departed in fright. The incident is indicative of the general uneasiness felt in the area and the possibilities for more serious troubles. The tribesmen in question appeared to be part of a group which remained in the Shiraz vicinity at the time of the northward migration last spring, to oversee Qashqai interests in view of the incident of April 16–17. As Mr. Bryant indicates, the tribes intend to group for the next few months at least in the general vicinity of Fahlian, to the northwest of Shiraz, where this year grazing is more advantageous than in more traditional but drought-stricken areas further south.

For the Ambassador:
Roy M. Melbourne
First Secretary of Embassy

[5] Presumably a reference to the August 30 memorandum sent as enclosure no. 2 to despatch 154, September 11, Document 316.

322. Memorandum by the Chief of the Near East and Africa Division, Directorate of Plans, Central Intelligence Agency (Roosevelt)[1]

Washington, September 21, 1953.

The following information from Tehran, Iran dated 19 September, 1953 is evaluated at 3. Sources of this information were competent American observers (B). Subject of the information is "Survey of Current Iranian Situation".

1. Political:

A. Energetic action against Tudeh Party is gaining increased public respect for new government. However, this partially offset by slowness in bringing former Prime Minister Mossadeq and his advisors to trial.

B. Because of "soft" government treatment of Mossadeq, Mossadeq's followers and the Tudeh Party are exploiting the situation to set up opposition to Prime Minister Zahedi; the suggestion that Mossadeq "is down but not out" is heard more and more frequently.

C. There is much public criticism of Zahedi's appointments but few constructive suggestions on possible replacements. It is obvious, however, that part of this criticism stems from disgruntled politicos who have not received jobs.

D. Among factors threatening stability of the Zahedi government, the most serious are signs of friction between the Shah and Zahedi over Army appointments and talk in court circles that Dr. Baghai might be a good man to replace Zahedi.

2. Military:

A. Chief of Staff Batmangelich "is throwing his weight around", bypassing Zahedi and Minister of Defense Hedayat, and carrying his problem directly to the Shah (who insists that the Army is his).

B. As a result of paragraph 2A above, Batmangelich is the object of Zahedi's ire.

C. Intriguing jointly with Batmangelich against Zahedi are Generals Deihimi and Akhavi, Deputy Chiefs of Staff, who are also attempting secretly to oust Batmangelich in favor of pro-British General Arfa.

3. Religious: The Shah is courting the favor of the leading Moslem prelates; Zahedi is losing their favor because of his firm stand in resisting clerical efforts to dictate appointments to government jobs.

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[1] Source: Central Intelligence Agency, DDO Files, Job 80–01701R, Box 3, Folder 12, Misc. Correspondence—TPAJAX. Secret.

323. Memorandum by the Chief of the Near East and Africa Division, Directorate of Plans, Central Intelligence Agency (Roosevelt)[1]

Washington, September 22, 1953.

The following information from Tehran, Iran, dated 5–17 September, 1953 is evaluated at 3. Source of this information is [*less than 1 line not declassified*] well-placed to obtain this information (C). Subject of the information is "Rivalry Between Shah and Prime Minister Zahedi Over the Control of the Army".

1. A power tug-of-war between the Shah and Prime Minister Zahedi over the control of the Army continues to be a serious threat to Iranian stability.

2. Zahedi and General Hedayat, Minister of National Defense, pull against the Shah, Chief of Staff General Batmangelich and the latter's two deputies, Generals Akhavi and Deihimi.

3. The Shah has replaced Colonel Moini (first name unknown) of Military Police and Brigadier General Timur Bakhtiar, Commander of Kermanshah Brigade, without Zahedi's knowledge.

4. Batmangelich is resisting the return of retired officers to active duty while Zahedi is pressing for their return.

5. Zahedi now hopes to have General Garzan installed as new Chief of Staff.

6. Rumors persist that General Arfa is behind Generals Deihimi and Akhavi. Akhavi asked "a colonel" to see General Guilanshah and have latter urge Zahedi to make Arfa Chief of Staff.

7. General Vosuk, soon leaving for Iranian Embassy, Washington, was the victim of the Shah–Zahedi power struggle.[2]

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[1] Source: Central Intelligence Agency, DDO Files, Job 80–01701R, Box 3, Folder 12, Misc. Correspondence—TPAJAX. Secret. Printed from an uninitialed copy.

[2] A note at the end of the memorandum reads: "Not transmitted."

324. Memorandum From the Chief of Station in Iran ([*name not declassified*]) to the Ambassador to Iran (Henderson)[1]

Tehran, September 25, 1953.

1. Qashqai Khans and all Kalantars pledged their word to the writer 22–23 September that they:

A. Will fight only if attacked.

B. Have "complete confidence" in Gen. Zahedi whom they consider friend of 30 year standing, but do not trust the Shah (because of past betrayals) and must be prepared to protect themselves against him.

C. Intend to obey laws, pay taxes, etc.

D. Would, if provided with "face-saving" device, swear (and keep) allegiance to Gen. Zahedi and the Shah.

E. Will not join any Tudeh plan, nor tolerate Tudeh activity in their area.

2. Qashqais' requested that above be passed on to Gen. Zahedi, and the following proposal be discussed with both Gen. Zahedi and the Shah:

A. In order to save Qashqai face and free them from word given Mosadeq to support him to "end" the Shah might pardon Mosadeq, on Qashqai petition, allowing him retire to village or leave country.

B. On promise such action, Qashqais would bow before the Shah and give guarantee they would:

(1) support him and government "100 percent."
(2) have no further dealings with Mosadeq or followers.
(3) themselves (Qashqai Khans) leave Iran if the Shah felt their absence would benefit Iran.

3. Advised by the writer that he felt above proposal would not be accepted, Qashqais said they view it as simple face-saving device, but would welcome any other acceptable proposal under which they could bow before the Shah without violating word to Mosadeq, whom they hold in greatest respect. Once they considered their pledge to Mosadeq fulfilled, Qashqais' said, they ready assure same degree loyalty to Zahedi–Shah.

4. In "parliamentary" discussion of 2 and 3 above Qashqai group (chieftains and gray beards of all 18 Qashqai units and one Boir Ahmad unit) stated:

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[1] Source: National Archives, RG 84, Tehran Embassy Files, 1953–1955, classified general records, Box 9. Secret; Security Information.

A. In past (except under Mosadeq) they relegated to role second-class citizen and subjected to "control" by army groups which despised and insulted them, molested their women and stole their goods.

B. Under Mosadeq, their welfare "considered" and there was no trouble in their area.

C. In past, their enemies saddled them with unwarranted reputation double dealing. They "gave their word" to Americans years ago and to Mosadeq 28 months ago and considered themselves bound in both cases.

D. They had not caused trouble since Mosadeq fall only out of respect their cooperation to Americans. They intend to continue to follow American advice but in present instance feel bolt to Zahedi bandwagon would cheapen them and tend to confirm enemy accusations (C above).

5. During the powwow at Qashqai headquarters Nasr Khan Qashqai expressed confidence in the Commanding General, Shiraz Garrison, and, in order to relieve local anxiety regarding Qashqai concentration, started Qashqai groups on southward migration—despite obvious shortage forage. Two of the largest units were observed by Col. Brooking, The Embassy's Air Attaché, the following morning, moving southward 20 miles west of Shiraz.

6. Following the powwow, a close friend of the Qashqais told the writer: "The wound is fresh now; give them three months and this will heal itself".

7. Returning to Tehran by air the morning of 24 September, the writer observed hordes of Qashqais and flocks jamming 30-mile mountain trails moving southward toward winter quarters.

325. Despatch From the Embassy in Iran to the Department of State[1]

No. 187 Tehran, September 26, 1953.

SUBJECT

Aspects of the Political Environment of the Zahedi Government

Summary

There has been a tendency to regard the Mosadeq Government in retrospect as a noble but unsuccessful experiment, and to credit Mosadeq himself with high motives which were thwarted by unworthy advisers and the former Prime Minister's own faults of character. It is necessary to convict Mosadeq and his advisers of their crimes as soon as possible; delay makes this already thorny problem increasingly difficult. The Zahedi Government has not succeeded in posing as the inheritor of the nationalist movement, but has successfully represented itself as the guardian of the constitution and the monarchy and therefore as the champion of order and stability; its popularity rests in part on the belief that it can achieve and maintain profitable relationships with the West, particularly the United States. Iranians welcome American support of the new Government, and advise us that in their eyes the United States has now, by supporting the Zahedi Government, recognized its responsibilities in Iran; they desire internal political support as well as economic aid from the United States. Iranians also hope to improve their relationships with the nations of the free world, including Britain. Public opinion now seems favorably inclined toward some kind of reasonable settlement of the oil question; however, there will be an opportunity for unscrupulous demagoguery to complicate matters before the problem is finally resolved. Political courage and skill will be required to reconstitute a full-fledged Majlis following Mosadeq's attempt to destroy this institution. Continued good relations between the Government and the Court are vital to the stability of Iran; the relationship will continue to be subject to disruptive influences.

The Mosadeq Era in Retrospect

The Iranian people's retrospective assessment of the historical significance of the Mosadeq era is one of the major factors defining the freedom of action of the present and any future governments of Iran.

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[1] Source: National Archives, RG 59, Central Files 1950–1954, 788.00/9–2653. Confidential; Security Information. Received October 2. Drafted by John Howison, Second Secretary of Embassy. A handwritten note on the despatch indicates it was read and approved by Henderson.

One of the seeming paradoxes so frequent in Iranian politics has been the public's inclination to begin weaving a favorable myth around the Mosadeq Government only a few days after demonstrating an overwhelming desire that Mosadeq be ousted. Even among those who had opposed Mosadeq most bitterly during the final months of his incumbency there are partisans of the belief that the old National Front movement had been a noble if unsuccessful experiment. The Government has begun an information campaign seeking to nullify this impression with limited success to date.

Some Iranians offer the unilateral explanation that the lingering favor for the former Government represents the hold on the public of Mosadeq's personality. Representatives of all shades of opinion stubbornly cling to the belief that Mosadeq was a patriot sincere in purpose. Most of his strongest critics grant him this much, but condemn him for disqualifying traits of character such as stubborness, inflexibility, and hunger for power. His defenders attempt to blame all the former Government's shortcomings on Mosadeq's advisers. This analysis serves to exalt Mosadeq even further: he becomes a sort of demi-god who is too good to live among ordinary Iranians, who frequently seem to take a perverse pride in themselves as a nation of unprincipled Haji Babas.

A somewhat broader explanation of Mosadeq's continuing reputation proceeds from the nature of the "national movement" which he epitomized. Some anti-Mosadeq observers now admit that the National Front initially had the sympathies, at least in principle, of as many as ninety percent of politically conscious Iranians. It seems evident that nationalism, defined to mean freedom from foreign political influence and economic exploitation, is still an attractive ideal to most Iranians, even those who reject it as impractical or as incompatible with their personal interests. Under these circumstances, at a time when many Iranians feel obliged to compromise on the matter of foreign influences, Mosadeq to some extent symbolizes the nationalist ideal. However, most Iranian observers are inclined to think that Mosadeq's term as the active leader of the forces of nationalism has ended.

Mosadeq's Advisers

Public attitudes toward Mosadeq's advisers are sharply different from those expressed toward the former Prime Minister. Ex-Foreign Minister Hosein Fatemi is probably the best-hated man in modern Iranian history. Anti-Mosadeq elements are hardly less bitter toward Fatemi than are Mosadeq's most devoted partisans, who put Fatemi in first place among the "unworthy" advisers whom they blame for Mosadeq's failures. When Fatemi was reported to have been torn to pieces by the mob on August 19, the Iranian public, usually repelled by the idea of physical violence, seemed to welcome the report without a qualm. Efforts to capture him still hold a high place in public interest.

Next in order of degree of guilt, as judged by the Iranian public, come Deputies Shayegan, Zirakzadeh, Sanjabi and Hasibi. The first three are blamed along with Fatemi for Mosadeq's cooperation with the Tudeh Party. Hasibi is blamed for contributing to the Mosadeq Government's failure to achieve a favorable settlement of the oil question; a stronger reason for blame may be, however, that he, like Fatemi, jumped from comparative obscurity to a position of influence without undergoing the requisite political apprenticeship which is normally expected of top-ranking government figures. As in the case of Fatemi, these four advisers are now unpopular with Mosadeq supporters and opponents alike.

Particularly distasteful to anti-Mosadeq Iranians are individuals such as former Ministers Alemi and Sadeqi, who after Mosadeq's fall professed to have been completely fooled by Mosadeq and to have been entirely unaware of his more flagrantly anti-constitutional intentions. Several prominent Iranians intimated to Embassy officers that the disclaimers of responsibility by Alemi and Sadeqi were in their eyes prime examples of the moral degradation which had accompanied Mosadeq's destruction of constitutionalism. Referring to these ministers, *Dad* on September 14 editorialized:

"They allowed themselves to be used for the annihilation of our country, and now that the government has fallen, they are making sorrowful statements to acquit themselves.

"These turncoats who bow before every power are the cause of misery and wretchedness of our fatherland. It is deplorable that a minister who admits that he used to read government decisions in the papers continued in office and drew his salary until the last day of the government."

Prosecution of Mosadeq and His Advisers

One of the thorniest political problems besetting the new Government is the disposition of the person of Prime Minister Mosadeq and of those of his advisers and supporters who are also accused of treason or deliberate breaches of the constitution. More than a month after Zahedi's accession, no indictments against them have been rendered. Although the Government maintains that cases are being prepared as fast as possible and occasionally makes general statements of the progress being made, the problem becomes progressively more acute as time goes on. The public generally interprets the Government's failure to take prompt action as a sign of weakness, and anxiously awaits actual trials; delay has already given time for the pro-Mosadeq legend to grow, and for the feelings of righteous indignation earlier held by part of the public to wane.

Qualified Iranian observers who have discussed this problem with Embassy officers have varying opinions as to the preferable jurisdiction

for these trials, but most agree that the choice of a court is of secondary importance. They have been virtually unanimous on three points: 1) the sooner the trials are held and sentences passed, the better for the Zahedi Government; 2) Mosadeq should not be allowed to put his histrionic abilities to work in a public trial if it can possibly be avoided; 3) no harm should come to Mosadeq personally. The most popular formula provides that Mosadeq be tried promptly on charges of treason, in a closed or carefully managed court, and condemned to death, sentence to be commuted by the Shah to permanent exile.

Although there seems to be little question of the advisability of prompt trials, it goes without saying that the trials should be conducted carefully, with an eye to maximum propaganda exploitation. The ostensible reason for the delay in proceeding with the trials is that considerable time is required for formal interrogations and the preparation of indictments. Other possible reasons for the delay have been suggested, most of them purely speculatively: Zahedi may be uneasy, looking backward at the Qavam affair, about establishing a fresh precedent for the punishment of ex-premiers; bribes or blackmail may be at work inside the military judicial machinery which is preparing for the trials; hidden sentiment for Mosadeq the individual may be motivating members of government. Embassy observers find it difficult to credit the popular belief that the Government's lethargy represents simple "fear" of pro-Mosadeq elements. The simplest and perhaps best explanation of the Government's slowness in proceeding against Mosadeq is that such processes are always slow-moving in the hands of Iranians.

Neither Government nor public seems very concerned about the chastisement of Mosadeq's advisers and lieutenants such as former Chief of Staff Riahi; should Fatemi be captured, this situation might well be altered.

Attitudes Toward the Zahedi Government—General Zahedi acceded to the Premiership, not on the basis of what he stood for as a personality, but as the chosen instrument of forces opposed to the destruction of the monarchy and of constitutional government in Iran. He was accepted as the man of the hour capable of assuming "field leadership" of pro-Shah, anti-Mosadeq and anti-Tudeh elements. He gained added prestige as a result of the belief that he was the individual most acceptable to the Western powers, particularly the United States. According to their point of view, various political groups hoped that Zahedi could best draw American support to Iran, or that he could best come to a "realistic" agreement with the British. Armed with the Shah's firman appointing him Prime Minister, Zahedi was almost unanimously accepted by the popular forces which rose up on August 19 against the Government which had given Iran two years of frustration culminating

in the final moves to upset the institutional framework of constitutional government.

Zahedi was widely credited with having saved Iran from "a change of regime", which many believed would have resulted in a Communist take-over in short order. Almost immediately, however, some possibly disgruntled individuals began to wonder whether Zahedi had not "fulfilled his historic mission", or whether, at least, he would not have done so after a fairly brief period in which he would devote himself entirely to reestablishing orderly government. On the whole, however, it came to be accepted that Zahedi and his backers expected him to play a larger role. Particularly after the prompt grant of American aid, it was realized that Zahedi could not be expected to step down before his own hand had been tried at the task of reconstruction and reform.

It soon became apparent that Zahedi, despite his personal history as an early partisan of the nationalist movement, and despite the protestations of his supporters that Zahedi was returning the nationalist movement to its proper course, was not being successful in representing himself as the inheritor of the nationalist mantle. The population took it for granted that Zahedi would again accept for Iran the influence of a major power—in this case, the United States. Most of those who regarded foreign influence as undesirable seemed to accept the United States as a less objectionable patron than either Britain or the USSR.

Given this background, it is not surprising that Zahedi's personal prestige is related to his continued close association with the monarchy and the United States, both of whom carry more prestige with the public under current circumstances.

Despite this tertiary position, Zahedi has maintained his personal predominance over other politicians now "on-stage." His personal dignity and skill in handling himself publicly have earned him respect; criticism of his government has generally not been directed at Zahedi personally.

Criticism of Zahedi's subordinates began almost immediately after his rise to power.[2] He has not to date satisfied original hopes that he would fill key positions with new faces, capable of supplying real leadership in a program of reconstruction. Although professedly anxious to return to conservative patterns of government, the Iranian public nev-

[2] Embassy Despatch 185 of September 25, 1953, "The Zahedi Cabinet", gives a more detailed analysis of Iranian attitudes toward the members of the Zahedi Government. [Footnote is in the original. Despatch 185 is in the National Archives, RG 59, Central Files 1950–1954, 788.13/9–2553.]

ertheless hoped that Zahedi would somewhere find untainted personalities to fill seats of responsibility.

Attitudes Toward the United States—Although most Iranians recognize the fact that truly popular forces manifested themselves spontaneously in the uprising of August 19, they seem equally convinced, however illogically, that the United States was somehow responsible for Zahedi's success. The United States' prompt grant of aid, although smaller than many had hoped, served notice to the public that Zahedi's Government had our full support. America thus gained part of the credit for saving constitutional government in Iran, and her prestige accordingly soared. The consensus was that the United States had at last begun to fulfill her moral "responsibilities" to the Iranian people. The idea that the United States has such "responsibilities" is hardly questioned by Iranians, even by ardent nationalists. The fact of our being a great power in itself implies obligation in their minds, and they have never forgotten Western promises to repay Iran for her "cooperation" during World War II. In the Iranian view, we have now recognized these responsibilities by our backing of Zahedi, which act directly obligates us to "see Iran through". Iranians of almost every political persuasion are now advising us that Zahedi, or at least the forces which he represents, must succeed, else the United States will "go the way of Britain". Failure to "make the Zahedi Government succeed" would be a blow of the first magnitude to the American position in Iran.

The "American support" which Iranians are seeking does not consist solely, perhaps not even primarily, of economic aid, although that is an essential factor. "Guidance" and political support within the country are considered a second basic aspect of American aid to Iran. We are told that we must supply ideas as well as finances to the new Government; the more cynical version is that we must "lead the new Government by the hand".

Although the attitudes described in the above paragraphs are widely held among the public at the present time, it must be kept in mind that the Government itself, as is usual with Iranian Governments receiving support from abroad, can be expected to seek a maximum of aid for a minimum degree of policy control from outside sources. The same can be said for the Shah, whose confidence in his own ability to rule as well as reign has doubtless been strengthened by recent developments. Regardless of these factors, and regardless of the validity of Iranian imputations to the United States of "moral responsibility" for effective government in Iran, the fact remains that a breakdown in such effective government would entail grave consequences to the United States' position in Iran.

General Attitudes on Foreign Relations—Overt manifestations of Iranians' innate xenophobia have declined markedly since Zahedi came to

power. Simultaneously, there has appeared some evidence that the increasingly isolated position in which Mosadeq's policies had placed Iran during the past two years had not been to the taste of most educated Iranians. Xenophobic though they may be, on occasion, Iranians are as anxious as any other nationalistically inclined people that their nation be a fully accepted member of the family of nations. The press has recently made repeated criticisms of the Mosadeq regime for having "alienated" Iran's neighbors and other countries.

Relations with Great Britain—Although it would still be suicidal for an Iranian to espouse friendship with the British openly, a desire to "normalize" relations with the United Kingdom, at least at the diplomatic level, has been frankly expressed in the pro-Government press. Iranians now feel free to declare that Mosadeq's anti-British policy was too radical, and even to question the reasonableness of having broken diplomatic relations. The sense of insecurity developed during the past two years will not be entirely erased until Iran's long-run relationship with Britain has been defined. The pro-Government press has frankly admitted that the initiative in seeking this definition should come from the Iranian side. The majority of Iranian observers believe, however, that this initiative might better await the settlement of the oil problem, or at least substantial progress toward such a solution.

These attitudes do not mean that Iranians generally are willing to "give in" to the British, or that the majority of Iranians would welcome a return to the former degree of British influence. The public seems more concerned at the moment with the personal capabilities of their leaders than with the extent to which they may be subject to British influence.

Although the underlying anti-British sentiment of the Iranian people remains, it has become more passive since the futility of blindly anti-British policies has been widely recognized. Since August 19, concomitantly with the improvement of the American position in Iran, British prestige has risen somewhat. This has taken place in a country where prestige has long been a reasonably satisfactory substitute for favorable regard. In any case, Britain may have to continue indefinitely to rely on prestige rather than affection as the basis for achieving a satisfactory modus vivendi with Iran. Her prestige could depend largely on the extent to which she appears to Iranians to be successful in reasserting her influence in Iran.

The Oil Question—Public interest in a settlement of the oil dispute with Great Britain continues to be high. This interest appears to rest primarily on the belief that major oil revenues would of themselves offer promise of general economic betterment, although more sophisticated Iranians recognize that the problem has far wider implications. The belief that Mosadeq mishandled the oil question is widespread, and there

is considerable appreciation of the fact that the oil question might long since have been resolved in a manner satisfactory to Iran had not Mosadeq preferred to exploit the problem for internal political purposes.

Although the Iranian public is eager for an oil settlement, the problem remains an extremely sensitive one. The degree of difficulty to be expected in negotiating and implementing an oil settlement depends largely upon the tact with which developments are presented to the public and upon the turn of political events in Iran having little to do with the public's essential willingness to make this or that concession to the British. The consensus of Iranian opinion consulted is that "if all goes well" the Iranian public would accept a settlement little more favorable than that offered Mosadeq in February of 1953.

Most Iranians, even in high government circles, are as yet insufficiently aware of the factors impeding a prompt settlement of the oil question. For example, the importance to the West of ratification of any such agreement by a full-fledged Majlis is not generally appreciated. The political stresses which will inevitably be created by election campaigns may provide an occasion for individual Iranian politicians to seek to turn the oil question to their personal advantage. Although the Iranian public now evidences a "reasonable" attitude toward the question, it is impossible to predict the extent to which public opinion may be influenced by unscrupulous demogoguery during the next few months.

The Parliamentary Situation[3]—Another of the major problems facing the Zahedi Government is the disposition of the 21-member rump Majlis which survived Mosadeq's efforts to destroy it. Its members show little inclination to disband voluntarily, and the Seventeenth Majlis might well continue to exist in its present anomalous form until the end of its normal term in May, 1954. Although the Majlis has legal status, it cannot conduct regular business, enact legislation, or ratify international agreements in the absence of a quorum. As elections of the Seventeenth Majlis were never completed, it would be theoretically possible to achieve a quorum by holding elections in unrepresented constituencies for the 56 seats which were never filled. This procedure would take less time than full-scale elections of a new Majlis. However, actions such as the ratification of international agreements by such a Majlis might at a later date be repudiated on the ground that the Majlis had been "irregular" even though technically entirely legal.

[3] Omitted from this discussion is the question of the revival of the Senate. There is virtually no politically valent [*sic*] sentiment for the reestablishment of the Senate, and the absence of a Senate produces no serious difficulties of legislative procedure under the Iranian constitution. [Footnote is in the original.]

Under the above circumstances, and given the importance of finalizing such international agreements as might grow out of negotiations for an oil agreement as soon as possible, the Zahedi Government may be obliged to dissolve the Seventeenth Majlis and proceed to the election of the Eighteenth.[4] This procedure entails difficulties. First, the present rump Majlis must be forced by political pressure to dissolve itself, or the Shah must assume the responsibility and invoke his constitutional prerogative to dissolve it. The Government would then have to face the major difficulties inherent in holding elections in Iran, where the actual voting procedures normally required take several months. Holding elections in Iran usually absorbs a major portion of the Government's energies, and produces tensions which not infrequently result in public disturbances. The resurrection of a full-fledged Majlis following Mosadeq's efforts to destroy it thus poses a problem which will require both courage and political skill for the Zahedi Government to solve.

The Government and the Shah—The Zahedi Government received from the public on August 19 a mandate to safeguard constitutionalism; the obligation to protect the position of the monarchy was implicit in this mandate. As the public has given little attention thus far to the possibility of friction between Zahedi and the Shah, the subject of their relationship lies beyond the scope of this despatch. It may be observed here, however, that the perennial problem of defining the respective spheres of influence of the Court and the Government has by no means been removed. Although Zahedi and the Shah have no substantive grounds for disagreement, and although each has everything to gain and nothing to lose from continuing cooperation, the habit of various political elements of trying to play one against the other can be expected to threaten their relationship increasingly.

For the Ambassador:
Roy M. Melbourne
First Secretary of Embassy

[4] See Embassy Despatch 135, of August 16, 1952, for a discussion of electoral procedures. [Footnote is in the original. Despatch 135 was not found.]

326. Monthly Report Prepared in Directorate of Plans, Central Intelligence Agency[1]

Washington, undated.

IRAN

September 1953

A. *General Developments*

1. The new Iranian government, under General Zahedi, seems to be firmly established at the moment having received emergency aid in the amount of $45 million from the U.S. and taken prompt and effective action against the Tudeh Party. There have been indications of internal disharmony between the Shah and his Prime Minister, particularly on the matter of ministerial appointments and control of the Army. On the basis of recent reports, however, there has been some improvement in the Shah–Prime Minister relationship. General Zahedi feels that the Majlis should be reconvened as soon as possible, mostly because the Majlis affirmation is required to settle the oil question, while the Shah feels that the Majlis should not be brought into session because a strong authoritarian government is necessary to provide the country's internal stability. Ex-Premier Mossadeq has been brought to trial under closed military court, whose verdict will quite certainly be guilty of treason. Zahedi desires immediate execution of Mossadeq while the Shah is still hesitant about going that far. The Shah, however, has issued orders that Mossadeq be killed immediately by his guards in case of any serious Tudeh rebellion.

2. General Zahedi sent Brigadier General Farzanegan, Minister of Posts and Telegraphs, to the U.S. as a secret envoy to thank President Eisenhower for U.S. aid and to feel out the attitude of the U.S. Government regarding substantial increases in emergency aid. Zahedi appeared grateful for the U.S. grants given to Iran about ten days after Zahedi's take-over, but was disappointed that the amount was not greater. Farzanegan saw various high U.S. Government officials by whom he was given a cordial welcome but from whom he was given no encouragement regarding increased aid at this time. He was, however, given assurance by the Department of State that the U.S. Government

[1] Source: Central Intelligence Agency, DDO–IMS Files, Job 81–01061R, Box 2, Folder 4, Monthly Report—September 1953—Country Summaries and Analyses. Top Secret; Security Information. The report is attached to a covering memorandum from Roosevelt to Dulles, October 8.

would do all possible to encourage the British to reach an equitable oil settlement.[2]

3. The oil question still holds paramount position in the immediate welfare of Iran. The Zahedi government has begun a propaganda program to soften the Iranian public for a re-opening of oil negotiations with the British. It is too early to predict the chances for an early settlement, although preliminary discussions are now taking place between U.S. and U.K. oil experts in Washington.

4. Persistent reports in the latter half of the month indicated that the Qashqai tribes were preparing for open conflict with the government forces provoked by the issuance of an ultimatum for Mossadeq's release. However, Qashqai leaders have assured U.S. officials that while winter migrations had started earlier than usual, the Qashqai's have every intention of remaining at peace with the present government. There were rumors also that the Qashqais had joined forces with the Tudeh Party and at the precise time that the Iranian Air Force was to have made a token show of power over the city of Shiraz in Qashqai territory, more than 80 per cent of the Iranian Air Force planes were put out of action for several weeks by direct sabotage committed by Tudeh members of the Air Force personnel. The Qashqai leaders subsequently admitted Tudeh overtures to them, but denied that they had agreed to any Tudeh alliance.[3]

5. Throughout the month, the Zahedi government has continued vigorous anti-Tudeh repressions by weeding out known members on government payrolls, by strenuous efforts of the security forces against known Tudeh members and their facilities, and by strong propaganda measures.

6. As reported last month, the change of government has resulted in greatly improved CIA contacts in government and military circles.[4] Consequently, CIA capabilities have become greatly enhanced both in terms of short-term political action programs designed to support the existing government and in terms of long-range programs designed to

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[2] General Abbas Farzanegan had a series of meetings in Washington September 21–23 with Acting Secretary Smith, General Lemnitzer, Harold Stassen, and Herbert Hoover, Jr. In these meetings, Farzanegan thanked U.S. officials for their support of General Zahedi and the $45 million emergency aid package. He informed these officials that the Iranian Government believed it would require additional aid. U.S. officials impressed upon Farzanegan that it would be very difficult for them to assemble an aid package for Iran over and above the emergency aid package already extended. A report of the meeting with Smith is in the National Archives, RG 59, Central Files 1950–1954, 788.5 MSP/9–2153. Farzanegan's meeting with General Lemnitzer is ibid., 788.5 MSP/9–2353. The meetings with Stassen are ibid., 788.5 MSP/9–2353, and with Hoover, ibid., 888.2553/9–2353.

[3] See Document 324.

[4] See Document 308.

promote the internal stability, general welfare, and strong western orientation of the country.

[Omitted here is operational detail.]

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327. Memorandum by the Chief of the Near East and Africa Division, Directorate of Plans, Central Intelligence Agency (Roosevelt)[1]

Washington, October 2, 1953.

The following information from Tehran, Iran dated 30 September 1953, is evaluated at 1 (referring to reportorial accuracy). Subject of this information is "Shah's Decision Concerning Disposal of Mossadeq". [*less than 1 line not declassified*]

1. The Shah has decided that former Prime Minister Mossadeq must be tried and condemned to death, but he has not decided whether Mossadeq should then be pardoned by royal decree and immediately banished from Iran or immediately executed.

2. The Shah believes that any delay in disposing of Mossadeq, following the trial, would invite Tudeh (and pro-Mossadeq) counterattack under a slogan such as "Save Mossadeq's Life".

3. In the event of a Tudeh move (see paragraph 2 above) prior to the sentencing of Mossadeq, the Shah has ordered that Mossadeq be killed immediately by his guards.

4. The Shah is greatly disturbed by a report which he received that the Tudeh will attack within thirty days.

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[1] Source: Central Intelligence Agency, DDO Files, Job 80–01701R, Box 3, Folder 12, Misc. Correspondence—TPAJAX. Secret.

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328. Editorial Note

In his diary entry for October 8, 1953, President Eisenhower referred to the United States role in the overthrow of the Mosadeq government, and noted his admiration for the efforts of Kermit Roosevelt

in helping to bring that about. His diary entry reads, in part, as follows: "Another recent development that we helped bring about was the restoration of the Shah to power in Iran and the elimination of Mossadegh. The things we did were 'covert.' If knowledge of them became public, we would not only be embarrassed in that region, but our chances to do anything of like nature in the future would almost totally disappear. Nevertheless our agent there, a member of the CIA, worked intelligently, courageously and tirelessly. I listened to his detailed report and it seemed more like a dime novel than an historical fact. When we realize that in the first hours of the attempted coup, all element of surprise disappeared through betrayal, the Shah fled to Baghdad, and Mossadegh seemed to be more firmly entrenched in power than ever before, then we can understand exactly how courageous our agent was in staying right on the job and continuing to work until he reversed the entire situation." (Eisenhower Library, Whitman File, DDE Diary Series, Box 1)

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329. Memorandum by the Chief of the Near East and Africa Division, Directorate of Plans, Central Intelligence Agency (Roosevelt)[1]

Washington, October 9, 1953.

The following information from Tehran, Iran, dated 1–4 October, is evaluated at 3. Source of this information is [*1 line not declassified*]. Subject of the information is "Activities of Mullah Kashani".

1. A Soviet Embassy Attaché who speaks Persian and claims to be a Moslem, met a representative of Mullah Kashani on the night of 1 October at the home of engineer Gholim (first name unknown), official architect to the Soviet Embassy. The Attaché told Kashani's representative that the Shah and the Iranian Army were becoming stronger every day and that, if Kashani wants to maintain his position, he must organize the National Front again.

2. Kashani organized a meeting for the night of 4 October at the home of former deputy, Yusef Moshar. The meeting was attended by Kashani, Moshar, Hoseyn Makki and Haerizadeh, who agreed to reform the National Front movement.

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[1] Source: Central Intelligence Agency, DDO Files, Job 80–01701R, Box 3, Folder 12, Misc. Correspondence—TPAJAX. Secret.

3. Source does not believe that Kashani is being paid by the Soviets. However, Kashani told source on the day after the overthrow of former Prime Minister Mossadeq that Iran must get along with the Soviets and must not provoke them to act against Iran.

4. Kashani hoped to enlist one hundred Mullahs in Iran to preach for him.

5. Source believes that Kashani will not support the Zahedi government and will lead the National Movement against Zahedi, thus representing dangerous threat in the oil settlement.

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330. Information Report Prepared in the Central Intelligence Agency[1]

CS–22194 Washington, October 14, 1953.

SUBJECT

Opposition to the Zahedi Government

SOURCE

Paragraph 4: [*less than 1 line not declassified*]
Paragraphs 5, 6, 7: [*less than 1 line not declassified*]
Paragraphs 8, 9: [*less than 1 line not declassified*]
Paragraph 10: [*less than 1 line not declassified*]

Right-Wing Political Activity

1. On 8 October 1953, twelve former supporters of Dr. Mohammad Mossadeq, including Shamshiri (fnu), a cafe owner and important bazaar merchant, were arrested for participation in an anti-Government conspiracy which had succeeded in closing the Tehran bazaar for several hours. The closing of the bazaar was inspired entirely by right-wing opposition to the Zahedi Government, although the Tudeh Party exploited the incident by calling an independent demonstration on the same day.

2. The Iranian police questioned the twelve arrested persons and interrogated "scores" of bazaar merchants. On the basis of the information obtained from these investigations, Source concludes that the

[1] Source: Central Intelligence Agency, DDI Files, Job 80–00810A, Box 26, Folder 20, CS Information Reports 22190–22199. Secret; Security Information; Control—U.S. Officials Only.

following are leaders of the right-wing opposition to the Zahedi Government:

Hoseyn Makki[2]
Dr. Mozaffar Baghai[3]
Mullah Kashani
Mullah Behbehani[4]

Pro-British Political Activity[5]

3. The investigations also indicated that the right-wing opposition is bidding for the support of Mossadeq's followers and is rallying behind pro-British Ali Soheli,[6] who aspires to succeed Zahedi as Prime Minister. The interrogations revealed that the bazaar merchants are particularly impressed by the right-wing opposition to Zahedi because they consider the leaders as "British agents" and the merchants therefore assume that the British Government must desire to replace Zahedi.

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[2] *Washington Comment.* According to a report from a member of the former National Movement faction, date of information June 1953, Makki was regarded by the Mossadeq Government as a British "agent". See CS–12839. According to a report from a source close to Zahedi, Makki has violently disagreed with Zahedi's plans to reopen the Senate. See CS–22075. [Footnote is in the original. CS–12839 is ibid., Box 15, Folder 89, CS Information Reports 12830–12839. CS–22075 is ibid., Box 26, Folder 8, CS Information Reports 22070–22079.]

[3] *Washington Comment.* According to a report from an informant with close contacts in Zahedi's family, date of information 23 April 1953, Baghai had joined forces with Zahedi in opposition to Mossadeq. See CS–9550. [Footnote is in the original. CS–9550 was not found.]

[4] *Washington Comment.* According to a report from a source close to Prime Minister Zahedi, date of information 26 September 1953, Zahedi gave Mullah Behbehani 10,000 tomans (approximately $1,000.00) and again on 3 October 5,000 tomans (approximately $500.00) designed to maintain the goodwill of Behbehani and to keep him politically aligned with the Zahedi Government. See CS–22075. [Footnote is in the original.]

[5] *Washington Comment.* For further information concerning recent activities of pro-British political forces, see CS's–20968, –20713, and –21530. [Footnote is in the original. Information on CS–20968, September 25, is summarized in part in footnotes 6 and 9 below. CS–20968 is in Central Intelligence Agency, DDI Files, Job 80–00810A, Box 25, Folder 7, CS Information Reports 20960–20969. CS–20713, September 22, reported on Zahedi's views a number of personnel matters in the Iranian Government, particularly his growing disagreement with the Ayatollah Behbehani over the latter's desire to see his son installed as Minister of National Economy. (Ibid., Box 24, Folder 64, CS Information Reports 20710–20719) For CS–21530, October 5, see footnote 8 below. CS–21530 is ibid., CS Information Reports 21530–21539.]

[6] *Washington Comment.* According to a report from a well-placed source, date of information 19 September 1953, Kazem Sayah, acting on instructions from Seyed Zia Tabatabai, instructed an intermediary to tell Zahedi to appoint Ali Soheli as Foreign Minister. Zahedi, however, quickly recommended Abdullah Entezam to the Shah for this post to prevent the British from "selling" Soheli to the Shah. See CS–20968. [Footnote is in the original.]

4. The British have financed Dr. Baghai in the past and they are paying him at present through Hassan Arab,[7] who is very close to Dr. Baghai.

5. Dr. Farokh Faroud[8] has organized a new party for engineers and scientists in Iran.[9] The new party's directing committee is composed of the following members:

a. Hoseyn Pirnia, Undersecretary of Finance.
b. Dr. Ahmed Houman,[10] who is considered by Source to be the most important member of the committee.
c. Adeshir Zahedi, son of Prime Minister Zahedi.
d. Major Houshang Afshar.[11]
e. Dr. Farokh Faroud.

6. The committee intends to organize sub-committees throughout Iran, particularly among engineers who administer factories.

7. Ardeshir Zahedi was invited to join the committee in order to allay his father's suspicions, but according to Source, Ardeshir Zahedi may be unable to control the overwhelming British influence within the group.

8. Ali Mansur,[12] a pro-British political figure, has been holding political meetings with "many Iranians who are not trusted by Prime Minister Zahedi."

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[7] *Washington Comment.* According to a report from a qualified American observer, date of information 12 January 1953, Hassan Arab is a "low grade mobster" who is supported financially by the British, and is the leader of a small, inconsequential group. [Footnote is in original.]

[8] *Washington Comment.* According to a report from an Iranian with good contacts in pro-British circles, date of information 26 September 1953, Dr. Faroud is a member of a political faction reportedly sponsored by Seyfollah Rashidian and led by Kazem Sayah, pro-British political leaders. See CS–21530. [Footnote is in the original.]

[9] *Field Comment.* This engineers' party is not to be confused with the club recently organized by pro-British Sharif Imami, the Kanun Mohandessine (Engineer's Club). See Paragraph 8 of CS–20968. [Footnote is in the original. Paragraph 8 of CS–20968, cited in footnote 5 above, reads: "Imami, who has long been favorably disposed toward British policy, has organized a new club, Kanun Mohandessine (Engineers' Club), which includes as members several well-known engineers. Amir Reza Afshar, Managing Director of the Iranian Airways, is a member."]

[10] *Washington Comment.* Houman was Assistant Minister of Court in 1951. See SO's–73845 and –75198. [Footnote is in the original. SO–73845 and SO–75198 were not found.]

[11] *Washington Comment.* Hooshang Afshar is Technical Manager of the Iranian Airways. [Footnote is in the original.]

[12] *Washington Comment.* Ali Mansur, who has served as Prime Minister, Governor General of Khorassan and of Azerbaijan, and as Ambassador to Italy, had dropped out of political activities prior to this report. According to a report to another Government agency, Mansur has been supported by the British and by the Soviets at various times. [Footnote is in the original.]

9. Dr. Hasan Ayatollah Imami (Imam Jumeh), pro-British religious leader,[13] plans to organize a religious party to support Zahedi and to fight Kashani and Mullah Behbehani. The Imam Jumeh believes that the British should support the Zahedi Government and hopes that his new party will prove to be helpful. He criticized the Zahedi Government, however, for failing to execute former Prime Minister Mossadeq, General Riahi, and the high-ranking Tudeh Party leaders who have been captured.

Activities of Kashani

10. Prime Minister Zahedi plans to visit Mullah Kashani privately at 1200 hours on 10 October 1953 in Kashani's house.[14] Zahedi will be driven to Kashani's residence by Major General Guilanshah in a closed jeep, without a bodyguard.

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[13] *Washington Comment.* For further information on the Imam Jumeh, former Speaker of the Majlis, see SO's–91325, –87695, and –91774. [Footnote is in the original. SO–91325, SO–87695, and SO–91774 were not found.]

[14] *Washington Comment.* According to a report from an Iranian who has close contacts with Kashani's group, Kashani organized a meeting for the night of 4 October at the home of Yusef Moshar. Those attending the meeting agreed to re-organize the National Front Movement. See CS–21962. [Footnote is in the original. CS–21962, October 8, is in Central Intelligence Agency, DDI Files, Job 80–00810A, Box 25, Folder 107, CS Information Reports 21960–21969.]

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331. Editorial Note

Herbert Hoover, Jr., Consultant to the Secretary of State on the Anglo-Iranian oil dispute, who was appointed on October 14, 1953, visited Iran from October 17 to November 4 to ascertain Iranian views on resuming diplomatic relations with the United Kingdom and finding a solution to the Anglo-Iranian oil controversy. On November 1, Iranian Foreign Minister Entezam told Hoover that a solution to the oil dispute would have to precede any resumption of diplomatic relations between Iran and the United Kingdom. To resolve the oil dispute Entezam suggested creation of an international consortium that would purchase oil directly from the National Iranian Oil Company. Though the Anglo-Iranian Oil Company could participate, it would not exert majority control over the consortium. Regarding compensation, the other companies in the consortium would "compensate" the Anglo-Iranian Oil Company. The proposal delivered by Entezam was transmitted to the Department of State in telegram 1022, November 2. For

text, see *Foreign Relations,* 1952–1954, volume X, Iran, 1951–1954, pages 819–821 (Document 378).

Hoover then traveled to London where, with Ambassador Aldrich, he discussed the Iranian proposal with the British Government. Foreign Secretary Eden responded that any negotiation over the oil dispute must be preceded by the resumption of diplomatic relations between Iran and the United Kingdom. In view of the difficult internal political situation in Iran, however, the British Government agreed to issue a joint communiqué with the Iranian Government, in which the resumption of diplomatic relations was coupled with the stated desire to achieve a solution to the oil dispute as soon as possible. That solution would "take account of the national aspirations of the Persian people regarding the natural resources of their country and which, on the basis of justice and equity, will safeguard the honour and interest of both parties." For the text of the joint communiqué transmitted in telegram 2228 from London, November 24, and subsequently issued on December 5, see ibid., pages 843–844 (Document 391).

For extensive documentation on Herbert Hoover, Jr.'s efforts to conclude an oil settlement in Iran, see ibid., pages 814–1044 (Documents 376–488).

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332. Letter From the Ambassador to Iran (Henderson) to the Director of the Office of Greek, Turkish, and Iranian Affairs, Bureau of Near Eastern, South Asian, and African Affairs (Richards)[1]

Tehran, October 17, 1953.

Dear Art:

I am enclosing herewith as of possible interest to you, Mr. Stutesman, and other members of the Department, a number of memoranda which I have received in the last few days from various members of the staff. Since these memoranda are self-explanatory I will not comment on them at length. I am not sending them under cover of despatch since I consider that they are too fragmentary to have a place in the permanent files of the Department.

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[1] Source: National Archives, RG 59, Central Files 1950–1954, 788.00/10–1753. Secret; Security Information; Official–Informal. Attachments 3–5 are attached but not printed. See footnotes below.

[*name not declassified*] who is the author of several of these memoranda, is, as you are undoubtedly aware, a most active CAS source. During the turn-over last August he made close contacts with certain military circles, including the Prime Minister and the son of the Prime Minister, and has assiduously exploited those contacts. The Prime Minister's son arranges frequently for [*name not declassified*] to join himself and the Prime Minister at dinner. During these dinner parties many matters are discussed. Usually [*name not declassified*] advises me regarding at least certain passages of these conversations. The fact that he sees the Prime Minister so frequently of course builds up his prestige and causes many Iranian officials to approach him rather than our Armed Forces Attachés and other appropriate members of the Embassy staff.

You will note that Colonel Pakravan, Chief of G–2, who formerly maintained close relations with CAS, has avoided CAS contacts since August 19. It is clear that Colonel Pakravan is hostile to General Zahedi and is unhappy at the shift which brought Zahedi into power. It would appear from the comments which he made to Colonel McNulty that he, like a number of other Army officers who do not feel that they are profiting from [*name not declassified*] close relationship with the Prime Minister, is not pleased at this relationship. I assume that [*name not declassified*] is carrying on his activities under instructions from his superiors in Washington. I am trying so far as is possible to cut down too much free-wheeling. This is not too easy, however.[2]

I have discussed with the Shah the growing strength of Baqai in the Army, but His Majesty does not seem to be particularly concerned. He intimates that he is sure that Baqai and the Army are loyal to him, and so long as they are there is no need to worry regarding their attitude towards the Government. The Shah even remarked to me that it is important that there be some opposition to the Government and it is preferable that that opposition be composed of persons loyal to the Crown. I have tried to impress upon the Shah the fact that it would be unfair for the Prime Minister to be compelled to deal with a General Staff politically active and critical of himself. The Shah however takes a rather smug attitude about the matter.

[2] At the end of this paragraph is a handwritten note by Henderson that reads: "Please take no action with regard to this matter which I prefer to handle here. [*name not declassified*] is [illegible] and has done much useful work." Henderson marked the letter to indicate that the note applied to the concluding sentences of the third paragraph.

I thought you might be interested in Imam Jumeh's conversation with Howison.[3] There is no doubt in my mind that the so-called "pro-Shah" party which the Imam is organizing is not particularly friendly to the Prime Minister. We are not particularly disturbed regarding the warning which Ahmad Aramesh gave to Mr. Howison. There is always a possibility, of course, that some of us might be made victims of terroristic tactics. I believe, however, that Aramesh has talked about this with Howison primarily to establish a closer personal relationship with him.[4]

You of course will recall Mostafa Fateh who has the reputation of being a particularly loyal British agent. He has been extremely critical of the United States in the past. He is one of the Iranians who has repeatedly charged that nationalization of oil would not have taken place without U.S. encouragement.

Sincerely,

Loy W. Henderson

Attachment 1

Tehran, October 12, 1953.

SUBJECT

Meeting with Gen. Batmangelich on October 9, 1953

1. At the request of Chief of Staff Batmangelich, the undersigned visited Batmangelich at his office on 9 October 1953. Deputy Chiefs of Staff Akhavi and Deihimi were also present.

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[3] In a conversation of October 14 with Dr. Sayid Hasan Emami, the Imam Jumeh, Second Secretary of Embassy John M. Howison discussed Jumeh's intention to form a political party which "the Shah approved" but "was not sponsoring." In another conversation that Howison had on the same day with the Imam Jumeh and Mostafa Fateh, formerly of the AIOC, Jumeh commented "that he did not believe Zahedi would ever come to grips with the oil problem. Zahedi was reinforcing rather than destroying nationalistic propaganda in order to cater to public opinion." Both memoranda of conversation are attached.

[4] Howison reported in an attached memorandum to Melbourne, October 15, that Minister of Labor Ahmad Aramesh had told him that "pro-Mosadeq and Tudeh elements were planning a putsch which was tentatively scheduled for October 22. As a build up for this effort they would resort to terrorist methods of which Americans would be primary targets. He had learned that I '*might be one of the people' to be assassinated as a* preface to the uprising. . . . My assumption is that Aramesh was trying either (a) to impress me with his usefulness to me personally in a manner which would imply that closer professional relations between us might be very convenient for me as an individual or (b) to impress me with the seriousness of the putsch allegedly being planned. If the latter was in fact his aim, it was a highly successful tactic."

2. In the course of the meeting, the following observations were made:

A. Batmangelich stated that the Chief of Staff should have full control over martial law in Tehran. Failing that, he should at least have final authority over the right of release of incarcerated persons. The COS said that Military Governor Dadsetan was a junior officer and owed him, Batmangelich, more respect.

B. Batmangelich stated that his relations with Gen. Zahedi are now good but the latter has asked him to relieve Deputy COS Deihimi, who, according to Batmangelich, is a very good officer. The COS said he would not relieve Deihimi until forced to do so.

C. Batmangelich said that the plight of the junior officers and the men is terrible. He said that the Army must not be undermined by the Tudeh Party, and that the U.S. is taking an unnecessary gamble by refusing to use money from the Military Aid program to increase the pay and improve the living conditions of military personnel. He said that Gen. McClure had tried and failed and that Ambassador Henderson should step in to help.

D. Akhavi and Deihimi agreed with the above and said that fighting the Tudeh in the Army is not enough; the U.S. should insist on a united political front between Zahedi and the National Front leaders. Both Akhavi and Deihimi told of former close associations with Baqai. After a discussion between Akhavi and Deihimi, they both said that it was impossible to unite Zahedi with the National Front; therefore, the latter should be split by joining Zahedi with Baqai.

E. Deihimi stated that the only hope for Iran was for a Zahedi–Baqai coalition.

3. As a result of the above statements, the undersigned reached the conclusion that: Baqai's strength in the Army is obviously becoming a serious matter. Deihimi and Akhavi fully control Batmangelich, who seems to feel that his position is strengthened vis-à-vis Zahedi by Baqai support.

[***name not declassified***]

Attachment 2

Tehran, October 14, 1953.

SUBJECT

Baqai Influence in the General Staff, Iranian Army

1. Chief of Staff Nader Batmangelich and his two deputies, Brig.Gens. Akhavi and Deihimi, have engaged in power struggles

against Prime Minister Zahedi, Commanding General of the Gendarmérie Golpyra, and Military Governor Farhat Dadsetan.

2. Maj.Gen. Batmangelich has a reputation for honesty in handling funds but heretofore has not been accused of possessing political acumen. Therefore, CAS has conducted an investigation to determine what influences lie behind Batmangelich and to what extent they control him.

3. It will be recalled that Maj.Gen. Batmangelich displayed cowardice during the night 15–16 August. During that same night and for several days before, Brig.Gen. (then Col.) Akhavi was sick in bed and did not participate in the events of 15–19 August, 1953. Brig.Gen. Deihimi (then Col.) was Chief of Staff of the Kerman Division and did not participate in the events of 15–19 August, 1953.

4. Batmangelich was accepted as Chief of Staff by HIM the Shah upon the nomination of Brig.Gen. Akhavi, who has for years seconded Batmangelich during Batmangelich's Army assignments.

5. Brig.Gen. Akhavi and Maj.Gen. Batmangelich are known to be close friends of Maj.Gen. Arfa; in fact, Akhavi suggested, through two cut-outs, to Gen. Zahedi that Gen. Arfa replace Batmangelich. Batmangelich stated on October 2nd that he considers Maj.Gen. Arfa one of his oldest and dearest friends, but Batmangelich does not know of Gen. Akhavi's attempts to make Gen. Arfa Chief of Staff. The fact that Maj.Gen. Arfa has for years been close to British officials is well known, but it is not believed until further evidence is gathered that either Gen. Akhavi or Gen. Batmangelich are particularly pro-British. However, the influence of Maj.Gen. Arfa upon those two officers seems to be quite strong.

6. Brig.Gen. Deihimi stated to the undersigned on October 2nd that he acted for five years as an official in the Shah's personal intelligence organization. Gen. Deihimi stated that he was a foe of Gen. Razmara's and later, an enemy of the National Front. Gen. Deihimi related that when the National Front, led by Dr. Mossadeq, threatened to become strong enough to oust the Shah, he went to the Shah and asked for imperial authority to split the National Front by weaning Dr. Baqai away from Dr. Mossadeq. Gen. Deihimi stated that the Shah gave him that authority and that subsequently Dr. Baqai did break away from Mossadeq.

7. American sources have reported that Dr. Baqai for years has considered Deihimi one of his closest lieutenants. It is not known to what extent Akhavi was involved in the Baqai group, but on October 2nd Gen. Akhavi stated that he joined privately with Dr. Baqai approximately one year ago in an effort to oppose Dr. Mossadeq and that he has been in touch with Dr. Baqai ever since. The relationship between Gen. Deihimi and Dr. Baqai appears to be much closer than the Ak-

havi–Baqai relationship. Gen. Akhavi has stated that he respects Gen. Deihimi as much as any other officer in the Iranian Army and that he heavily relies upon Gen. Deihimi's judgment.

8. After August 19, 1953, when Gen. Zahedi displaced Dr. Mossadeq, Gen. Akhavi sent Gen. Batmangelich's personal Army plane to Kerman to fly Gen. Deihimi to Tehran. In Tehran Gen. Batmangelich and Gen. Akhavi ousted Acting Deputy Chief of Staff Col. Abbas Farzanegan and replaced him with then Col. Deihimi. The Shah approved.

9. There followed a struggle which continues: the struggle between the Shah and the Prime Minister for control of the armed forces. Maj.Gen. Vossuk, Deputy Minister of National Defense, a Shah man, was ousted by Prime Minister Zahedi from his cabinet. Maj.Gen. Hedayat, whom Gen. Zahedi believes to be his man, was made Minister of National Defense. In the meantime, the Shah ordered Gen. Batmangelich to refer all papers concerning the Army directly to him, rather than going through Gens. Zahedi and Hedayat. This decision by the Shah greatly strengthened the position of the Chief of Staff, who thereby was able to promote officers friendly to him in such a way that Gen. Zahedi was unable to prevent it. It is known that Gens. Batmangelich, Akhavi and Deihimi have ignored Army regulations in promoting their personal friends, with the Shah's approval.

10. The prosecution of the Army officers apparently guilty of treason and of Dr. Mossadeq and his closest advisers has proceeded at what Gen. Zahedi considers to be a snail's pace. Upon five different occasions Gen. Zahedi has sent his son to protest against this slow-down. Gen. Zahedi became convinced that the Chief of Staff and his deputies were deliberately attempting to embarrass the Zahedi government by keeping alive the hopes of those who were still political friends of Dr. Mossadeq and of the Tudeh Party. Upon one occasion Gen. Zahedi threatened to resign. On 13 October he sent his son to the Shah with a demand that the Shah dismiss the Chief of Staff or accept Zahedi's resignation; however, his son did not tell the Shah that Gen. Zahedi desired to resign, in an effort to smooth over this crisis in his father's political career. There now can be no doubt that the failure by the Chief of Staff to execute, or at least to prosecute, those traitors now in his hands continues gravely to embarrass the Zahedi administration.

11. Efforts by the U.S. to keep the Shah and the Prime Minister together have been successful except over the issue of the armed forces. This problem is greatly complicated by the fact that Gen. Batmangelich and his deputies now seem to feel strong enough in the Shah's graces to move out and to attack Zahedi stalwarts. Recently Gen. Batmangelich attempted to replace Col. Malek, Chief of Staff to Maj.Gen. Golpyra, with Brig.Gen. Mirfanderski, Gen. Batmangelich's brother-in-law. For professional reasons, the American Mission to the Iranian Gendarmérie

has strongly opposed that move and has sought CAS intervention. On October 9th Gen. Batmangelich promised CAS that Col. Malek would not be removed from his post. On October 11th CAS learned that Gen. Batmangelich was still attempting to assign his brother-in-law to the Gendarmérie where, as a Brigadier-General, Mirfanderski would greatly strengthen Batmangelich's ability to intervene politically on behalf of Baqai or other Zahedi opponents in the forthcoming elections. This situation is further complicated by the fact that Maj.Gen. Golpyra and Brig.Gen. Mirfanderski are old enemies; in fact, Gen. Zahedi's right hand, Maj.Gen. Hedayat Guilanshah, stated on October 13th that Maj.Gen. Golpyra might be forced to resign unless Gen. Zahedi be able to block the Mirfanderski assignment.

12. Gen. Batmangelich has also attacked another important official. During interviews with Maj.Gen. Dadsetan, Military Governor of Tehran, Gen. Batmangelich has attempted to gain complete control of the Office of Military Governor, an office of great importance in the forthcoming elections. When Gen. Dadsetan refused to buckle under, Gen. Batmangelich asked for Dadsetan's resignation. Gen. Dadsetan refused. Gen. Batmangelich then carried his fight against Dadsetan to the Shah. On October 2nd and 9th, Gen. Batmangelich also solicited CAS assistance in attacking Gen. Dadsetan. With the Gendarmérie and the Office of the Military Governor of Tehran in his hands, the political position of Gen. Batmangelich would be very strong indeed. Of course, the position of Gen. Zahedi might seriously be weakened.

13. From numerous sources and from direct personal observation, CAS is convinced that Gen. Batmangelich is only the creature of Gens. Akhavi and Deihimi. This certainly means that the influence of Dr. Baqai is far greater at the moment than is overtly realized.

14. The ability of the U.S. to do something about this matter is further complicated by the fact that there is a distinct possibility that the Shah is a party to the Baqai–Deihimi scheme. Gen. Deihimi has himself stated that when he was appointed Deputy Chief of Staff, he was told by the Shah to "play politics" with Dr. Baqai on the Shah's behalf. Gen. Zahedi was not told by either the Shah or by Gen. Deihimi of that action.

15. Gen. Zahedi's protest to the Shah on October 13th against Gen. Batmangelich met only a noncommittal answer by the Shah, and the entire problem remains unsolved.

[***name not declassified***]

333. Memorandum From the Second Secretary of Embassy in Iran (Cuomo) to the First Secretary of Embassy in Iran (Melbourne)[1]

Tehran, October 19, 1953.

SUBJECT

Suggested Program for Combatting Communism in Iran

General Considerations

To be effective, any program to combat communism in Iran must be based on the assumption that there is a sincere desire to do so. The events immediately preceding the August 19 uprising, the full-scale attack against the monarchy on the part of the communist organization, leave little doubt that the Shah, at least, is thoroughly aware of the danger and willing to cooperate in such effort.[2] However, there is a constant danger in a country such as Iran that its governments sooner or later come to the conclusion that a little communism is a good thing in international affairs to help pry concessions from the Western powers. Mosadeq played this game and failed, and perhaps the policy is sufficiently discredited for it to remain so for some time to come.

On the assumption that there is a sincere desire at this time to institute and carry through a program designed to keep communism within manageable proportions, it seems logical to suggest that those in charge of such a program be familiar with the nature of the problem—the communist doctrine, its dynamics and its appeal. The education of the Government leadership, not excluding the Shah, might well be a first step. A program of this type in a setting such as Iran will require constant vigilance and prodding from above if it is not to be completely emasculated in administration. Consideration should be given to the strong likelihood that measures will be progressively weakened as action is taken on them by the lower echelons.

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[1] Source: National Archives, RG 59, Central Files 1950–1954, 788.00/10–2153. Secret; Security Information. Drafted by Cuomo. The memorandum is an enclosure to a letter from Henderson to Richards, October 21, which reads in part: "In the past few weeks it seemed advisable to us here to attempt to put down on paper for our private use, and not for general distribution, an outline program for combating Communism in Iran which we could use in our day-to-day operations and in conversations with Iranians in a position to do something about the question. Roy Melbourne suggested to Cuomo, in view of Communism being his field of reporting, that he evolve an outline draft. After some amendment and rewriting, the attached memorandum of October 19 is the result."

[2] See Embassy Despatch No. 155, dated September 11, 1953, entitled "Comment Upon Tudeh Party Prospects." [Footnote is in the original. Despatch 155 from Tehran is ibid., 788.00/9–1153.]

There is a tendency in this country to be unusually lenient towards acquaintances and relatives. Those who are to take action are entirely too prone to regard their acquaintances and relatives as merely "misguided" persons of no real danger. Since nearly everyone is related to everyone else, and it is easy to find "a friend of a friend" we find that although the authorities agree that communists generally are dangerous, individual communists find ready advocates to prove them little black sheep who, if given another chance, will return quickly to the fold. For this reason as well, the Government leadership must be firm in its decisions or any program with the most minute safeguards is doomed to failure.

With regard to economic aid and economic development upon which most Iranian authorities rely for the elimination of communism, the comments appearing in an Embassy despatch may be pertinent:

"On the basis of the available information on the Tudeh Party—or more specifically communism in Iran—the pattern seems to follow the lines of communism in most, if not all, countries still this side of the Iron Curtain. Communism apparently does not spring from poverty. [Although the leadership may come from frustrated middle-class intellectuals, numerically the communist party in Iran is predominately composed of workers.][3] The greatest incidence of communism seems to be found among city, *employed* workers, not among the unemployed, and usually among the highest paid, literate workers. If relationship there is between communism and poverty and communism and unemployment it is a highly indirect one, and it would appear to be dangerous to assume that the mere elimination of poverty would cause its disappearance. That might and probably would occur in the long run, but in the early stages of raising the standard of living it is not inconceivable that the communist potential would rise perhaps in greater proportion than the rise in living standards.

"There is no doubt that an attempt must be made to improve the economic condition of the masses of Iran for humanitarian, if for no other reason, yet the danger involved might be constantly borne in mind until those masses have gained such substantive advantages as to give them a vested interest in the then existing social and economic order. Until that time they will probably be increasingly vulnerable to the communist organization and its methods.

"Any program designed to eliminate communism in Iran might well be one based on long-range methods, on the frank assumption that there is probably no panacea to cause its disappearance in the immediate future. The middle-class intellectuals who provide the leadership

[3] Brackets are in the original.

could be the first target and consideration might be given to the necessity of suppression for some time to come on the same principle that a broken leg is placed in a cast to prevent harmful movement until the fracture has been healthily rejoined. The notion that communism feeds on suppression may be accepted to be communist inspired. The documents of communist parties abound in revealing their fears of firm police action and above all of illegality."[4]

The Judiciary

There is a law promulgated by Reza Shah which makes the advocacy of communism a criminal offense. This law is still in force and could easily be made into a spearhead of an anti-communist program.[5] Arrangements could be made to have the law interpreted so as to render culpable "front" groups, as well as the underground communist party itself. If in prosecution the law is found to be weak, corrections could be made—if necessary even through legislation.

In countries under the shadow of the Soviet Union, tolerance of a communist party can be suicidal. It is elementary that communist parties or communist controlled parties be prohibited by law. Unfortunately this fact has been understood in the United States only during recent years. When governments of the countries of Eastern Europe before the second World War tried to save themselves by outlawing communist parties, they were almost unanimously condemned by the United States public press as "fascist." Similarly after the war, public sentiment in the United States appeared to favor tolerance of communist parties in Eastern Europe, China, etc. Fortunately the western world is becoming enlightened in this respect. For this reason an anti-communist law, properly worded, is essential. Consideration might be given to the possibility of passing a new law rather than dependence on the present one. A new law might contain certain provisions which would make it more effective than existing legislation and, more important, it should not include provisions relating to agitation against the monarchial form of government, etc. These provisions could remain in existing legislation.

Security Measures

A centralized agency should be formed to deal solely and exclusively with this problem. As it is now there are several agencies dealing with it, at times at cross purposes—the G–2, the Shah's office, the police

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[4] Embassy Despatch 132, August 31, 1953, entitled "Estimate of Tudeh Party Numerical Strength", pp. 5–6. [Footnote is in the original. Despatch 132 from Tehran is in National Archives, RG 59, Central Files 1950–1954, 788.00/8–3153.]

[5] Text of law attached. [Footnote is in the original. Not printed.]

and even the Prime Minister's office. When everyone is responsible, it is certain no one is responsible.

The centralized agency should maintain a centralized file containing all pertinent information. If necessary, technical assistance might be given in this regard. A security clearance program could be instituted in connection with present employees and workers, as well as applicants. This program need not be complex, given the lack of effective administrative control in the government bureaucracy, but the minimum of a check against this file would produce adequate results.

Until the central file has been set up, the individual Ministers and chiefs of other organizations may have to be prodded into taking action on whatever information is now in the possession of the various security agencies. This information is sufficient to hunt out the most flagrant offenders. In this connection select committees in each government agency might be formed to draw up lists and see to it that action is taken on them.

Labor

This is a very sensitive field and should be given the highest consideration. In view of communist penetration of most labor organizations suppression of such organizations might for the moment be the only solution, but steps should be taken without delay to employ other means. An attempt might be made to establish a national union, perhaps encouraged by pro-Western elements, but definitely not government-sponsored. It would seem in the early stages that the union leadership will require financial support, and arrangements could be made to obtain a success or two in the union's demands in order to gain the confidence of the rank-and-file, and to gain adherents. The union could carry the fight into the communist camp without, however, neglecting true union objectives.

Given communist methods in the field of labor and the head start the communists now have among organized labor in Iran, there seems to be no other way of diverting the small existing labor movement away from the communist groove except through some "encouraged" organization. There is no guaranty of success in such a delicate operation. It would seem dangerous, however, to let labor continue to drift in a northerly direction.[6]

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[6] Embassy Despatch No. 145, dated August 19, 1952, entitled, "Case for Interference in Labor Affairs in Iran." [Footnote is in the original. Despatch 145 is in National Archives, RG 59, Central Files 1950–1954, 888.062/8–1952.]

The Intellectuals

The intellectuals of Iran are few and most of them are either in the Government service and in the educational system or in some way connected with that system. Communism as such has never been openly a subject of study. It has been in fact a surreptitious study, giving it thereby an attraction far greater than it intrinsically possesses. If brought out into the open, it would be a relatively simple matter to expose its fundamentally fallacious premises, illogical deductions, and at times ludicrous conclusions. There need not be single courses in Marxism if that is thought inadvisable. The desired material could be inserted in economics, philosophy and political science courses on a comparative basis or wherever it is determined to be most effective after consultation with appropriate educationalists. In this connection there should be made available in translation studies on this subject, as cheaply as possible and for the widest possible distribution. These might include the works of Max Eastman, Bertrand Russell, Benedetto Croce, Arthur Koestler. The possibilities of inserting pro-democratic material in these courses correspondingly should be encouraged.

Other minor programs could be found in the field of education to demonstrate the fallacy of communist doctrines. One such has been suggested by the Imam Jumeh of Tehran, who would encourage short story and fable writing slanted to prove the absurdity of these doctrines or in some way to leave a pro-democratic impression upon the readers.

The Clergy

The Shi'a clergy have proven inept in the past in dealing with this problem. Therefore, any program intending to utilize the Shi'a clergy or the Moslem religion would have to be cautious. It might be possible to have leading clergymen give effective sermons, particularly on religious holidays or during the months of Moharram and Ramazan. Such sermons would have to be carefully worded, however, to avoid the appearance of political haranguing. Among certain elements of the country the opinion is making headway that the temporal and spiritual spheres should be kept separate and distinct. Thus, strenuous political action by the clergy could run the risk of having the opposite effect from that desired, particularly among the religious minorities of the country which constitute the most vulnerable sectors of the population.

A Word of Caution

Whereas firm, direct methods are necessary, they should not take such a form as to arouse sympathy for their victims. While application of power frequently obtains results in Iran, care should be taken in using it not to arouse the strong Iranian tendency to sympathize with the underdog. Pro-communists, as contrasted with known communist activists and leaders, who are removed from the state bureaucracy, for

example, could be given whatever may be their due on the basis of existing regulations with regard to pension and terminal pay. Persons proved to be leaders of the communist conspiracy, however, should be recognized as dangerous, virtually incurable criminals, and should be treated as such within the framework of law. The number in this latter category may not be found to be too numerous and, the example of treatment to them, coupled with stern treatment to Tudeh smallfry who may be arrested for selling newspapers or creating street disturbances, would act as a very strong deterrent to any spread of the Tudeh organization.

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334. Memorandum From the Deputy Chief of the Near East and Africa Division, Directorate of Plans ([*name not declassified*]) to the Deputy Director for Plans, Central Intelligence Agency (Wisner)[1]

Washington, October 20, 1953.

SUBJECT

Termination of the [*less than 1 line not declassified*] phase of TPAJAX

I have discussed this matter with Mr. Roosevelt. He feels it should be discussed as casually as possible and at the operating level. He suggests I be designated to take it up with [*name not declassified*] here and does not believe it advisable to call in either RS of the British Embassy or any State Department official. He proposes I take the following line with [*name not declassified*]. Raising the subject of the [*less than 1 line not declassified*] I should state that we do feel that the period of [*less than 1 line not declassified*] operation has come to an end and we don't want the [*name not declassified*], or for that matter any other agent, to speak on our behalf. As [*name not declassified*] is well aware, Mr. Roosevelt so informed both the Shah and Gen. Zahedi. We should therefore now revert to the type of relationship which existed prior to the initiation of TPAJAX with this one change however; to wit that so long as the British have no official representation in Tehran we will continue to pass on to

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[1] Source: Central Intelligence Agency, DDO Files, Job 80–01701R, Box 3, Folder 10, TPAJAX. Secret; Security Information.

[*name not declassified*] operational information which in our opinion appears to have a bearing on the future of TPAJAX.[2]

[*name not declassified*][3]

[2] In the left margin next to this sentence is a typed note by Wisner that reads: "'Okay' FGW."

[3] Printed from a copy that bears [*name not declassified*] typed signature and an indication that he signed the original. At the end of the memorandum is a typed note that reads: "This moderate–medium level *initial* approach was discussed with and approved by the DCI—and [*name not declassified*] should proceed. FGW 21 October 1953." Another note reads: "Original returned to [*name not declassified*] on 21 October 1953 with FGW's notes in his own handwriting instructing [*name not declassified*] to proceed with above."

335. Letter From the Ambassador to Iran (Henderson) to the Director of the Office of Greek, Turkish, and Iranian Affairs, Bureau of Near Eastern, South Asian, and African Affairs (Richards)[1]

Tehran, October 20, 1953.

Dear Art:

Attached hereto is a memorandum prepared by [*name not declassified*] which is almost self-explanatory. General Batmanqilich seems to be dominated by his two deputies, Generals Deihimi and Akhavi, who owe allegiance to Dr. Baqai and who owe their present positions to the support of the Shah. General Batmanqilich, in my opinion, means well but he is politically an infant and fears what might happen to him if Baqai and Baqai's friends should turn against him.

I met Batmanqilich on the evening of October 17 at a reception and had a frank talk with him. I told him that [*name not declassified*] had described to me the conversation which [*name not declassified*] had had with Baqai, as arranged by Batmanqilich. Batmanqilich said that he was glad that [*name not declassified*] had seen Baqai. Baqai was probably the greatest man in Iran and it was important that the American Embassy should work with him. I said that Baqai had been arguing publicly for

[1] Source: National Archives, RG 59, Central Files 1950–1954, 788.00/11–5053. Secret; Security Information; Official–Informal.

an oilless economy and had advocated such an economy in his conversation with [*name not declassified*]. If Baqai intended to oppose a solution to the oil problem and the exploitation by Iran of its oil, he was in my opinion one of the most dangerous enemies of Iran. Iran could not afford to have dangerous internal enemies at the present time and if Batmanqilich was following a policy of strengthening and collaborating with an Iranian who favored an "oilless economy" he was doing his country great disservice. An oilless economy would mean the doom of Iran.

Batmanqilich was somewhat taken aback. He asked if I could not arrange to meet him, General Deihimi and Baqai secretly. I said the American Ambassador met no one surreptitiously. If Baqai would care to call on me I would be glad to meet him. If Baqai would like to invite me to his house I would go there. There would, however, be nothing secret about such a meeting. The General asked if I would be willing to speak to the Shah about the matter. He was afraid to arrange for me to meet Baqai without the consent of the Shah. I said I would be glad to discuss the whole matter with the Shah.

It is my intention when I next see the Shah to talk with him frankly about the situation in General Staff. I have already touched on the matter during previous conversations with the Shah, who on each occasion changed the subject. During my last talk with the Shah on October 14, I mentioned the danger to the country from the direction of Baqai. The Shah minimized this danger. He said that an opposition was a good thing and in his opinion it was better for Baqai, who was loyal to the regime, to be leader of an opposition than someone who was opposed to the regime. It was clear that the Shah in referring to the regime meant himself. It would seem that the Shah is endeavoring to placate Baqai at a time when Baqai is undermining Zahedi.

The Shah did make the concession in talking with me that it might be a good thing to send Baqai out of the country for a time. He thought Baqai might be a good man to serve as a contact with Iranian students in Europe and America. Baqai was a learned man and could probably be useful in convincing Iranian youth abroad that the Iranian Government was after all progressive. When I suggested to the Shah that Baqai's particular type of "socialism" might not be a good thing with which to infect the students, the Shah reminded me that he personally thought that socialism might be good for Iran. He repeated that he was rather sympathetic to socialism and in his opinion the future of Iran lay in a marriage between socialism and capitalism.

I have been so busy during the last week with the Congressmen and am at present so much occupied with Mr. Hoover that I fear that I am unable to keep the Department currently informed to the extent

that I would like of political developments here.[2] I may say that I am not happy with the situation, which seems to be gradually deteriorating. I hope that the Shah and Zahedi will have come to a better working arrangement during their trip to Isfahan. They are returning this morning.

Sincerely,

Loy

Attachment

Tehran, October 19, 1953.

SUBJECT

Conversation with Dr. Mozaffar Baqai

1. This conversation was held during the night of October 16, 1953, at the request of Chief of Staff Maj. Gen. Batmangelich. While talking with the undersigned between 1600 and 1800 hours on October 16th, Gen. Batmangelich insisted that the undersigned meet with Dr. Baqai. Gen. Batmangelich repeated several times that Iran should have two top men: Zahedi and Baqai. Undersigned accepted Gen. Batmangelich's invitation to meet Dr. Baqai.

2. At 2100 hours undersigned met with Dr. Baqai and Brig. Gen. Deihimi in the latter's home; Dr. F. Taylor Gurney of the Embassy interpreted.

3. The undersigned asked Dr. Baqai what he thought of the present situation. Dr. Baqai replied that in his opinion the situation is not good. He severely criticized the Zahedi Cabinet, saying that Gen. Zahedi had retained several members of the old Razmara Cabinet: Dr. Jehan Shah Saleh, Maj. Gen. Hedayat, Hekmat, and Eng. Sharif Emami. Dr. Baqai also severely criticized the appointment of Dolatabadi and Amidi-Nuri as assistants to the Prime Minister.

4. Dr. Baqai charged that only "poor" members of the Tudeh Party were being arrested, while those with influence and money were not. Dr. Baqai said that no real effort was being made to arrest the real leaders of the Tudeh Party and that among those arrested who were important Tudeh members, Lankarani, Noruzi, and Hormoz had immediately been released. Dr. Baqai said that the same thing occurred under Dr. Mossadeq. He said, "When we saw that and also the way

[2] See Document 331.

Mossadeq was helping the Tudehs secretly, we worked for his overthrow—to get him out and to get Zahedi in."

5. Dr. Baqai severely criticized the opening of the Senate and said that he had not been consulted in advance concerning that event.

6. When asked about his opinion concerning the possibility of achieving an oil settlement, Dr. Baqai launched on a long dissertation about the possibility of achieving an oilless economy. He said that Iran had never really enjoyed any oil profits. He said that those profits which were intended for use by the Seven Year Plan Organization had been dissipated by quarreling between the British and Americans. Undersigned asked Dr. Baqai to expatiate upon that statement but Dr. Baqai changed the subject. Dr. Baqai expressed the opinion that Dr. Mossadeq had always used the oil question as a means of silencing his opponents, who were constantly told that they must remain silent because a settlement was imminent. He said that he did not propose to remain silent any longer, although it was perfectly true that Zahedi could force an oil settlement on Iran should he desire to do so. Undersigned then asked Dr. Baqai if he believed an oil settlement to be important to the future of the country, and Dr. Baqai replied that he did not necessarily believe it was. He then praised the economic assistance that the United States had given Iran, and said that because of that policy, the prestige of the U.S. had been very high. Dr. Baqai was asked if he realized that the present administration in the U.S. had been elected on a platform of balancing the budget, reducing the national debt, and cutting costs wherever possible. In the same line of questioning, Dr. Baqai was asked if he believed an oilless economy were possible if the American government found it necessary to reduce in FY 1954 economic assistance to Iran. Dr. Baqai then answered by saying that he did not know if an oilless economy were possible without American economic assistance but that he was certain that if the Zahedi administration continued to blunder as it was now doing, the country would be ruined anyhow. Dr. Baqai stated that he had appointed a small commission to study the oil question on behalf of the Toilers' Party and that he would print the results of that study when it was completed. He said that he would support "an honorable oil settlement based upon the nine points of the Nationalization Law."

7. Dr. Baqai stated that he was identified with the Zahedi government whether he liked it or not, but that he would criticize that government whenever he felt it necessary. When asked if he were a supporter of the Zahedi administration or an opponent of it, Dr. Baqai replied that he found himself in a dilemma: he had helped bring the Zahedi government to power and was politically identified with it, but he felt Zahedi's gang would ruin the government if it continued in the way that it has started. He made it clear that he was neither identifying

himself with the Zahedi government nor with the opponents of that government. He was then asked if he would accept a proposal to join the Hassibi, Sangabi, Zirakzadeh group now working against Zahedi. Dr. Baqai replied that those men were traitors and that he would never join them. He was then asked if he would join Makki against Zahedi and he skirted that question.

8. Dr. Baqai made it clear that he did not identify his political future with the present group surrounding Gen. Zahedi but that he was still open to a move from Zahedi designed to bring him into closer working relationship with the Prime Minister.

9. *Conclusions by Undersigned*

A. Dr. Baqai's political future can quickly be ended by the prosecution of the Afshartus affair.[3] The Military Governor of Tehran, Maj. Gen. Dadsetan, stated on October 18th that he had proof certain that Dr. Baqai was directly implicated in the murder of the former Police Chief. That fact means that in order to be safe, Dr. Baqai and his men must control the General Staff, the Police Department, and the Office of the Military Governor. During the last two weeks Dr. Baqai's men have been attempting to capture those positions or to neutralize them. Gen. Zahedi's hands are momentarily tied in this matter because he has decided to free all of the military officers who plotted against the life of Afshartus and who executed him. At the moment, therefore, Dr. Baqai may with impunity criticize the Zahedi administration. As an insurance measure, however, his men continue to attempt to capture the posts mentioned above.

B. Involved also in this whole business is the fact that Gens. Deihimi and Akhavi meet Maj. Gen. Arfa every Thursday night in Gen. Arfa's home. Maj. Gen. Guilanshah is of the opinion that Gens. Akhavi and Deihimi are closer to Gen. Arfa than to Dr. Baqai. CAS did not necessarily agree with that estimate but, nevertheless, the hand of the British may very well be a part of this particular problem.

C. Dr. Baqai's friends in the General Staff continue to insist that the U.S. urge Gen. Zahedi to make Dr. Baqai his right-hand.

D. There can be little doubt that HIM the Shah is perfectly aware of Dr. Baqai's influence with the Army. Whether or not the Shah desires that Dr. Baqai become the leader of Zahedi's political opposition is not clear at the moment.

E. CAS will know on Wednesday, October 21st, whether or not Dr. Baqai accepts Makki's offer to join him against Zahedi.

[*name not declassified*]

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[3] On the Afshartus affair, see footnotes 2 and 3, Document 196.

336. Information Report Prepared in the Central Intelligence Agency[1]

CS–22878 Washington, October 20, 1953.

SUBJECT

1. Pledges made by Qashqai Khans to Zahedi Government
2. Intention of Government to Demand Capitulation of Qashqai Khans

SOURCE

[*3 lines not declassified*]

1. The Qashqai Khans and the chiefs of all the individual Qashqai sub-tribes met with Ali Hayat, Zahedi Government representative and the Governor of Fars, and with General Mir-Jahangir (fnu), Commander of the Shiraz Garrison, at Shiraz on the evening of 14 October 1953.

2. At the meeting, the Tribal Council members pledged unanimously that their tribes would not attack Shiraz, and stated that the Qashqais had no hostile intentions of any kind. The Council also proposed to continue an orderly tribal migration to winter quarters.

3. Nasr Khan Qashqai rejected a proposal made ten days ago by Hayat that Nasr Khan go to Tehran and pledge his loyalty to the Shah. (Nasr Khan, suspecting a plot against his life, does not trust the Shah.)

4. The Qashqais are rejecting Tudeh Party overtures for an anti-Zahedi coalition.[2]

5. The reported refusal of Nasr Khan Qashqai to come to Tehran to see the Shah and Prime Minister Zahedi has precipitated a decision by the Zahedi Government, as of 15 October 1953, to force the Qashqai leaders to capitulate or flee.

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[1] Source: Central Intelligence Agency, DDI Files, Job 80–00810A, Box 26, Folder 87, CS Information Reports 22870–22879. Secret; Security Information; Control—U.S. Officials Only.

[2] *Washington Comment:* According to a report from a well-qualified source [*less than 1 line not declassified*] date of information 28 September 1953, two Tudeh Party spokesmen visited Nasr Khan on approximately 9 September 1953 to propose a Tudeh–Qashqai armed coalition. Nasr Khan declined, stating that he would fight for Mossadeq but not for communism or the Tudeh Party. See CS–21404. For further information concerning liaison between the Qashqais and the Tudeh Party, see CS–21346. [Footnote is in the original. CS–21404 is ibid., Box 25, Folder 51, CS Information Reports 21400–21409. CS–21346 is ibid., Folder 45, CS Information Reports 21340–21349.]

6. Major General Seyfollah Hemat,[3] an old enemy of the Qashqais, has been designated Commanding General of the Shiraz military forces. He is to confer with Zahedi on 17 October.

7. Zahedi intends to reinforce the Shiraz Garrison to a total strength of 40,000. Small groups from four southern divisions are now being moved into Shiraz.

8. Ten Thunderbolt planes are ready to be flown, except for batteries. Zahedi requested the United States Army Mission in Tehran to query Dhahran for batteries. Approximately 13 Hurricanes are immobilized because of a lack of propellers. Zahedi sent priority orders to the Hawker Company in England for 13 propellers and asked the United States Embassy in Tehran to help expedite their shipment.

9. Zahedi led a discussion on the evening of 14 October 1953 among Generals Abdullah Hedayat, Nadr Batmangelich, Hedayatollah Guilanshah, Dadsetan (fnu), Bakhtiar (fnu),[4] Reza Azimi, Morteza Akhavi, and Deihimi (fnu). Zahedi "laid down" the strategy while the Generals listened. Zahedi plans to take heights surrounding the Qashqais' southern location and to demand their capitulation. He does not expect the Qashqais to fight.

10. Two important Qashqai sub-tribal leaders who are now in Tehran told Zahedi that they will lead opposition within the Qashqais against Nasr Khan Qashqai if Zahedi will promise to furnish the Shiraz Garrison with forces capable of overwhelming the Qashqais. On 14 October Zahedi gave his promise to furnish the forces.

11. Zahedi is quite calm concerning this situation, and he does not anticipate a shooting conflict.

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[3] *Washington Comment:* According to a report from a well-qualified but prejudiced source (F–3) date of information February 1952, influential individuals were collaborating under the direction of General Seyfollah Hemat, Sixth Divisional Commander in Fars from 1944 to 1947 and later attached to this Division as its tribal expert, to weaken the political influence of the Qashqais and to strengthen the position of the Shah. See SO–82200. According to a report to another Government agency, Hemat retired from the Army in April 1953, at his own request. For further information on Hemat's tribal activities, see SO's–90925, –92656, –92783, and –94689. [Footnote is in the original. SOs–82200, –90925, –92656, –92783, and –94689 were not found.]

[4] *Washington Comment:* Probably Brigadier Bakhtiar (fnu), who was named Commander of the Tehran Armored Division by the Shah on 29 September 1953. [Footnote is in the original.]

337. Memorandum by the Chief of the Near East and Africa Division, Directorate of Plans, Central Intelligence Agency (Roosevelt)[1]

Washington, October 22, 1953.

The following information from Tehran, Iran dated 16 October 1953, is evaluated at 2 (referring to reportorial accuracy). Source of this information is an Iranian with wide political contacts (C). Subject of the information is "Baghai's Dissatisfaction with Zahedi Government".

1. Dr. Mozaffar Baghai, head of the Toilers Party, stated on 16 October that he was very dissatisfied with the Zahedi government because of:

A. Razmara Cabinet hangovers—Dr. Jehanshah Salah, Ali Asghar Hekmat, Abdollah Hedayat, Sharif Emami (now out).
B. Release by government of high Tudeh leaders like Ahmad Lankarani, Daud Noruzi, and Mahmud Hormuz, and arrest of many innocent "little people".
C. Opening of the Senate.

2. Baghai charged that Military Government officers were accepting bribes for the release of Tudeh leaders. "If this continues", Baghai said, "we are not going to be able to continue to support Zahedi".

3. Baghai said that he believed that Iran had never profited from oil and could live on "oilless economy". He said that he would support "an honorable settlement based on nine points of nationalization law". Baghai said that he had appointed a commission to study the oil question and plans to print their report in his newspaper *Shahed*.

4. Baghai said that Mossadeq used the oil question to silence his opponents and hopes that Zahedi would not do the same. He said that Zahedi could force an oil settlement on the people but that, if Zahedi did so, the people would repudiate the agreement.

5. Baghai is seriously thinking of an open break with Zahedi and said that, if the government continued its mistakes, the country would be ruined.

[1] Source: Central Intelligence Agency, DDO Files, Job 80–01701R, Box 3, Folder 12, Misc. Correspondence—TPAJAX. Secret.

338. Memorandum From the Deputy Director for Plans (Wisner) to Director of Central Intelligence Dulles[1]

Washington, October 27, 1953.

SUBJECT

Iran; the present situation and the significance of an increased program of military assistance

1. Attached hereto is a memorandum dated 27 October which has been prepared by the NE Division as the result of your request, made orally at a recent morning staff meeting,[2] for a draft paper which would be suitable for circulation to the Department of State, the Department of Defense and possibly the JCS. It was your thought in requesting the preparation of this paper that at some risk of having it appear that CIA is involving itself in matters beyond the scope of its responsibilities as an intelligence agency, you wished to point up the fact that despite the coup in Iran and the removal of Mossadegh, the situation there is still fraught with dangers and we cannot afford to divert our attention from the very serious problems confronting the regime. I believe that I recall your having suggested that we prepare the paper in the form of a brief summary of the present situation and recent developments, to be followed by certain suggested courses of action, including a program of military assistance. The military assistance program which you visualized was a relatively moderate one—not calculated to put the Iranian military forces on a footing to defend themselves against substantial Soviet military aggression, but enough to provide all the strength necessary to insure internal security and stability as well as to provide a very respectable frontier guard force.

2. Since I am not sure that the attached draft is exactly what you had in mind, I believe that it would be helpful to the Division to have your further comments and suggestions in attempting a redraft.

Frank G. Wisner

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[1] Source: Central Intelligence Agency, DDO Files, Job 79–01228A, Box 11, Folder 14, Iran 1951–1953. Secret; Security Information.

[2] An apparent reference to the Deputies' meeting of October 23. At this meeting, DCI Dulles "indicated he had discussed the Iranian Army question with Admiral Radford and that the latter had agreed that we should encourage such a program. General Cabell suggested that the U.S. Army should be brought in on this and Mr. Wisner undertook to follow up." (Ibid., Office of the Director of Intelligence, Job 80B01676R, Box 23, Folder 14, Minutes of Deputies' Meetings)

Attachment

Washington, October 27, 1953.

SUBJECT

Effects of Proposed Increase of Military Aid to Iran

1. It is the view of this Division that United States military assistance to Iran on a scale designed to build the Iranian Armed Forces into an effective defense force would have decisive influence in consolidating Iran's position on the side of the free nations. The Zahedi Government appears fairly well entrenched at this time, but already it is beginning to be faced with problems similar to those which undermined the Razmara regime three years ago and which led to the advent to power of Mossadeq and the extreme nationalists and to the concomitant upsurge of Tudeh influence.

2. We believe that an expanded military aid program would be likely to have the following effects:

a. Immediately and on a long-term basis increase the prestige and influence of the Shah, who we consider to be the most effective instrument for maintaining and strengthening Iran's orientation toward the West. The principal source of the Shah's power is the Army. We believe, therefore, that any strengthening of the Army will directly contribute to the strengthening of Iran's Western orientation.

b. Immediately strengthen the prestige of the Zahedi Government, thus allowing it more opportunity to concentrate on basic social reforms and economic programs. Present leaders in the government are now prepared to commit themselves to a pro-Western alignment and to undertake a positive program of social reform and economic development. However, because of the seriousness of the problems confronting them and of their lack of experience, they are having great difficulty in formulating and initiating a positive course of action. It is our view that a military aid program would act as a catalyst and induce a program of development in Iran far transcending the military sphere.

c. Have a profound psychological effect on the nation as a whole by demonstrating United States confidence in Iran's ability to play an active role, similar to that of Turkey, in military defense against Soviet imperialism. It would so bolster the morale of the people, the government and the army that under its impact Iran might well develop into an asset, rather than remain a liability, in the cold war.

3. The manner in which a military assistance program is negotiated with Iran will have a very important effect on its value to the United States. We are convinced that for the United States to obtain full benefit

from such a program it must appear to the Iranian nation that the Shah has been primarily responsible for its successful negotiation. This will cement the loyalty of the strengthened Army, as well as the loyalty of the nation as a whole, to the one element in Iran (namely the Shah) that we feel is unequivocally committed to the West.

Kermit Roosevelt[3]
Chief
Division of Near East and Africa

[3] [*name not declassified*] signed for Roosevelt above Roosevelt's typed signature.

339. Memorandum From the Near East and Africa Division, Directorate of Plans to Director of Central Intelligence Dulles[1]

Washington, October 29, 1953.

SUBJECT

Certain Aspects of the Present Situation in Iran Which Appear to Require Further Attention by the United States Government; the Significance and Value of an Appropriate Program of Military Assistance

1. While the coup of 16/19 August which restored the Shah to effective power may now definitely be considered as a success, there are indications nevertheless that the position of the Shah and of his government is by no means secure. The Zahedi cabinet which was riding high at the time of the announcement of American economic aid is currently hitting a squall of opposition engendered by disgruntled power seekers (such as Mullah Kashani), Mossadeq supporters including the Tudeh (who are making a desperate and possibly successful effort to maintain their organization in being), and an increasingly larger segment of Bazaar merchants (whose business prospects seem to be threatened by Zahedi's "reforms").

2. This opposition is making political capital of:

[1] Source: Central Intelligence Agency, DDO Files, Job 79–01228A, Box 11, Folder 14, Iran 1951–1953. Secret; Security Information. There is no drafting information on the memorandum, only the indication that it came from the Near East and Africa Division.

a. The government's tardiness and apparent hesitancy in prosecuting Mossadeq and other nationalists or Tudeh leaders.

b. The government's difficulty in using U.S. grant aid (problem of converting dollars into rials) and the lack of progress in dealing with economic problems.

c. The uncertainty over the outcome of the oil controversy.

3. In the opinion of CIA local observers, however, none of these problems seem insurmountable:

a. Through U.S. advice and good offices, the Iranian government is being encouraged in taking a firm stand against the opposition and is conducting an intensive drive against the Tudeh.

b. Point IV reported on 13 October that the Iranian treasury problem was being partially solved by an accounting procedure which permits the printing of additional rial currency backed by American dollars.

c. Finally, a well-conducted and subtle propaganda campaign is underway preparing the ground for an attempted settlement of the oil controversy; while at the same time the Hoover mission appears to be making steady headway.

4. These same observers, however, stress that, despite the seriousness of Iran's economic condition, Iran's problems today as yesterday are primarily political and psychological. No solution of Iran's economic or financial difficulties and no solution of the oil controversy, however favorable to Iran, can have any character of permanency or guarantee Iran's alignment with the West unless the political and psychological aspects of the problem are resolved in a manner favorable to our position and interests. They believe that, despite the present Shah's well-known weaknesses, the most effective instrument for maintaining Iran's orientation toward the West over the longer pull is the monarchy. Although the Shah feels that at this time it would be dangerous for him to enter into any formal alliance with the West, the fact remains that the Pahlavis have everything to gain by a close understanding with the West, and everything to lose by going toward Russia, or even by attempting to remain neutral. These observers point out that Reza Shah came to power with the Army and the support of the West, and that the present Shah regained power last August with the aid of Army and with the support of the West. They concluded that in order to consolidate the present regime and render possible a solution of Iran's problems it is essential to fortify the crown in its only real source of power, i.e., the Army. While this in our opinion will not necessarily lead to a permanent solution of the Iranian problem, it should stabilize the Iranian situation in our favor for some time and thus give the U.S. the opportunity to reassess its policy in the area.

5. We understand that a new U.S. military assistance program to Iran is under consideration. It is our view that to be effective such a program should have as its objective the development of the Iranian Army

into a force which, under the leadership of the Shah, can unquestionably dominate the internal situation so as to leave no doubt as to its ability to prevent civil disorder and preserve order and security; and at the same time act as a defensive screen for Iran's northern frontier. It is not suggested that an attempt should be made to build up the military strength of Iran to the degree which would be necessary to provide the capability of resisting overt military aggression. There should however be sufficient military capacity over and above that required for the maintenance of internal order to provide a border control force capable of dealing with irregular and covert forms of violation of Iran's territorial integrity.

6. The *manner* in which this military assistance program is negotiated with Iran will have a very important effect on its value to the United States. We are convinced that for the United States to obtain full benefit from such a program it must appear to the Iranian nation that the Shah has been primarily responsible for its successful negotiation. This will cement the loyalty of the strengthened Army to the one element in Iran (namely the Shah) that we feel is unequivocally committed to the West.

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340. Telegram From the Embassy in Iran to the Department of State[1]

Tehran, October 30, 1953, 1 p.m.

1004. During talk which I had with Shah October 27, he told me he would be grateful if I would request members Embassy staff Tehran refrain from political discussions with officers Iranian armed forces. He anxious these officers not become accustomed discuss political matters. I told him I would make request but would not be frank if I did not point out Iranian Army officers frequently approached not only members Embassy staff but myself to discuss political matters. For instance, Batmangilich, Chief Staff, few days ago had urged me have talk with Baqai, for whom he expressed greatest admiration, and even offered make appointment for me with Baqai. I said Chief Staff and his two deputies on various occasions had tried persuade members American representation Iran that Baqai one of great men of country who

[1] Source: National Archives, RG 59, Central Files 1950–1954, 788.00/10–3053. Secret; Security Information. Repeated to London. Received at 9:34 a.m.

should have American support. It was being stated in army circles that Shah himself had given orders for these officers to maintain contact with Baqai.

2. Shah seemed somewhat embarrassed. He said true several years ago he had used General Deihimi, one of Deputy Chiefs Staff, as contact man with Baqai but was not doing so now. Deihimi seemed to have become infected with urge engage in political intrigues. It might be necessary transfer him other duties. He had on preceding day given strict instructions officers Iranian Security Forces to cease engaging in political activities any kind. He hoped that Americans would cooperate so that they would not allow themselves be drawn into political discussions with Iranian officers; he did not distrust Americans on my staff, but feared if Iranian Army officers should form habit discussing political matters with them they might be tempted enter similar discussions with other foreign officials, including in certain circumstances even those of Iron Curtain countries. I again promised convey his request to American officials in Iran and expressed hope his officers would carry out his instructions.

3. Last evening at Turkish reception, Generals Batmangilich and Deihimi approached me. They referred to conversation which at suggestion Batmangilich I had had with Baqai on October 24 and asked if it had been helpful.[2] I replied it had been interesting but I not sure it had served useful purpose. Batmangilich asked if he could not arrange another conversation. I replied it might be preferable for Baqai and me arrange our meetings direct. Deihimi said "we are afraid that unless we help in this matter you will not see Baqai again and that you will drift apart". I made vague reply and changed conversation to generalities.

4. At same reception General Farzanegan, Acting Minister Posts and Telegraphs, told me that earlier in evening at request Batmangilich he had discussed Iranian political situation with latter and his two deputies Deihimi and Akhavi. Three had tried enlist his support in prevailing on Zahedi agree to appointment Deihimi as military governor Tehran in place of Dadsetan. They had charged Dadsetan inefficient and corrupt. They also had told him they knew there were rumors that they were cooperating with Baqai but these rumors totally untrue.

5. Purpose this telegram illustrate kind of political intrigues taking place in Iran and participation in them officers Iranian armed forces. Dozen incidents similar those cited herein could be advanced. Difficult ascertain role played by Shah. It seems quite clear it not entirely innocent one. His desire that American officials refrain from having political conversations with Iranian officers may arise more from concern

[2] An apparent reference to the conversation between Baqai and Henderson on October 23. See the attachment to Document 341.

lest we learn too much re his machinations than from wish keep his officers out of politics. If they actually ordered his officers not to engage in political activities my experiences of last evening indicate they not too deeply impressed.

Henderson

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341. Despatch From the Embassy in Iran to the Department of State[1]

No. 245 Tehran, October 30, 1953.

SUBJECT

Official Conversation With Dr. Mozaffar Baqai

There is enclosed for the Department's information a memorandum of conversation which I had recently with Dr. Mozaffar Baqai who has been the leading open critic of the Zahedi Government. While the memorandum of conversation is self-explanatory, my purposes in the course of the meeting were to ascertain Dr. Baqai's point of view toward the Zahedi Government and toward the United States and Great Britain, on the one hand, and to make clear to him the policies and view of the United States, on the other.

Loy W. Henderson
Ambassador

[1] Source: National Archives, RG 59, Central Files 788.00/10–3053. Secret; Security Information. Received November 15. The despatch was drafted by Melbourne. The attached memorandum of conversation was drafted by Cunningham. A copy was sent to London.

Attachment

Memorandum of Conversation

Tehran, October 23, 1953.

PARTICIPANTS

Loy W. Henderson, Ambassador
Dr. Mozaffar Baqai, Deputy to the 17th Majlis
Mr. Roy M. Melbourne, First Secretary of Embassy
Mr. Joseph H. Cunningham, Third Secretary

Dr. Baqai came to tea at the Residence at the invitation of the Ambassador about 6 p.m. on October 23. After the Ambassador and Baqai had exchanged assurances that they would speak with complete candor regarding their views on Iran's problems, the Ambassador asked Baqai to outline his estimate of and attitude toward the Zahedi Government and its performance to date.

As a preface to his remarks, Dr. Baqai observed that his political fate was inevitably closely allied to that of the new Government. He had a long record of opposition to Mosadeq, had supported Zahedi for some time, had defended him publicly at the time of his arrest in 1952, and had helped bring the General to power. Thus, regardless of the fact that he had not sought or been offered influence or position in the new Government, its success would redound in the public mind to his credit and its failure would be considered in some measure his failure.

Dr. Baqai said that he was frankly disturbed and disappointed by the General's record so far. He explained that whereas Zahedi could have picked for his Cabinet trustworthy though politically unknown officials or military men in whom he had confidence, he had instead appointed a group of politicians of long standing, whose inefficiency and corruption and whose records as tools of Great Britain or Soviet Russia were known to all. As a result, the people who brought Zahedi to power in a violent reaction against the Mosadeq Government and who had hoped for a new and more honest regime were disturbed and indignant at the General's choice of ministers.

Baqai pointed out that Mosadeq had come to power on a wave of popularity unmatched in Iran's history and had begun his term of office with virtually no opposition. In two years, however, his ineptitude and the misdeeds of his ministers and subordinates had incited the people to the violent overthrow of his regime. Zahedi, on the other hand, came to power with three ready-made foci of opposition: the Tudeh party, which as the core of Communist sentiment in Iran necessarily attacks his every movement; the Mosadeq partisans, who are in-

evitably trying to frustrate and discredit the man who overthrew their leader; and the elements who oppose in principle any Government headed by a military man.[2]

Dr. Baqai commented in passing that in normal times he would oppose the selection of a military man as premier. In view of the present crisis, however, and in view of the fact that he himself had no desire to assume the reins of Government and could see at present no alternative to Zahedi, he had supported the General in his bid for power. Now, however, he found himself in a very embarrassing situation, as he could neither support, oppose, nor remain indifferent to the Zahedi regime. He could not grant it support because it was acting contrary to his expressed principles, was returning to power long-discredited politicians and was committing all over again the mistakes of the Mosadeq Government. He could not oppose it, because he had helped bring it to power and could only turn against it at the cost of admitting he had made a mistake in preferring Zahedi to Mosadeq; furthermore, opposition to Zahedi would merely play into Communist hands. Finally, he could not remain silent and profess indifference to the Zahedi Government because his followers would ask him why he failed to criticize the new Government when it repeated the mistakes of the old.

Dr. Baqai went on to say that Iranian and United States policies coincided most closely in the matter of their identical opposition to Communism and Communistic infiltration. Unfortunately, in this regard as in others, the Zahedi Government's performance has been worse than poor. Of the 4,000 persons imprisoned as suspected Communists, some 30 per cent are entirely innocent. Furthermore, the remainder who are either Tudeh party members or Communist sympathizers include only rank and file members and insignificant minor functionaries; not a single member of the Central Committee of the Party,[3] not a single important Communist writer or pamphleteer, not a single leading party organizer has been imprisoned. Instead of weakening the Communist party in Iran, the Government's inept performance is actually strengthening it; so long as the leaders remain free they can always attract new dupes and sympathizers to replace those whom the Government imprisons, while many of the innocent men arrested on one pretext or another by the security forces become embittered by the injustice of their treatment and turn to Communism for revenge.

Baqai emphasized that Communism, being an ideology, could not be overcome by force alone, and pointed out that the Government was even using force, its only weapon, incorrectly. While innocent men are

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[2] Richards highlighted this sentence.

[3] Richards underlined the phrase "not a single member of the Central Committee of the Party."

arrested at the whim of a police officer or Government functionary or in the hope that they might pay a ransom for their release, the guilty are all too often securing release or immunity from arrest by bribery or by influence. In some cases politicians apparently seek to prepare for the eventuality of a Communist regime in Iran by protecting from imprisonment Communist party functionaries. These men obviously fail to realize that, without exception, politicians who followed their example in countries now behind the Iron Curtain have been liquidated along with the rest by the Communist regime.

At this point Baqai said that he could if necessary cite numerous examples to support his allegations. He mentioned the case of Ali Ashgar Hekmat, Minister in the Zahedi Government Cabinet, who has a long record of service to the British cause and who in recent years has become increasingly involved in Iran's Soviet cultural activities. Hekmat's brother, a professor at Tehran University and an active Tudeh party member, is and will remain immune from arrest because of his brother's position. There have been, in fact, only three important party functionaries arrested since the inauguration of the Zahedi regime and all three of them were released within 48 hours of their arrest.[4]

At this point Ambassador Henderson asked Dr. Baqai if his dissatisfaction with the Zahedi Government resulted from fundamental disagreement on policy grounds or merely from disappointment in Zahedi's implementation of his policies. He went on to point out that in order to correct abuses and errors which Baqai had detailed, the Government would need an honest and efficient police force, which it did not at present have and which would be difficult and time-consuming to develop. The Ambassador asked Baqai just what he would do to improve the situation and wondered whether he felt that the Zahedi Government was willfully mishandling its anti-Communist campaign or merely falling into error through ineptitude and inexperience.

Baqai affirmed his support of Zahedi's announced policies but stated that what really counted was the way these policies were being carried out and that it was in this connection that he differed with General Zahedi. He conceded that Zahedi's personal aims were undoubtedly commendable and that he was attempting to pursue an effective anti-Communist campaign, but contended that such attempts were

[4] According to Baqai the three men in question were Engineer Ansari, a former functionary in the Ministry of Finance and a candidate member of the Central Committee of the Party; Davoud Noruzi, major Communist writer, and one Hormoz, a lawyer. Ansari secured his release through the influence of a relative of his, whose name and governmental position Baqai had forgotten for the moment but could find out if necessary; the other two, he thought, had probably bribed some officials to obtain their freedom. [Footnote is in the original.]

largely vitiated by the corrupt and venal politicians who surround him. He felt that, since his own Workers' Party had extensive information regarding the Communist organization leadership and activities in Iran, the Security Forces undoubtedly had much more complete information, as well as the means to use this information in suppressing the party and disrupting its organization. Citing his five years of active opposition to Communism, Baqai stated that this experience made him one of the best qualified men in Iran to discuss Communist activities and the best ways of combating them. Several times in this presentation, Baqai affirmed that he had made his position clear to General Zahedi and that the General agreed with his estimate of the situation but was prevented by his entourage from acting effectively.

When Baqai had completed his commentary on the Zahedi Government, the Ambassador asked him for his views on the recent statement by Foreign Minister Anthony Eden of Great Britain regarding the necessity for free intercourse between Iran and Britain and the desirability of re-establishing diplomatic relations.[5] The Ambassador pointed out that General Zahedi had emphasized Iran's desire to be on friendly terms with all countries, and asked Dr. Baqai's reaction to this statement. Baqai said that he certainly agreed in principle[6] with Zahedi's stand and felt that diplomatic relations with Great Britain should by all means be re-established. However such recognition must be proceeded by at least the beginnings of an oil settlement in order to prevent the British from using their diplomatic mission to foist upon Iran an unfair settlement and to exercise again *improper influence on the internal affairs* of the country.

The Ambassador then turned to the concept of an oilless economy for Iran, which Dr. Baqai's newspaper *Shahed* has advocated editorially on a number of occasions. He asked the Deputy if he really believed that in present circumstances such an economy was desirable or even feasible. Obtaining the Ambassador's permission to explain his stand in some detail, Baqai launched into an explanation of the history and background of his advocacy of an oilless economy.

When the 16th Majlis was elected some four years ago and the national movement first came into prominence, one of the movement's major objectives as listed in *Shahed* was the settlement of the oil question. By this, Baqai explained, he meant the reaching of an understanding with the AIOC if that company were willing to grant Iran a fair share of the proceeds from its oil; otherwise, he advocated eviction of the British and nationalization of the oil industry. British intransigence unfortunately aroused public anger in Iran to such a pitch that

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[5] See Document 331.

[6] Richards underlined the phrase "Baqai said that he certainly agreed in principle."

many people came to feel that they wanted no part either of the AIOC or of the oil industry; in other words, they wanted to be rid of the oil question completely. In line with this public feeling, Baqai had advocated and still defended the oilless economy as an alternative to the surrender of Iran's legitimate rights and the compromising of her national honor. Although he felt that if possible Iran should profit from her oil resources, he feared that the only way that Britain would allow it to do so would be on the basis of a 50–50 division of profits, which would be completely unacceptable to the Iranian people. Rather than accept such a shameful settlement, he believed Iran should forget her oil and turn to other sources of revenue.[7]

The Ambassador thanked Dr. Baqai for his frank and detailed presentation of his views and said that his comments had been most helpful and revealing. He then stated his intention to explain with equal frankness and in some detail his own estimate, and what he believed to be the United States Government's estimate, of Iran's situation with regard to the oil problem. Prefacing his remarks with a summation of the long-standing struggle among the Great Powers for influence in Iran, the Ambassador pointed out that the United States, in contrast, wanted nothing from Iran and desired merely to preserve the independence and promote the prosperity of its people. Although certainly activated in part by self-interest in this matter, the United States desired neither territory nor profit nor political influence in Iran. It was no longer possible in the present world situation for Iran to seek advantages by playing one great power against another as it had done so long in the past. At this rather pointed comment on the traditional Iranian policy which Baqai's party has often advocated, the Deputy made no reply.

Ambassador Henderson then went on to outline the world petroleum situation as it is today, emphasizing that present production was more than adequate to meet world needs and that only through cooperation among a number of the major oil companies of the globe could Iran's oil be distributed in appreciable quantities. He emphasized that the sale of any Iranian oil would necessitate a corresponding reduction in the production of other Middle Eastern countries, any one of which could produce enough petroleum to satisfy the entire world demand for Middle Eastern oil.

The Ambassador emphasized that, in view of these facts, Iran could not expect to obtain a better price for its oil than the other countries of the region. In his view, the best solution would involve a provision akin to a most-favored-nation clause whereby Iran would be sure

[7] Richards highlighted and placed his initials in the margin next to this sentence.

to receive as high a proportionate revenue from its petroleum as would the other oil-producing countries. Pointing out that Saudi Arabia, Kuwait, and Iraq had all increased their production of oil in recent years, the Ambassador suggested that such a most-favored-nation clause would permit Iran to increase her revenue from oil at the same pace as her sister nations. Were such a provision to go into effect, it was likely that both the AIOC and Iran itself might lose much of their interest in the question of compensation.

Underlining the extreme urgency of the situation, the Ambassador stated that either foreign economic aid such as now proffered by the United States or sizable oil revenues were absolutely essential to the Iranian economy if it was to avoid complete bankruptcy. The emergency aid program now under way had five more months to run; at the end of that time Iran must find some other source of revenue.[8] Although personally willing if necessary to ask his Government for additional aid for Iran, the Ambassador felt very sure that, unless important steps had been taken in the direction of an oil settlement, the United States Congress would refuse to extend further assistance. Rightly or wrongly, the American people would feel that a country which apparently did nothing to utilize its own resources did not deserve support from abroad.[9]

At the close of the Ambassador's presentation, Dr. Baqai said that he thanked the Ambassador for his frankness and agreed in substance with his estimate of the situation. However, he felt it necessary to point out that the people of Iran must be psychologically prepared for an oil agreement with Great Britain and that the real economic and political reasons for such an agreement would have to be sugar-coated in order to make them palatable to an uninformed public. He suggested that when the United States decided for reasons of political or military necessity to intervene in Korea it had had to profess high-sounding and possibly fictitious reasons for its action; in the same manner, the Iranian Government could not be completely frank with its people as to the necessity for and the reasons behind an oil settlement.[10]

The Ambassador took sharp issue with Baqai's comments regarding the Korean intervention and emphasized that the United States had acted solely in order to resist Communist aggression and to keep its word to the free world. Baqai then modified his statement some-

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[8] Richards underlined the phrase "at the end of that time Iran must find some other source of revenue."

[9] The preceding four paragraphs are highlighted and the comment "Lovely" was written in an unidentified hand in the margin.

[10] The last sentence in this paragraph was highlighted with a comment in the margin: "What an S.O.B."

what, conceding that possibly the United States Government's explanation of its action had not been given proper publicity in Iran, but reiterated his contention that in his country and particularly in the case of the oil question considerable psychological preparation of the people was necessary.

Further detailing his position, Baqai stated that his party served as a screen between the Communist Party and Iranians dissatisfied with their country's present situation. This was because the Worker's Party advocates many of the reforms demanded by the Tudeh without insisting that they be carried out within the framework of Communism. Many Iranian intellectuals, however, stood somewhere between the Worker's Party and the Communists, and in order to attract these individuals towards him and away from the Tudeh, Baqai had found it necessary to profess on occasions a neutralism which he did not feel.[11] Pointing out that these intellectuals, if forced to chose between Britain and Russia, would invariably turn toward the Soviet Union, and that American policy in recent years had led them to suspect the United States of collusion with British interests, Baqai stated that he was forced to oppose the United States in print from time to time in order to avoid the accusation of pro-Americanism and to preserve his hold over the intellectual element, which he considered to be of the highest importance.

The Ambassador commented that he would have no grounds to complain if Baqai out of honest conviction would criticize the United States or United States policies. He thought, however, it would be unworthy of a statesman to criticize a country trying to help Iran merely for the purpose of trying to strengthen his political party.[12] At this critical period of Iran's history, it behooved such leaders of public opinion as Dr. Baqai to assert their leadership to the fullest on behalf of Iran's interests and to explain the situation fully and frankly to their supporters and constituents. By professing for reasons of political convenience opinions which he did not hold, Dr. Baqai made it impossible for the members of his party and their sympathizers to know precisely where he stood; furthermore, he deprived them of the benefit of his informed judgment and leadership.

To these remarks Baqai merely reiterated his opinion that the Iranian people could not be dragooned into supporting an oil settlement and must be prepared psychologically over a period of time for any

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[11] Richards underlined the phrase "a neutralism which he did not feel." In the margin is the handwritten word "Nuts!"

[12] Richards underlined the phrase "unworthy of a statesman to criticize a country trying to help Iran merely for the purpose of trying to strengthen his political party" and wrote in the margin "a thrust that hurt Baqai!"

agreement. He pointed out that General Zahedi, an honest but idealistic and therefore dangerous[13] military man, seemed to believe it possible to obtain by means of rigged elections a Majlis which would approve any oil settlement which he might propose. This, he felt, was a great mistake, since the only way that approval of a lasting oil settlement could be obtained was by electing in a free and legal manner a truly representative Majlis once the country had been properly prepared for this move. To the Ambassador's observation that regardless of the feeling of the Iranian people there were only five months left in which to act, Baqai had no rejoinder.

The interview terminated with the Ambassador and Dr. Baqai exchanging thanks for each party's frank and complete presentation. Before leaving at approximately 9 p.m., Dr. Baqai professed his readiness to discuss the oil question further with the Ambassador at the latter's convenience.

[13] Richards underlined the phrase "therefore dangerous" and wrote a question mark in the margin.

342. Monthly Project Status Report Prepared in the Directorate of Plans, Central Intelligence Agency[1]

Washington, undated.

Summary

A. *Mission:* The mission of the project is to establish an effective instrument in Iran with which to work toward our political and psychological objectives. Individuals and groups that show a potential to organize and direct attacks against the Communists in Iran are supported and used to contact and direct various religious, political, labor and other leaders of important factions in Iran.

B. *Plan:* [*5 lines not declassified*].

C. *Summary of PP Action:* The immediate aims of the project are to emphasize the Soviet sponsorship of the Tudeh Party, and hence its danger to Iranian freedom, and to prevent the Communists from capitalizing on the present unstable condition of Iran.

[1] Source: Central Intelligence Agency, DDO Files, Job 59–00133R, Box 5, Folder 13, [*cryptonym not declassified*]. Secret; Security Information. The report covers Operation [*cryptonym not declassified*] for October 1953.

[*6 paragraphs (34 lines) not declassified*]

D. *Effectiveness of Project:* The Station continues to prepare and distribute anti-Tudeh articles and cartoons [*less than 1 line not declassified*]. In this way it is attempting to keep the Zahedi government aware of the dangers of the Tudeh.

E. *Methods and Standards:* [*8 lines not declassified*].

F. *PP Assets Acquired:* none.

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343. Monthly Report Prepared in the Directorate of Plans, Central Intelligence Agency[1]

Washington, undated.

IRAN

October 1953

A. *General Developments*

1. The government of General Zahedi has engendered several points of serious opposition represented by some old-time power seekers, several groups of Mossadeq supporters including the Tudeh, and several hundred bazaar merchants. These opposition factors have found rallying points around the tardiness of the government in the prosecution of Mossadeq and Tudeh leaders, delays in using impact portion of U.S. emergency aid, and public uncertainty over the oil problem.

2. The Shah and General Zahedi have proposed that U.S. military aid be increased to permit the development of the Iranian Army as a frontier screen of defense rather than only as an internal police force. The U.S. Ambassador has endorsed the idea and our Station has urged strong support by CIA as a potent factor in solidifying public opinion behind the Zahedi government and scattering the opposition.

3. The major elements of opposition to the Zahedi government have so far failed to present any insurmountable problem to the government since they have lacked any cohesive effort and no one element is believed to have financial support capable of amounting to a positive

[1] Source: Central Intelligence Agency, DDO–IMS Files, Job 81–01061R, Box 2, Folder 5, Monthly Report—October 1953—Country Summaries and Analyses. Top Secret; Security Information.

threat. Furthermore the Zahedi government is taking significant steps to eliminate the problems which constitute the grounds for opposition.

4. Intra-government discord continues chiefly on the dissatisfaction of General Zahedi with Chief of Staff General Batmangelich and his top aide, and the latter's overtures to the Shah derogatory to General Dadsetan's effectiveness in prosecuting the Tudeh leaders.

5. The Mossadeq trials were scheduled to begin the 22nd of October but were subsequently postponed to the first half of November. The government has been continuing its mass arrests of Tudeh members, though reports continue that major leaders have been able to escape arrests by means of bribery.

6. There have been no significant developments on the oil question, though the visit of Herbert Hoover, Jr. to Tehran as a U.S. State Department consultant has been well noted in the Iranian Press.[2] The Zahedi government is still endeavoring to reveal the facts of the situation to the Iranian public and it is believed that some headway has been made in the government's efforts to condition the public toward acceptance of an early oil settlement. There have been significant exchanges between the Iranian and British governments regarding the resumption of diplomatic relations but Zahedi also reportedly believes that the oil question must be resolved prior to re-establishment of diplomatic relations with Britain.

7. The situation remains generally very favorable for the prosecution of CIA activities in Iran.

[Omitted here is operational detail.]

[2] See Document 331.

344. Despatch From the Embassy in Iran to the Department of State[1]

No. 263 Tehran, November 5, 1953.

REF

Embassy Despatch No. 235, October 24, 1953[2]

SUBJECT

Government Anti-Tudeh Campaign and Tudeh Countermeasures

Summary

In its campaign against the Tudeh the Government continues to hold the upper hand. This was most recently demonstrated by the peaceful transition of the celebrations for the Shah's birthday and the Sports Festival and by the Government's announcement that it is aware of and will take measures against a planned Tudeh bazaar strike between November 6 and 11. A few arrests are still being made in the Ministries and in the Provinces, but in general the situation throughout the country is quiet. The Shah and the administration are encouraging the growth of quasi-military fascist-type groups as added insurance against the possibility of further Tudeh mob actions. Nevertheless, the Tudeh continues to attempt a minimal anti-Government campaign. The content of Party propaganda has changed little during the past month except to stress the contention that Mosadeq is the legal Prime Minister and to enlist public support in the campaign to gain his release.

Government Measures

Information based on Embassy, CAS and Armed Services Attaché sources indicates that the Government's security forces are continuing their clean-up operations against the Party. General Dadsetan, Military Governor of Tehran, in a press interview on November 3, announced that, since August 19, 208 "Communist and anti-National" centers have been uncovered and 842 arrests have been made in Tehran alone. During the same period over 200,000 Tudeh leaflets were seized and

[1] Source: National Archives, RG 59, Central Files 1950–1954, 788.00/11–553. Confidential; Security Information. Drafted by G.D. King. Pouched to London and Moscow. Received on November 13.

[2] Despatch 235 from Tehran, October 24, reported that the Tudeh had retained the ability to conduct a "limited anti-Government campaign." Even so, "Government security measures . . . have risen to a new level of effectiveness in striking at the central organization of the Party in Tehran." (Ibid. 788.00/10–2453)

caches of arms and explosives were uncovered and confiscated. According to a communiqué from the Ministry of Interior, released on the day before General Dadsetan's interview, a total of 1375 Tudeh Party members were arrested in all of Iran during the Iranian month of Mehr (September 23–October 22). On November 4, the pro-Government newspaper, *Etela'at*, took cognizance of the Military Governor's interview but pointed out that the authorities must distinguish between people duped by the Tudeh and those who have been active in furthering Tudeh aims, and called for Government efforts to insure employment for those elements in the population most susceptible to Tudeh propaganda.

General Dadsetan indicated that the Government is aware of the cooperation between the various pro-Mosadeq and Tudeh elements, although he did not specifically mention the new Tudeh-inspired National Resistance Movement. He did make the statement, however, that Hosein Fatemi, ex-Minister of Foreign Affairs, Dr. Sanjabi, and Engineers Hasibi and Zirakzadeh were using the funds which they had accumulated illegally while serving under Dr. Mosadeq to further the cause of the Tudeh and allied pro-Mosadeq organizations.

The Military Governor's office further demonstrated its efficiency during the week of the Shah's birthday, when it was generally expected that the Tudeh would attempt to create difficulties. The actual birthday celebrations on October 26 were well guarded and orderly. The Sports Festival later in the same week was completely free of Tudeh activity. At the same time the security forces issued a communiqué notifying Tudeh members and sympathizers in several local factories that the Government was aware of their plans for sabotage. Additional guards have been stationed in the main power station, the Government silo, the oil depot, and in the Government distribution centers for bread, oil and electricity.

A number of correspondents have been invited by the General Staff, Iranian Army, to witness the execution in Resht of "a very dangerous member of the Tudeh Party in the North", a certain Hadi Nazar Mohammadi. The General Staff communiqué noted that the prisoner had for some time been engaged in espionage activities for the Soviet Government and has been found guilty of acts of sabotage in factories in the northern provinces and of inciting the mobs on August 16 to overthrow the Shah's statues. According to newspaper reports a Soviet spy called Alioff is also a target of Government security measures. Despite protests from the Soviet Embassy, the Government, armed with "conclusive proofs establishing the charges brought against this dangerous element", plans to put him on trial in the near future.

Situation in the Ministries and in the Provinces

The situation within the various Ministries of Government appears to be quiet. The Ministry of Finance announced on October 25

that it was about to expel 150 employees who have been convicted of working with the Tudeh Party and that an equal number of questionable Ministry employees outside of Tehran would be placed on indefinite leave. The Iranian Army G–2, according to a reliable source, claimed on October 22 to have arrested a total of 60 officers and 250 non-commissioned officers to date. The non-commissioned officers have been summarily separated from the service, but the Army is in a quandary over the disposition of the more important commissioned detainees. G–2 is worried because the documentary proof of the complicity of these officers in the Tudeh Party is now mysteriously missing from the G–2 files, but the Army is very reluctant to release these men to civilian life where they would be able to carry on Party activities with perhaps greater facility. The Iranian G–2 stated recently that only a small proportion of Party members and sympathizers in the Army are known or have been apprehended.

There has been little change in the situation in the Provinces as regards Tudeh activities. Newspaper reports from Abadan note that 300 persons were arrested there recently on the charge of writing anti-Government slogans on walls in the city. Two hundred forty of these have since been freed, but 30 soldiers and sailors and 18 civilians were arrested and sent from Abadan to the prison at Falak-ol-Aflak. In this connection, the Government in Tehran issued a circular in late October to all provincial governors to notify them that any worker arrested by provincial authorities and later dismissed as innocent must be reinstated in his job.

In Tabriz the Consulate has noted little Tudeh activity during the past month. A few leaflets have been distributed, but on the whole it appears that the Party there is preoccupied as elsewhere in the country with its reorganization on a clandestine scale. The Consulate believes that the Government's security campaign has not been as extensive or thorough in Azerbaijan as elsewhere in the country and thinks it probable that important and sizeable Tudeh elements still exist in the Province.

Anti-Tudeh Organizations

There are indications that within recent weeks the Shah and the Government have been encouraging the growth of quasi-military rightist parties to be used against the Tudeh in the event of further street demonstrations. Among these are the Sumka, the Arya, and the 28 Mordad Society. These organizations, particularly the Sumka which has been established longer than the other two, have all the trappings of a falange or fascist type of group, even to their black-shirted uniforms. The Sumka demonstrated its strength and discipline on the occasion of the recent Sports Festival, when approximately 500 of its members impressed the crowds at the Stadium with a show of

swastika-bedecked banners carried in perfect marching order. These organizations enlist their members almost solely on the basis of intense anti-Tudeh feelings, and almost certainly receive their excellent financial backing from the Shah and the administration.

Tudeh Countermeasures

Perhaps the most significant aspect of Tudeh Party activity in recent weeks has been the dogged persistence with which the Party has attempted to carry on its anti-Government campaign. In a perusal of the total picture, it becomes apparent that the harm done the Party by the Government's security measures, despite their relative effectiveness, has not discouraged nor prevented the remaining Tudeh leaders from making constant efforts to achieve at least limited objectives.

It would appear that the most important event during October was the formation of the so-called National Resistance Movement. The Tudeh has been working since before the fall of Mosadeq for the creation of a united front among pro-Mosadeq elements. In mid-October they were successful in organizing the National Resistance Movement from elements of the Iran Party, the Pan-Iranists, and the Third Force, as well as remnants of the National Movement. Cooperation among these diverse political units has been achieved by agreement on the single objective of obtaining the release of Dr. Mosadeq. Tudeh leaders are apparently satisfied with this degree of cooperation, but have urged the other parties participating in the Movement to review the possibility of further cooperation after the limited objective concerning Dr. Mosadeq has been realized.

Reportedly, the Movement has recently been strengthened by the receipt of a surreptitious message from Dr. Mosadeq in which the ex-Prime Minister gave his blessing to the joint effort. The leaders of the Movement, in conjunction with members of a pro-Mosadeq Bazaar Committee, are making plans for a one-day strike in the bazaar and downtown areas of Tehran sometime between November 6 and 11. General Dadsetan is aware of the project and, in his press interview on November 3, appealed to the people to collaborate with the security forces in frustrating this attempt at subversion.

Potentially, this threatened bazaar strike could cause the Government a great deal of embarrassment. The administration is entirely capable of dispersing any street demonstrations but the traditional bazaar method of closing all shops as part of the strike would be much more difficult to handle. Any heavy-handed security tactics might serve only to enlist on-the-fence or pro-Government merchants on the side of the National Resistance Movement. The situation could be further aggravated if the Government initiates its counter-measures only after the strike has begun.

The Tudeh is said to have obtained the agreement of the other groups affiliated with it in the National Resistance Movement to manufacture and use crude bombs in a limited terrorist campaign. Money is being collected to pay for these bombs and also for the financial aspects of the "release Mosadeq" campaign. Although reports conflict concerning the success of the collections, it would appear that the Tudeh and the National Resistance Movement are having difficulties in accumulating the quantity of money needed for such an operation. The Tudeh is also attempting to collect enough capital to carry out its own objective of procuring the release of those Party members still held in custody. These releases are engineered, according to reports, not only by bribery but also by the payment of bail.

Current Tudeh Propaganda

Other Tudeh activities have been concerned primarily with the continuing dissemination of propaganda. Hand-printed leaflets are still distributed at strategic points in the city (one set of tracts was scattered on the street a block from the Embassy). Two weeks ago the anniversary edition of the Party newspaper *Mardom* appeared in Tehran and, at about the same time, a new magazine called *Mosavar* with a violently anti-American, pro-Soviet slant commenced publication. It would appear also that the Tudeh is responsible for a current rumor and whispering campaign against the United States in general and the Embassy in particular. One rumor insists, for example, that Ambassador Henderson is putting pressure on the Government to execute Dr. Mosadeq forthwith. Other rumors spread by the Tudeh and by its compatriots in the National Resistance Movement attempt to foster the belief that the British and Americans are following divergent policies in Iran.

The content of Tudeh propaganda since the August 19 change of administration has reflected the Party's new status in the country. During recent weeks the persistent central theme has been a demand that Dr. Mosadeq be released, coupled with a constantly reiterated insistence that Mosadeq is the legal Prime Minister. In conjunction with this theme, the Party contends the present administration has usurped the power of government by means of an illegal and treasonable coup d'état. Tudeh propaganda also reflects the extent to which its nationwide organization has been hit by the Government's security measures. In a recent leaflet the Party complained almost petulantly that the Government had no right to decree such severe measures as the death penalty against "patriotic anti-imperialist combatants."

In the few Party newspapers and magazines which have appeared recently, the favorite topic continues to be a series of accusations against the United States. Tudeh publications warned the local populace that the United States plans to make Iran a colony, that Iran is to be

used by the United States and Great Britain as a base against the USSR, and the Americans have appointed themselves successors in Iran to the British, with whom they continue to work hand-in-glove.

For the Ambassador:
Roy M. Melbourne
First Secretary of Embassy

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345. Letter From the Officer in Charge of Iranian Affairs, Office of Greek, Turkish, and Iranian Affairs, Bureau of Near Eastern, South Asian, and African Affairs, Department of State (Stutesman) to the First Secretary of Embassy in Iran (Melbourne)[1]

Washington, November 6, 1953.

Dear Roy:

I consider myself an unusually fortunate Desk Officer in having such close personal relationships with my more or less opposite numbers in CIA. John Waller and [*name not declassified*] are men upon whose judgment we can all rely without qualification and Arthur Richards and I have been happy to observe that they go out of their way to maintain friendly and close relations with us, asking our advice often upon subjects which their organization might not normally discuss with working levels in the Department.

Since the change of Government in Iran, we have had many lengthy discussions here on the subject of action to take to exploit the new and favorable situation there. To set my own thoughts in order I divided the problem into four major segments:

1. Accomplishment of major policy objectives, involving definition of short and long-range objectives, determination of size and nature of economic and military aid, overt diplomatic action;

2. Settlement of the oil dispute, involving negotiations with the Iranians, the U.K. and American oil companies;

3. Initiating U.S. political action in Iranian internal affairs;

4. Initiating a propaganda campaign, involving definition of objectives and increasing the variety and effectiveness of our efforts.

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[1] Source: National Archives, RG 59, GTI Files, Lot 57 D 529, Box 40, CIA. Top Secret; Security Information; Official–Informal.

Naturally, all of these are almost inextricably interrelated; but, at least from this desk, it seems that different lines radiate to each of these major segments of the total Iranian problem. The first involves, in Washington, the NSC and constant in-fighting with FOA and Defense. The banner of the second is being carried at this moment by Mr. Hoover. My efforts in regard to meeting the 4th (propaganda) problem will be dealt with in another letter and involves close coordination with Clary Thompson of USIA and a host of propaganda experts in other crannies of Washington.

The third problem listed above has been the subject of much discussion with John Waller and Don Wilbur. The latter will be able to give you first-hand reports upon our discussions and our difficulties. The rest of this letter will be devoted to raising problems with you on this specific subject.

First of all, as I know you already realize, we have such great admiration for Ambassador Henderson and you that we have not sought to give you more than general indications of our attitude on political aspects of the Iranian situation. For instance, you will note that we have hardly expressed an opinion upon the question of whether to urge Zahedi to fill up his rump Majlis or elect a new Majlis. We have such confidence in the Ambassador that we feel it best to leave to his discretion final judgment upon such tactical problems. Therefore we are inclined more to backing you up than to calling the signals.

However, the problem presents a different face to our friends across the street. Without reflecting any lack of confidence in their station, they feel, and I consider it understandable, that they cannot allow much free-wheeling. They have already (and please treat this in confidence although I would expect you to inform Bill Rountree and the Ambassador) taken steps to pull in their horns a bit without any encouragement on our part, although Arthur and I know that this will meet with the Ambassador's approval. They wish to give rather specific instructions at least so far as objectives are concerned, and they have asked for our advice.

We very much appreciate their consideration in seeking our advice but we consider it necessary to ask your views upon the questions which I shall raise below. Please let me have your informal advice. You may wish to discuss this with CAS and you are certainly free to explain the substance of what I have written above. Of course, I would like to have the Ambassador's opinion as well as Bill's.

My basic assumption is that we cannot avoid a responsibility to become involved in Iranian internal affairs. The grave risk we will run is that we will become known as an intriguing power and lose our important moral position as a nation dealing with other independent members of the free world as equals. On the other hand, I fear that re-

fusal to interfere in Iran would not only be disbelieved but could be as dangerous as refusing to stretch forth a hand to help an unstable man walk along a precipice.

1. *Army*—It would seem essential that there be an organization of preferably younger Army officers responsive to our guidance. This would seem to me to be Target No. 1.

2. *Government*—Aside from the information to be obtained from control of certain government employees, I do not see the advantage of directing a major effort toward controlling Cabinet-level officers. The British have apparently placed great reliance upon such measures, but the success of this maneuver has not been very impressive during the past four years in Iran. It is my present inclination to advise against concentration of covert resources upon high-level government officers since they are (a) generally undependable, (b) subject to many opposite influences, (c) constantly changing. Naturally, I would not suggest rejection of any person amenable to our advice, and in fact would urge on every occasion that we seek to further the careers of persons friendly towards us while generally discouraging the rise of persons basically unfriendly to us.

3. *Majlis*—Perhaps in contradiction to what I have said above, I think it is desirable to support the election of certain men to the Majlis. I do not delude myself that this would lead to the creation of any openly pro-American group but I would suggest this as at least a secondary target. However this leads to a larger question upon which I need your advice. Should we encourage the creation of a party which draws political influence from its closeness to the American Embassy? Is it to our advantage to have a group of politicians suspected of being American stooges? I can see some advantages and great disadvantages in an effort to encourage the creation of such a political group.

4. *Potential opposition*—Clearly there is a value in penetration of communist groups, as well as having at least listening posts close to extremist groups. What attitude do you believe we should take toward politicians and groups presently antagonistic to Zahedi? Should we support any potential alternate to Zahedi? We would run the serious danger of encouraging intrigue and antagonisms, and, in Iran, a land of intrigue, I doubt that we could long keep any support of an opposition group secret. However, and this I consider a most important point upon which I need your advice, it seems to me that Zahedi must not become our only arrow in the political quiver. Although we have never raised the question on a high level here it is my frank belief that in any show-down between the Shah and Zahedi, we can only side with the Shah. We have gone already very far in the direction of becoming identified with Zahedi and I dread the day when his increasingly unpop-

ular government will either fall of its own failures or he destroyed by the Shah or opposition forces.

For instance, our thoughts here are running along lines that it is not unlikely that Zahedi will fall to be replaced probably by Soheily to be followed by Baghai who in turn will be followed by someone of the Makki cast. This, of course, is predicated on an estimate that the oil dispute will not be settled and large sums of additional foreign aid will not be forthcoming.

5. *Tribes*

Perhaps because Mary's pregnancy prevented us from accepting an invitation to visit the Qashqais, I have never acquired any very romantic feelings about the nomads of Iran or their political or military dependability in any time of crisis. I believe the actions of the Qashqai during recent months have shaken many illusions here, but there is still that undercurrent of affection which Joe Wagner once described as the American characteristic of being interested in people who wear funny hats. There has always seemed to me a contradiction in our policy of seeking on the one hand to develop a strong central government, while supporting with the other hand semi-autonomous groups who are inherently antagonistic to the concept of strong central government. However, particularly since they might be useful in time of war, I recognize that we would be foolish not to maintain relations with the tribes, particularly as they can sometimes affect political developments.

There are, of course, other resources which we can use to influence internal Iranian affairs, paramount among which is the TCA program. Arthur and I have shivers whenever the question of TCA participation in political affairs comes up, but it would be foolish to disregard the many contacts which they have and their entry into levels of Iranian society which are unreached otherwise by Americans. I frankly don't know what to suggest in this regard. Perhaps you can furnish a guide line or two.

I realize this is an awfully large bite to offer you and I do not expect any more than preliminary views in reply. However, it is a question of deep concern here and every day that goes by chips away a little more from the great opportunity offered us in mid-August.

Sincerely,

John H. Stutesman[2]

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[2] Printed from a copy that bears this typed signature.

346. Despatch From the Station in Iran to the Chief of the Near East and Africa Division, Directorate of Plans, Central Intelligence Agency (Roosevelt)[1]

[*text not declassified*]–1472 Tehran, November 13, 1953.

SUBJECT

General—Operational
Specific—A Study of Electoral Methods in Iran

1. *Introduction*

Elections, as we know them in the West, have never been held in Iran. In fact, one might almost call the process whereby a private citizen becomes a Majlis deputy *selection* rather than *election*. And, unfortunately, the voter is the least important person in the process. There are a number of reasons for this state of affairs: a) Political parties, as we know them, do not exist in Iran, b) 90% of the population is illiterate, c) the majority of the population live in villages or tribal areas, far from the centers of political activity and are ignorant of current political developments, d) due to a, b, and c above, many Persians are indifferent and negligent in dealing with the problems concerning the fate of the ruling class, e) the electoral law is full of loopholes which allow factors other than "the man in the street" to exercise decisive influence over elections. In addition to these reasons, that portion of the educated class which is excluded from the ruling class, has a profound hatred of the latter which is exploited by intensive Tudeh propaganda. At the same time, due to lack of serious attention regarding improvement of the country, on the part of previous governments, as well as the influence and intervention in public affairs by the central government, the British government and the AIOC, an atmosphere of despair and negligence has been created, even among the more intelligent and educated class of the Iranian Society, with the result that even they refrain from constructive participation in public affairs and are satisfied to pursue their separate courses in search of personal interest.

The only organized group which is conducted along the lines of a political party is the Tudeh. There have been other attempts at organized party activity, but the foundation of these various organizations has always been a particular aim or motive, which, once having been attained eliminates the reason for existence of the organization. The best example of this is Qavam's Democratic Party of Iran which was

[1] Source: Central Intelligence Agency, DDO Files, Job 89–00176R, Box 1, Folder 20, Political Activities—Iran. Secret; Security Information. Sent for the attention of the Deputy for Psych/Intel. The three enclosures to the despatch are not printed.

formed for the specific purpose of having a Majlis favorable to Qavam. After the elections to the 15th Majlis, in which there were many members of Qavam's party, the organization disintegrated, and members like Makki bolted. They had joined merely to gain a Majlis seat. Their objective reached, they no longer had need of membership in the organization. Regardless of how this sounds to the Western mind, Persian political history is full of such examples.

2. *The Dynamics of the Electoral Process*

The major ingredients of the electoral process are: a. the government, b. the Shah, c. vested interests, and d. foreign intervention. To get one's fingers in the Majlis pie, a combination of these ingredients must be available. However, the amount of each ingredient used is determined by the location. There are, in general, three categories for consideration:

a. *The large cities.* (Tehran, Tabriz, Meshed, Isfahan, etc.). It is almost impossible to control the vote in large cities. Voters are divided into many groups, they have different political ideas and inclinations and there are usually a good many candidates in the running. As a result, the only way the government can insure victory for its candidates is to change the ballot boxes and this has been done with almost monotonous consistency in the past. The central government appoints the governors of the various areas. They, in turn, appoint the Electoral Commissions who change the ballot boxes or simply render the desired decision by means of false figures. This commission also arranges to stuff the ballot boxes in suburban areas subject to its jurisdiction by means of cooperation from the local landlords. An example of this type of "selectoral process" is as follows:

1) In the elections to the 17th Majlis, Mossadeq was extremely concerned about the military moving in and changing the ballot boxes. Since, in Tehran, the Electoral Commission must at least go through the motions of counting votes, etc., it was important that the proper votes be in the boxes when the time arrived for counting. Mossadeq therefore instructed the Electoral Commission to set up all ballot boxes near Mosques where possible. He then placed sentinels in the minarets. When the Shah's representatives (usually military) approached to change the boxes, Mossadeq's sentinels sounded the call to prayer. The crowd was then led by professional agitators in a movement which would cause the Army to lose face. Just before the close of balloting, Mossadeq leaked the rumor that the Tudeh Party was going to attack and burn the ballot boxes. Orders were issued for assembling all ballot boxes at the Ministry of Education for safe keeping. While one truck picked up the legal ballot boxes, another was loaded with "National Front" ballot boxes. The latter arrived at the Ministry of Education. The former disappeared. Makki was elected first Deputy of Tehran with

120,000 votes, Kashani was second with 100,000. The reason for this is that, Mossadeq, although he had no objection to Kashani's election, did not want him to be first deputy. Electioneering agents of the National Front were instructed to repeat Makki's name on the ballots 20,000 times more than Kashani's. (Every source utilized for this report maintains that Makki could not have gotten 5,000 votes fairly, while Kashani is generally conceded to have 15,000 votes in the Bazaar.)

2) For a case study in changing ballot boxes, see Attachment A. Although the Shah attempted to elect his candidate from Karaj, the area was under civil government control and he was unsuccessful.

If the government cannot figure out a way to change the ballot boxes, they may play safe and just stuff them. Government employees of various factories and the railroad are granted paid leave for one or more days and ordered to form queues in front of polling places. They are instructed not to allow "outsiders" to join them. Qavam did this in the election for the 15th Majlis. He did not want Kashani to be re-elected and so he stuffed the ballot boxes. In addition, the electoral boards were instructed not to stamp the identity cards of voters who voted for the government list. The result was that the 12 deputies of Tehran each got more than 40,000 votes while Kashani received only 15,000. One voter is known to have voted 132 times in this election. Total figures for the election ran to 600,000 votes cast at a time when Tehran's population was roughly 750,000.

b. *Tribal areas*. In the areas occupied by tribes, the military usually plays an important role. This means, of course, that the Shah has the upper hand. His Majesty's chief vehicles of influence are the Army and the clerics. The royal influence is therefore exercised mostly in frontier regions where the military holds sway, and in regions where the influence of religion is strong—such as in areas inhabited by Sunnites. Examples of the Shah's influence are:

1) In the elections to the 17th Majlis the Shah wanted Mir Ashrafi to be deputy from Meshgin Shahi. Mir Ashrafi is a former Army officer who was expelled from the Army for being *too* corrupt. During the war he acquired for himself the reputation of being one of the worst crooks in the country. However, Meshgin Shahi is a region inhabited by simple peasants who certainly had never heard anything of or about Mir Ashrafi. Since the Army controlled the area, the Intelligence Bureau of the General Staff communicated the royal desire to the Commanding officer at Meshgin Shahi. A few men were instructed to fill thousands of ballots with the name of Mir Ashrafi and the peasants were ordered to cast the ballots into the ballot boxes. It is probable that the majority of "voters" never learned whose name was on the ballots they cast. The whole thing was done so smoothly that even Mossadeq did not know what was afoot until the results were published.

2) In the elections for the 17th Majlis at Mahabad the Shah had the Imam Jomeh of Tehran elected. This is particularly significant when you remember that Mahabad is inhabited by Sunnites and the Imam Jomeh is a Shia high priest. Nevertheless, since the Sunni believes that the Sovereign is the supreme spiritual and secular authority, the Shah's decision was accepted by the Sunni Imam Jomeh of Kurdistan and successfully carried out. Mossadeq attempted to stop this operation, but without success. Thus, from the capital of Kurdistan a non-Kurd, who is a Shia, was elected.

3) For a detailed case study of the elections at Mahabad for the 15th Majlis, see Attachment B. This case study is an example of how all opposition to the Shah's desires is futile, but it also illustrates principles of action which are utilized throughout Iran.

Within this category, the element of foreign intervention often crops up. Examples of this are:

(1) Hossein Farhoodi was elected to the 15th Majlis from Dashti-Meshon in the Bani Toref region, then controlled by the AIOC. The Shah did not want Farhoodi, Qavam didn't want him, the military didn't back him, he had no money with which to bribe anyone, yet all other candidates withdrew in deference to the AIOC.

(2) When Soviet troops were stationed in Iran during the war, the Russians succeeded in sending eight Tudeh deputies to the Majlis. They were supposed to represent the areas occupied by the Soviets. In order to achieve this the Soviet Embassy in Tehran came to an agreement with Ali Soheily, then Premier. Original Soviet demands were much higher than eight deputies but Soheily only allowed eight Tudehites to go the 14th Majlis.

(3) Seyyad Zia Tabatabai was elected to the 14th Majlis on orders from the British Embassy. The Vice-Consul at Yazd was informed that Seyyid Zia was the British choice and despite the fact that the Shah was then against him, he was elected.

(4) [*1 paragraph (8 lines) not declassified*]

It should also be noted here that in areas inhabited solely by tribes, the Chieftains have control over elections. Cases in point are the Qashqai region and Zanjan.

c. *Non-tribal areas.* This category is that which is neither subject to military control nor to the type of influence exercised in big cities. It is the area fairly close to the big cities but not in tribal districts. The most important factors here are money and vested interests. Here, the governor (Farmandar) is a key figure. In some cases, the government allows the various candidates in a constituency to fight out their battle. This happens when they find themselves confronted with several equally non-objectionable candidates. Officials of the government ac-

cept bribes from all of them and promise each not to interfere with his election. In such cases the candidate who spends the most money wins the election. Influence of the land owners is also needed to make certain of victory in these areas. In many cases, the large land owners, having vested interests with the government do not object to the election of total strangers from their area. Such tactics were used in Saveh, Damavand and Shahrud. For example:

1) Shams Qanatabadi was elected to the 17th Majlis from Shahrud. He had never been in the area before his campaign and he was totally unknown in Iran. However, when Kashani joined the National Front, he announced that he wanted Qanatabadi to be elected to the Majlis. The request was communicated to Mossadeq who was working with Kashani at that time and the necessary instructions were given to the governor, the Chief of Gendarmérie and the Chief of Police of that area. It was the first that the people of Shahrud had ever heard of Qanatabadi.

3. *Conclusions*

This information has been gathered in order to give us the proper operational intelligence needed to draw up an election program of our own. It is obvious from this study that we cannot hope to change the methods of operation prior to the elections for the 18th Majlis, but instead we must resort to the same methods, through the government and the Shah for the election of a Majlis favorable to our purposes in Iran. We are initiating election talks with the government on 14 November. We already have a list of declared candidates for the 18th Majlis (Attachment C), and we are ready to do what we can to assist the [*name not declassified*] in this matter.

It is imperative, from our point of view, that the Prime Minister and the Shah agree on a list of candidates, thus eliminating harmful conflict between these two elements. [*name not declassified*], at least, shares this point of view. As far as pushing our own candidates is concerned, we are attempting to place the names in [*name not declassified*] mouth and thus avoid recommending but maintaining a role of concurrence. Details of our approach to this will be the subject of a separate dispatch.

[*name not declassified*]

[*name not declassified*]

[*name not declassified*]

347. National Intelligence Estimate[1]

NIE–102 Washington, November 16, 1953.

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

[1] Source: Central Intelligence Agency, NIC Files, Job 79R01012A, Box 32, Folder 3, (NIE 102) Probable Developments in Iran. Secret. The Intelligence Advisory Committee concurred in this estimate on November 10. The FBI abstained, the subject being outside of its jurisdiction. 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.

Paragraphs 1–6 of the estimate are printed in *Foreign Relations,* 1952–1954, vol. X, Iran, 1951–1954, pp. 836–837 (Document 387).

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.

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 government 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 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 rev-

enues 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 de-

pendence 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 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 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 jealousy 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 governments 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.

348. Telegram From the Embassy in Iran to the Department of State[1]

Tehran, November 19, 1953, 1 p.m.

1141. Embassy has sought below to give its general appraisal of Iranian situation at present and to project this estimate into 1954. This survey has been concurred in by CAS and Armed Services attachés.

1. Zahedi Government, as legally designated regime of Shah, apparently will be able to stay for some time, despite opposition criticism, if Shah does not permit it to be undermined and if he at same time allows government to proceed with effective measures designed to quell that opposition. Nationalist political forces remain disrupted and no popularly recognized Nationalist political leader other than Mosadeq seems available, and he in jail. Armed Services have for many years been decisive political instrument in country although this fact obscured under Mosadeq regime because of Shah's unwillingness employ them contrary to Mosadeq's wishes. Constitutional issue which divided Mosadeq and Shah resolved in favor latter, because former was not able maintain control over armed forces.

2. Zahedi attempting abide by constitution without full powers Dr. Mosadeq possessed although confronted with serious conditions as aftermath Mosadeq rule. In view of his constitutional and legal shackles from which he apparently not willing free himself by extra legal actions, his regime not likely to effect significant social and economic reforms in country during 1954. Government continues campaign against Tudeh, does not hesitate impose quasi press censorship and insists criticism has some limits. Criticism any regime endemic in Iran and present government getting its share which will be related to its future effectiveness.

3. Prime internal political problem clearly continued good relations between Shah and Prime Minister. Shah may be expected, in traditional Persian manner, not to place complete trust in Zahedi or to back him unqualifiedly. Current Mosadeq trial having some adverse public effect upon government and being handled under authority Shah. On other hand, Shah and Zahedi agree that because disruptions parliamentary development under Mosadeq next Majlis elections should be fully controlled and slate candidates mutually agreed upon. Both affirm new deputies should come from areas where elected and both assert they will be able by mutual compromise to arrive at acceptable single list.

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[1] Source: National Archives, RG 59, Central Files 1950–1954, 788.00/11–1953. Secret; Security Information. Repeated to London and pouched to Meshed, Tabriz, and Isfahan. Received at 1:17 p.m. The telegram is printed with redactions in *Foreign Relations*, 1952–1954, vol. X, Iran, 1951–1954, pp. 840–842 (Document 389).

4. In next year it not believed political activity of various Iranian social groups will change materially. Activities peasants and tribes, aside from possible intrigues of Qashqais, may not be considered as of decisive significance. Worker agitation for better wages and problem unemployment may have to be met partially by government. Activities of merchant class, particularly those benefiting from Mosadeq's previous inflationary policies, will have to be channeled in direction of recognition benefits to be derived from improved economic conditions flowing from an oil agreement. Familiar problem will remain of educated Iranians frustrated in securing suitable jobs because of Iranian economic and political conditions. It believed best government can do during coming year is to keep popular frustrations from mounting, maintain anti-Tudeh campaign, and permit improved conditions stemming from an oil settlement and resumption substantial Iranian oil exports to have their effect.

5. Without an oil agreement of some kind or, failing this, continued American financial aid, it seems impractical to think any non-Communist regime, no matter how authoritarian, can survive. Public sentiment may be mobilized in behalf oil agreement or at least neutralized if it considers such arrangement protects Iranian rights. Although this broad concept, it will be necessary for Zahedi regime to publicize fully it has safeguarded Iran's interests in making settlement. Tudeh Party has been seriously scotched by strong government actions taken but its essential leadership and organization intact. In event no oil settlement or foreign financial aid, Tudeh Party in alliance with malcontent Nationalists could become in 1954 once again serious threat to continued independence of Iran.

6. Any regime fully determined to impose an oil settlement without regard public reaction undoubtedly with army support could secure temporary Iranian acquiescence but consent could be expected to be brief. However it believed that Zahedi regime, despite its faults for which certain remedial action can be taken, offers best available means to achieve an oil settlement which under present volatile Iranian conditions could have likeliest prospect of durability.

As well, it believed that Shah recognizes Zahedi in better position to reach oil agreement than any potential Prime Minister now that Mosadeq can no longer be considered. However, Shah might at some stage wish replace Zahedi by another also opposed to extreme Nationalists. Abrupt dismissal of Zahedi would be likely strengthen forces opposed to an oil settlement as could undermine any oil arrangement already made. Questions whether Zahedi is to remain in power and whether Shah permits him sufficient leeway for constructive action may be answered in part by ability United States and United Kingdom fully to cooperate in Iran.

Henderson

349. Memorandum From the Chief of the Near East and Africa Division, Directorate of Plans (Roosevelt) to Director of Central Intelligence Dulles[1]

Washington, November 20, 1953.

SUBJECT

Position Paper/Re: Recommendation Submitted by Ambassador Henderson that NSC 136/1[2] be Amended With Regard to U.S. Policy Toward the Iranian Armed Forces

REFERENCES

(1) American Embassy Tehran Cables No. 1102 and 1103 of 14 November 1953[3]
(2) Memorandum to the Director from NEA Division dated 29 October, entitled "Certain Aspects of the Present Situation in Iran Which Appear to Require Further Attention By the U.S. Government; The Significance and Value of an Appropriate Program of Military Assistance"[4]

1. *Policy Recommendation Under Consideration:*

In paragraph 1 of Embassy cable No. 1103 Ambassador Henderson made the following policy recommendations:

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[1] Source: Central Intelligence Agency, DDO Files, Job 79–01228A, Box 11, Folder 14, Iran 1951–1953. Secret; Security Information. The memorandum is attached to a covering memorandum from Wisner to Dulles, dated November 23, in which Wisner recalled that the memorandum "was prepared for your proposed use in connection with your desire to point up in conversations with members of the NSC and the military establishment (particularly the Army), the fact that not all is serene in Iran and that further significant action is required to solidify and exploit the advantages which were gained in August. (Actually, the recommendations of the Embassy and the US Military Mission in Teheran go well beyond what we were inclined to recommend at the end of last month.)" Wisner then requested Dulles to allow him to communicate the views expressed in Roosevelt's memorandum to the NSC Planning Board. To the left of this request, Dulles wrote "OK" by hand.

[2] Document 147.

[3] In telegram 1102 from Tehran, November 14, Henderson reported on several recent conversations he had with the Shah on the future of the Iranian army. The Shah had made clear his view that the Iranian army should do more than just maintain internal security. Rather, it should have the capability of performing a holding action against the Soviets in case of a Soviet attack on the West. Henderson expressed his view that in order for the Iranian army to perform such a function, the MAAG program would have to be expanded to enable the Iranian army to increase its defensive capabilities. Moreover, should Iran consider itself part of the Western defense system, it would of necessity have to consider entering into defense agreements with other countries. The Shah responded positively to the suggestion that the MAAG program be expanded, but he expressed reservations regarding Henderson's suggestion that Iran consider defense agreements with neighboring countries on the grounds that such arrangements might give the Soviet Union reason to invoke the 1921 Soviet-Iranian treaty. For the text of telegram 1102, see *Foreign Relations,* 1952–1954, vol. X, Iran, 1951–1954, pp. 831–834 (Document 385). Telegram 1103 was not found.

[4] Document 339.

a) That the following sentence be added to paragraph 4 (E) (of NSC 136/1):

"In this connection in order to strengthen the will and ability of the government and people of Iran to suppress internal Communist activities and to resist external Communist pressure, the U.S. will accede to the request of Iran to assist in reorganizing, rearming and retraining the armed forces of Iran so that these forces will be capable of strong withdrawal—delaying action if Iran should be invaded by the armed forces of international Communism."

b) And that paragraph 4 (H) be amended to read as following:

"Plan and execute the reorganization, rearming and retraining of the armed forces of Iran for the purpose referred to in (E) above in such a way as to facilitate eventually the employment of these forces in cooperation with the armed forces of other free Middle Eastern countries in a common defense of the Middle East against international Communist aggression in accordance with any regional defense arrangement which may later be developed."

2. *Basis for Recommended CIA Position:*

The situation in Iran is currently dominated by efforts being made to reach an oil settlement. Therefore, from a short range point of view, events in Iran, U.S. reaction to such events, and U.S. decisions regarding Iran will be necessarily greatly influenced by this fact. From a long range point of view, U.S. interest demands not only a going oil industry but the permanently strengthened pro-West Shah in partnership with an essentially friendly Iranian government possessing the will to prevent domination by the Soviet Union or International Communism, as well as the ability and financial wherewithal to do so. U.S. policy, tactical decisions, and operations in Iran should be formulated to insure this state of affairs.

Compatible with these immediate and longer range U.S. aims, the NEA Division believes that an expanded and re-oriented military aid and advisory program would:

a) Immediately and on a long term basis increase the prestige, influence and actual power of the Shah, who we consider to be the most effective instrument for maintaining and strengthening Iran's orientation toward the West, and resisting pressures from within or without by international Communism.

b) Immediately increase the strength and confidence of the Zahedi government which would further encourage this government to reach an oil settlement in the face of opposition influences within Iran.

c) Contribute to building the Iranian Army into a force under the leadership of the Shah which can unquestionably dominate the internal situation so as to leave no doubt as to its ability to preserve order and security.

d) Represent the first step in the ultimate creation of an Iranian Army capable of delaying action in the event of an invasion, and which can possibly contribute to any regional defense arrangement which may later be developed. It is not anticipated that the Iranian Army can reach this degree of competence in the near future and it may be over-sanguine to believe it can ever do so. However, by increasing the power of the Shah and insuring internal security, an improved Iranian Army will help to create a condition in which such aspirations will at least come within the realm of possibility.

e) Have a profound psychological effect on the nation as a whole by apparently demonstrating U.S. confidence in Iran's ability to play an active role similar to that of Turkey in military defense against Soviet imperialism.

Should the USSR become aware of a revised U.S. attitude toward the Iranian Army, it can be expected to exploit this to the fullest in its propaganda efforts through Communist and anti-West elements. Furthermore, it is possible that the Soviet Union would take this occasion to threaten Iran on the basis of the 1921 Treaty. However, it is estimated that the Soviet Union would not go beyond such threats; and the benefits derived from a strengthened Iranian Army would more than compensate for the propaganda opportunity given the Soviets.

Opposition to an expanded military program may be expected from other segments of the Iranian population; i.e., those who believe economic improvement should take priority over military expansion; neutralists who reject alliance with either East or West, and tribal elements which traditionally oppose central authority and the Army. Such opposition is not, however, considered of serious proportion.

3. *Recommended CIA Position:*

When Ambassador Henderson's proposals per paragraph 1 above come before the NSC, it is recommended that you support them and that you concur in the reasoning put forth by Ambassador Henderson in reference Embassy cables No. 1102 and 1103.

Kermit Roosevelt[5]

[5] [*name not declassified*] signed for Roosevelt above Roosevelt's typed signature.

350. Letter From the First Secretary of Embassy in Iran (Melbourne) to the Officer in Charge of Iranian Affairs, Office of Greek, Turkish, and Iranian Affairs, Bureau of Near Eastern, South Asian and African Affairs (Stutesman)[1]

Tehran, November 30, 1953.

Dear John:

The ideas that you clearly expressed in your letter of November 6 have, as you may imagine, been upon our minds as well.[2] It is indeed a knotty question as to how far our responsibility goes in Iranian internal affairs and the extent to which we should interfere in them. While it is true we have become involved in Iranian internal affairs to a great extent and cannot pull out of them entirely, it does seem that we should resolve not to get into them any deeper and to withdraw at least partially from what we may be doing on a tactical basis.

The peculiar environment of Iran and its propensity for sudden changes would appear to justify as the most feasible general policy one of exerting maximum pressures on vital issues and not in individual tactical moves and intrigues which might destroy our usefulness and waste our influence. To illustrate this, we do not think that we should try to prescribe who should be in the Prime Minister's Cabinet, since we could not expect to understand the full ramifications of such appointments and the pressures upon a Prime Minister inducing him to make them. However, if we felt required to do so, we could point out to a Prime Minister (and that only so long as our Military, FOA and other aid are being received) that he needed some men of stature and experience to give tone and capacity to his Cabinet, which under particular circumstances it might not have. The important thing seems to us to be that with the leverage we have through our aid we can employ a loose rein on particulars and a tight one on basic policies.

Any attempt to build American directed organizations, no matter how indirect the direction, within state institutions and outside, is bound to be discovered and consequently suspected. Roger, for example, can give you the details as to the difficulties we ran into with the Shah through our support of the Workers' Party and then of Maleki's Third Force because they were publicly anti-communist. It became known to the Shah that we were giving the support, even at a time when these organizations were critical of him. This served to encourage

[1] Source: National Archives, RG 59, Central Files 1950–1954, 788.00/11–3053. Top Secret; Security Information.

[2] Document 345.

his suspicions that the United States was supporting Mosadeq as against him, thus reenforcing his innate irresolution. This is an example of how one of our worthy objectives may help stymie another. There is also a potential future complication in that Baqai and Maleki may never believe, if we are not going along with them, that we are not covertly supporting others.

All this is a preliminary to the points that you make as potential targets of our activity:

1. *Army*. With the continued operation of the military advisory and aid missions, as well as the Gendarmérie mission, we believe that there will be created through this very activity an ever-expanding influence in the armed forces that will be to our advantage without the necessity of creating a formal cadre organization. Such influence, as you rightly say, is priority number one, and we think that it can only be maintained through the activities and presence of these missions.

2. *Government*. We agree with you that covert sources need not concentrate upon high level Government officials, since when they reach this point they are subject to the influences you describe. It is only through the overt association with responsible American officials, such as the Ambassador and his representatives with whom they are in contact at the time, that they can be generally most influenced in our behalf. By continuing to build upon the essential Persian confidence in the basic goodwill of the United States toward their country and of Iran's material interests in cooperating with the United States we should have a strong position through which to influence both Persian politicians and bureaucrats. It would be only sensible that we put in a good word as the opportunity offers to further the careers of those basically friendly to us and the democratic point of view. At the same time, the Persian mentality being what it is, if one expects a man to be signed up for life as pro-American on the basis of material advantages from both overt and covert types of operations, you will not secure those who in the long-run will reflect credit upon us and, instead, they may even become suspected by their own people.

3. *Majlis*. We think the last thing we should do would be to try to create a Majlis party drawing political influence from a tie with American officials. The same arguments apply here as given previously. We believe, for example, that in any elections in this country, if our own policies stay on course, there will always be a sizeable group of deputies who will be friendly toward us, with whom we can talk and influence through our counsel, and who would be more willing to take that counsel without it being given under the handicap of directives from the American Embassy.

4. *Potential Opposition*. Penetration of communist and extremist groups, of course, is extremely important for covert intelligence. At the

same time to sponsor a potential opposition to Zahedi we think would be a serious error. It would become eventually known, would encourage the Shah to intrigue against the Prime Minister, and would paralyze the latter's actions as well through becoming known to him. By keeping on the best of terms with all pro-democratic and friendly political groupings, as is our job and is perfectly feasible, we should be able to accomplish our general objectives. Zahedi himself could take no offense at such activities nor could they properly be interpreted as designed to undermine him. We need not be inextricably tied to only one arrow in the quiver of Persian politicians.

5. *Tribes*. We should, of course, maintain relations with the tribes, but we think here those relations should not be at the expense of disrupting our essential objectives in Iran.

FOA, through the TCI program for example, is being adequately employed now in building up through actual performance a powerful weapon in influencing Iranians simply by continuing to do a good job. The TCI people are well acquainted with people and attitudes in their respective regions, and are making friends for the United States. As sources of information they can continue to be tapped, but we honestly do not believe TCI can contribute anything in the provinces beyond what it is actually doing in behalf of American policies. The intelligent use of our TCI programs and of FOA economic aid can be further integrated into our political objectives, and I think this can be done through continued Embassy–FOA liaison in operations and planning.

Both the Ambassador and Bill Rountree have seen and approve this letter.

All the best.

Sincerely,

Roy M. Melbourne[3]

[3] Melbourne signed "Roy" above his typed signature.

351. Memorandum From Director of Central Intelligence Dulles to Secretary of State Dulles[1]

Washington, December 1, 1953.

Before Mr. Herbert Hoover, Jr., left for London we conferred with regard to the question of "assurances" given by the British prior to the undertaking of the recent operation in Iran which resulted in the change of government. He suggested that this information might be useful to you as background for Bermuda.[2]

Accordingly Mr. Roosevelt has prepared, and I enclose, a brief memorandum giving the information on this subject including Roosevelt's talks with high British officials.

You will probably have in the State Department further information on this subject since I understand that there were conversations with the British Ambassador and possibly cables with London.

Allen W. Dulles

Attachment

Memorandum From the Chief of the Near East and Africa Division, Directorate of Plans (Roosevelt) to Director of Central Intelligence Dulles

Washington, November 27, 1953.

SUBJECT

Information Bearing on Current Discussions with the British Concerning Iranian Oil Settlement

1. On 26 November, Herbert Hoover, Jr., telephoned me to discuss the various aspects of the talks he is holding with the British on a proposed oil settlement with Iran.[3] As a result of our conversation he asked that I pass on to you his strong recommendation that a report on my own meetings with Prime Minister Churchill and Acting Foreign

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[1] Source: National Archives, RG 59, Central Files 1950–1954, 888.2222/12–153. Top Secret; Security Information.

[2] A reference to the Bermuda conference of December 4–8, held among the United States, United Kingdom, and France. For documentation on the Bermuda conference, see *Foreign Relations*, 1952–1954, vol. V, Western European Security, Part 2, pp. 1710–1848 (Documents 318–364).

[3] See Document 331.

Minister Lord Salisbury be again transmitted to the Secretary of State, the President, and other appropriate officials attending the Bermuda meeting.

2. It will be remembered that, prior to the U.S. decision to undertake our recent operation, this Government required from the highest level of the British Government an assurance that the British conscientiously desired and intended to reach an equitable oil settlement with the new Persian Government, and that H.M.G. understood well that such a settlement would have to be very carefully drawn up with an eye to giving as much support as possible to the prestige of any Persian Government agreeing to it.[4]

3. Such an assurance was received and on the basis of it, I was authorized to make various statements conveying this British intention to the Shah and to General Zahedi. My assurances on this score were eagerly received.

4. In passing through London on my way back to Washington, I had conversations with a number of top British officials including the Acting Foreign Minister (as well as other members of the Foreign Office) and with Sir Winston Churchill. In each one of these conversations I repeated the assurances which I had given on behalf of the British Government to the Shah and to Zahedi. In each case I was told that my statements were justified and properly presented, that the British fully understood the necessity of reaching an oil settlement as rapidly as possible, and that they were fully prepared to do so. Lord Salisbury was most explicit in his words to the above effect, and the Prime Minister was the most outspoken of all. He received me in bed at 10 Downing Street. In the course of a most cordial conversation he emphasized his strong feelings that everything possible to help this new Government should be done. There was some discussion as to whether it would be more convenient if diplomatic relations should be restored between Iran and Great Britain prior to discussion of an oil settlement, but Sir Winston indicated that he did not think this was an important issue. He said further that he would be perfectly prepared to give a certain amount of economic aid to the new Iranian Government even before the reestablishment of diplomatic relations. He commented that the AIOC had really fouled things up in the past few years and that he was determined that they should not be allowed to foul things up any further.

5. A very brief written report on the above-mentioned conversations was transmitted by the State Department to the President while he was in Colorado. Oral reports have, as you know, been given to the

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[4] Reference is to the paper British Ambassador Sir Roger Makins gave to Under Secretary Smith, dated July 23; see Document 250.

appropriate officials, but it was Mr. Hoover's feeling that it would be useful at this time to remind the Secretary and the President of these British expressions and commitments.

Kermit Roosevelt

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352. Despatch From the Embassy in Iran to the Department of State[1]

No. 331 Tehran, December 15, 1953.

REF

Embassy Despatch 245 of October 30, 1953[2]

SUBJECT

Official Conversation With Dr. Mozafar Baqai

There is enclosed for the Department's information a memorandum of conversation of another conversation which I had recently with Dr. Mozafar Baqai who has been the leading open critic of the Zahedi Government. While, as in the previous instance, the memorandum of conversation is self-explanatory, my purposes in attending this recent meeting were to learn Dr. Baqai's current points of view towards the Zahedi Government, the United States, the Iranian resumption of relations with Great Britain, and upon the oil question. Similarly, I wished to express to him clearly the policies and points of view of the United States.

Loy W. Henderson
Ambassador

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[1] Source: National Archives, RG 59, Central Files 1950–1954, 788.00/12–1553. Secret; Security Information. The despatch was drafted by Melbourne. There is no drafting information on the enclosed memorandum of conversation. Received December 28. Pouched to London.

[2] Document 341.

Attachment

Memorandum of Conversation

Tehran, December 4, 1953.

PARTICIPANTS

Ambassador Henderson
Mr. Roy M. Melbourne, First Secretary of Embassy
Dr. Baqai, Leader of Workers' Party

TRANSLATOR

Mr. Christian Chapman, Third Secretary of Embassy

At the request of Dr. Baqai, leader of the Workers' Party, Ambassador Henderson received him on the evening of December 4, 1953. The conversation was carried on in French, which the Doctor speaks quite fluently, and lasted three hours.

Baqai excused himself to have to give a lengthy introduction in order to explain clearly his position.

Everyone agreed, he said, that Iran was a sick country. Most generally this sickness is ascribed to a lack of education, or a lack of hygiene, or to malnutrition, or to other similar causes. However, the more he and his collaborators studied the problem, the more they became convinced that the real problem lay in the psychology of despair which grips the people. Iranians have lost hope for the future. This, according to Dr. Baqai, is the real issue and it is to combat this mentality and attitude that he organized his party. He feels he has been partially successful in accomplishing this end. While previously all those who were actively discontented with things as they were joined the Tudeh party, more and more have come to join his. Thus, his party has acted as a screen against the Tudeh.

His position towards Communism and towards Dr. Mosadeq, he continued, is well enough known, so that he need not amplify on the subject. However, he considers that the manner in which the trial of Mosadeq has been handled by the military court, the press, and the radio is a grave error. No difference is made between the two periods of Mosadeq's regime, between the first fifteen months which lasted until July 1952 (the event surrounding the abortive Ghavam Government) and the second period, which lasted until August 19, 1953. In the first period, Dr. Baqai considers that Dr. Mosadeq accurately reflected the national will or movement; he was a symbol of national resurgence. But after July 1952 he became entangled with the communists and in the last few days of his regime finished by committing treason. His connec-

tion with the communists, Dr. Baqai knows for a fact, because, through reliable informants within the Tudeh, he received, in August 1952, a report of the meeting Mosadeq held with four of the principal Tudeh leaders. This meeting was alleged to have taken place on July 20, 1952. At this meeting, the Tudeh leaders told Mosadeq that he now had the opportunity of doing away with the Shah, the court, and the present form of government, and of establishing a Republic with himself as president. The Tudeh representatives argued that he had become a national symbol while they, on the other hand, represented a popular party. They offered him, therefore, their collaboration to carry out this plan. Mosadeq did not reject their offer outright but, on the contrary, simply answered that the situation was not yet ripe for such a change. Ever since that time, Dr. Baqai considers that Mosadeq has had an understanding with the communists.

In August 1952, after he had received the report of the meeting, Dr. Baqai called on Mosadeq and argued with him at length about the dangers of both the British and the Communists. Both, he told Mosadeq, preyed on the weakness of Iran and therefore sought to perpetuate this weakness. If the British were to be expelled, he advised Mosadeq, all Britishers should leave, not just those who carried British passports, but also all their agents, even those who were Iranian nationals. Otherwise, argued Baqai, the breaking of diplomatic relations and the expulsion of the British would only delude the people. Mosadeq did not take his advice and the result is that, even today, there are British agents who are as active as ever in the country.

Now, continued Baqai, the question arises of the reestablishment of diplomatic relations with Britain. He considers, and he has carried out a long campaign in his newspaper on this subject, that if relations are reestablished without some previous tangible evidence from the British that they mean to change their attitude towards Iran, then this reestablishment, taken together with the condemnation of Mosadeq's whole regime, will be interpreted in the popular mind as a condemnation of the national movement. To Iranians, it will simply mean that British colonial policy is reaping its revenge. The consequences of such a disillusionment he foresees as most grave.

After this long preamble, he put the question to the Ambassador in so many words: What reason is there against postponing the reestablishment of diplomatic relations until the British have made some definite gesture ("a gesture of facts"), show their good faith, i.e. permitting the sale of oil, delivering goods which had previously been paid for, or other similar minor concessions?

The Ambassador answered that the British Government had taken the position that diplomatic relations must be reestablished before any conversations on the oil problem can be held. That Government be-

lieves that only direct negotiations can adequately settle the problem and such negotiations can only be undertaken after diplomatic relations are established. Furthermore, the British Government insists on separating the establishment of diplomatic relations from the differences which arise between governments. At the same time, the Ambassador continued, he was afraid he differed on one point with Dr. Baqai as he understood his position. Dr. Baqai, he thought, believed that the Iranian economy could run without oil revenues. The Ambassador, on the contrary, considered that oil was essential to the Iranian economy and that, without the production and sale of oil, he could see no hope for the economy and therefore the country. He appreciated the difficulties which Dr. Baqai outlined regarding the resumption of diplomatic relations, but he could see no alternative. The British Government had taken a firm position and if the Iranian Government took an equally intransigent position, then he could only foresee the country drifting hopelessly towards bankruptcy. Therefore, for the good of this country, he considered the alternative of resuming relations as the better.

To the above argument, Dr. Baqai made two points. First, since he foresaw the possibility for Iran of remaining a number of years without oil revenues, he thought that, for morale purposes, it was better to encourage the people to make them believe that doing without oil was possible. His advocacy of an oilless economy has been dictated solely for reasons of morale. He himself knows very well the importance of oil to Iran and knows that, if the country is to develop as an independent nation, it must obtain the benefits of its oil resources. Secondly, Baqai did not see why it was not possible for the British to separate the question of compensation from that of the sale of oil. He admitted that the problem of compensation would have to be examined by direct negotiations, but he failed to see why, as a proof of their good faith, the British could not allow the immediate resumption of oil sales. What the Iranian people wanted from the British was tangible proof that they were in earnest regarding their stated intentions of pursuing a new policy towards Iran.

The Ambassador answered that the unsuspected complexities of the oil problem and the firmness of the British position had both led him to consider that the two questions of the sale of oil and of compensation were intimately connected. As things are, even if the British agreed to let Iran sell her oil, only small quantities could be disposed of, because no major oil company would touch this oil for two reasons. First, because until the question of compensation has been settled, there could be no security of title over the oil, and secondly, because to encourage the sale of oil before compensation had been agreed upon would deal a serious blow to foreign investments throughout the world.

Baqai let it be understood that he felt the American Government if it so wished, could very well apply pressure on the large oil companies to come to terms. In answer to this argument, the Ambassador strongly emphasized the feeling of the American people against nationalization without compensation and stated that, were the Government ever to give such advice to the oil companies, there would be a wide outcry throughout the country which would be echoed in Congress.

Dr. Baqai made a final point by stating that one of the principal reasons why he felt it important that the British give proof of their good intentions was that the speech delivered in the House of Commons by Foreign Minister Eden a few days ago was a complete about-face of the previous position of the British Government. Eden declared that it would recognize the Iranian nationalization law on certain conditions. Previously, on two occasions at least—once following the Harriman mission, and another which he described as the "Middleton letter,"—the British had formally declared that they recognized the nationalization law and placed no conditions on this recognition. Now, Eden's statement was a definite reversal of policy and this action inspired serious doubts as to the British professions of good faith.

The Ambassador disagreed with Baqai's interpretation of the former British position and pointed out that the British position was that they had accepted nationalization only "in principle", that they had always qualified their recognition with certain reservations.

In conclusion, Dr. Baqai said that he could see that nothing could be done to prevent the resumption of diplomatic relations, but he wished to make a prognostication of what would follow. He could foresee two consequences: one, politico-economic which he termed "ordinary", and about which he did not elaborate, and another which he considered much graver. In view of the popular discontent which would follow the resumption of diplomatic relations under present circumstances, General Zahedi would have to call for new elections to the Majlis and to ensure a strong majority for the Government. He would be impelled to control these elections. And, Baqai added, Zahedi is already half a mind to do just this now and is being urged to do so by his advisers. Such a maneuver would increase the general discontent, leading in turn to a strengthening of the Tudeh Party and a dangerous increase in agitation. He was sorry United States diplomacy was again making a grave mistake in Iran. Although he did not specifically so state, he left the impression that he might, with regret, begin attacking the United States as well as Great Britain during the course of his political activities.

Salient Points of Conversation:

1. Dr. Baqai's opinion of himself as a philosopher-politician, driven to the dirty game of politic in pursuit of the "sublime".

2. His analysis of his country's sickness as being caused essentially by the psychology of despair prevailing among the people.

3. His explanation of his political tactics as being aimed at bolstering morale, i.e. his advocacy of an oilless economy and his opposition to the immediate resumption of diplomatic relations with Great Britain.

4. His view that Dr. Mosadeq's first government was truly representative of the popular will and that he only failed the people in his second government by allying himself with the Tudeh. His conclusion that condemning Mosadeq indiscriminately undermines public confidence.

5. His flat statement that Dr. Mosadeq had had a meeting with Tudeh leaders on July 20, 1952 and had reacted favorably to the idea of creating a Republic.

6. His continued opposition to resumption of relations with Great Britain until the latter had removed Iranian suspicions of British attempted internal intrigues through concrete British acts of good will in the oil sphere.

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353. Memorandum of Conversation[1]

Tehran, December 22, 1953.

Memorandum Summarizing Conversation Between the Shah of Iran and Loy W. Henderson, American Ambassador, on the Afternoon of December 22, 1953

During a conversation which I had several days ago with Mr. Ala, Minister of Court, I remarked that it had been two weeks since I had seen the Shah and it might be useful for me to have another audience with him. Mr. Ala telephoned the following day setting an appointment for the evening of December 22.

Mosadeq–Riahi trial

The Shah opened our conversation by referring to the trial of Mosadeq which had terminated on the preceding day. His Majesty said he was pleased that the sentence had been limited to three years in solitary

[1] Source: National Archives, RG 59, Central Files 1950–1954, 788.00/12–2853. Secret. Drafted by Henderson. Transmitted to the Department as an enclosure to despatch 368 from Tehran, December 28.

confinement. He thought that if the sentence had been for a longer term there might have been considerable public sympathy for Mosadeq. On the other hand if the sentence had not called for "solitary" confinement he would not have been in a position to commute the sentence to banishment to a remote place in Iran or to some foreign country which would consent to receive him and prevent him from engaging in political activities against Iran. In Iran a sentence to simple imprisonment—not solitary confinement—is considered to be just as mild as banishment, and therefore not subject to commutation to banishment. If Mosadeq should subsequently show the right attitude it was the intention of the Shah to commute the sentence to banishment.

The Shah said he was also pleased with the sentence of General Riahi. He thought that General Riahi had behaved in a dignified, manly, and constructive way during the trial and therefore should not be punished too severely. The General was now being expelled from the Army and in the opinion of the Shah should never be reinstated.

The Shah asked me if I had read the statement which he had sent to the trial judge on the eve of the termination of the trial. In this statement he had indicated that in his opinion Mosadeq had served the interests of Iran by nationalizing oil and in fact during the first year of his Prime Ministership had had the support of the Shah himself and that therefore the Shah held no personal grievance against Mosadeq for what the latter had done during the last part of his Prime Ministership. The Shah said that he had sent this message to the President of the Court for two reasons:

a. He wanted to make it clear that he favored and still favored the nationalization of oil. He thought this was wise in order that the nationalists in Iran would not think that their Sovereign had deserted them. He considered that a certain amount of nationalism was necessary for Iran and that it should develop under his leadership.

b. When it became apparent that the arrival of the British would almost coincide with the sentencing of Mosadeq it seemed important that he should make it clear to all Iranians that he was still supporting Mosadeq's attitude towards the British during the first year that Mosadeq was Prime Minister. He thought this was necessary in order to weaken propaganda which the enemies of himself and of the Government would be sure to disseminate to the effect that the sentencing of Mosadeq to prison at the time of the arrival of the British in Iran showed how completely the present regime of Iran was under the British thumb. The Shah said he was well pleased with the results of his intervention in the trial. He had caught Mosadeq off balance and had for the time being disarmed Mosadeq's adherents.

The Dissolution of the Senate and the Majlis and the Call for New Elections

I told the Shah that I was glad that finally the firman had been issued dissolving the Majlis and calling for new elections. I was particu-

larly pleased that apparently there had been no important hostile public reaction to this firman. The decision of the Shah and of the Government seemed to have been taken by the public as a matter of course.

The Shah said that if he had had his way this firman would have been issued two months ago. He also was pleased with the way in which it had been received by the public. There had been opposition in certain circles to the dissolution of the Senate. It had been argued that since the Senate would have a quorum when in due course the vacancies provided by law had been filled there was no reason to dissolve it. He had considered it necessary to dissolve the Senate for two reasons: (a) He himself had signed a firman under pressure from Mosadeq and the Majlis in 1952 dissolving the Senate. He did not believe that he could ignore his own firman without injuring the royal prestige. This fact had influenced his decision to dissolve the Senate before it would endeavor to enact any legislation. (b) The Senate had become extremely unpopular, partly as the result of propaganda carried on against it and partly as the result of the incapacity or weakness of some of its members. There was general feeling in the country to the effect that the Senate was under British control. Undoubtedly there were certain members of the Senate who were more interested in pleasing the British Government than in protecting the interests of Iran. He was of the opinion that in general the members of the Senate were loyal and capable. The dissolution of the Senate would, in his opinion, soften some of the resentment among Iranian nationalists rising from the dissolution of Majlis. By including both houses in his firman he was showing favoritism to neither. He thought that most of the former members of the Senate would be re-elected or reappointed. Some should be got rid of. He had noted with some satisfaction that apparently Senator Nasser Khan, one of the leading Qashqai chieftains, had already expressed concern at his loss of parliamentary immunity as a result of the dissolution of the Senate. The Shah was not unhappy that several of the Senators had lost their parliamentary immunity.

I asked the Shah how soon, in his opinion, elections would start. He said as soon as possible; he hoped within the next two weeks. I inquired if he and the Prime Minister were in agreement with regard to candidates. The Shah replied that he thought the Prime Minister was cooperating in this matter quite satisfactorily. Both he and the Prime Minister were in agreement that so far as possible the deputy from each district in the country would be a well-known highly respected resident of that district—not someone imposed upon the district from Tehran.

I inquired whether or not the Prime Minister was keeping him informed regarding his lists of prospective candidates. The Shah again replied in the affirmative. He said that the Prime Minister would not

dare try to deceive him in a matter of this kind. I remarked that I was convinced of the complete loyalty of the Prime Minister to the Shah and of the Prime Minister's desire to keep the Shah fully informed regarding his actions. The Shah said he agreed that the Prime Minister was loyal to him. The Prime Minister's position depended upon his complete loyalty. Nevertheless, there was always the temptation on the part of a Prime Minister to attempt to put some of his own personal friends into the Majlis. The Shah could understand this and would not object if the Prime Minister should introduce perhaps a dozen personal adherents provided they were men of good reputation and of ability. The Shah thought it was imperative, however, that he should make sure regarding the general high quality of the new Majlis and new Senate.

The Visit of Vice President Nixon

The Shah remarked that the visit of the Vice President had been a complete success.[2] It had served to strengthen relations between Iran and the United States and also to strengthen the position of the Iranian Government. He hoped that the Vice President went away satisfied. I replied that I was certain that the Vice President was happy at his reception, at the manner in which he had been treated while he was here, and what seemed to be the constructive results of his visit. I said I would like to take occasion again to express the appreciation of the Government of the United States for the hospitality and the numerous friendly courtesies extended by the Shah, the Government, and many sections of the Iranian people towards the Vice President. It was particularly gratifying that in spite of the delicate situation prevailing there had not been a single disagreeable incident.

U.S. Military Aid to Iran

The Shah said he hoped I would not take it amiss if he should ask me what, if anything, the Vice President might be able to do for Iran. I said that I thought the understanding of Iranian problems which the Vice President had obtained during his visit to Iran would put him in a position to say an explanatory word sympathetic to Iran from time to time when Iranian problems were discussed in the higher governmental circles. The Shah asked if the Vice President had told me of their last conversation relating to Iranian military needs.[3] He said that he

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[2] Vice President Richard M. Nixon was in Iran December 9–12 as part of his good will tour of the Far East and South Asia, which began on October 7 and ended upon his return to Washington December 14. Extensive material regarding the Vice President's trip is ibid., 033.1100–NI.

[3] Henderson reported on the December 11 meeting between Nixon and the Shah in telegram 1341 from Tehran, December 17, printed in *Foreign Relations,* 1952–1954, vol. X, Iran, 1951–1954, pp. 850–852 (Document 396). See also footnote 3, Document 360.

had told the Vice President frankly that he would not be content to be Commander-in-Chief of a police army; an army destined only for police purposes would not give Iran the self-assurance and confidence necessary for the maintenance of Iranian independence. He had explained to the Vice President why it was necessary that the Iranian Army should be remodeled so that it had sufficient defense capabilities to engage in a delaying action if Iran should be attacked by the Soviet Union. When the Vice President had asked regarding Iran's attitude to some kind of a military arrangement with Turkey and Pakistan he had informed the Vice President that in his opinion such an arrangement should come in due course if Iran would have an army of a character which could contribute to regional defense. It was only natural that Iran with a defensive army should have a military understanding with Turkey and Pakistan. He thought that Iran might be able to enter into an understanding of this strictly regional character without departing from its long-standing policy of neutrality; that is without becoming a member of the "Western bloc". The Russians would object in any event. Nevertheless Iran must have the right to enter into local arrangements for the purpose of strengthening its security. Iran would not however enter into discussions looking forward to arrangements of this kind until it was in possession of an army capable of at least some kind of defensive action.

He had discussed this problem on December 21 with Zafrullah Khan, the Foreign Minister of Pakistan, and was glad to see that Zafrullah Khan appeared to share his views. The Shah said he had been deeply impressed with Zafrullah Khan; he had found the latter frank and full of understanding. He thought that the visit of the Pakistan Foreign Minister would in general be helpful in strengthening understanding between Pakistan and Iran.

Improved Position of the Iranian Government

I told the Shah that in my opinion the Iranian Government had made greater advances in the political field during the month of December than it had made during the three previous months that it had been in office. It seemed to me that hardly a day had passed by without some significant, constructive decision having been made. I thought that as a result of the new attitude of decisiveness and the display of willingness to take action on the part of the Government it was now moving forward with renewed confidence and was creating public confidence in its ability to do things. I referred illustratively to the establishment of relations with the United Kingdom, to the dissolution of the Majlis, to the decisive attitude adopted towards Kashani, Baqai, Maki, et al, and to the outcome of the Mosadeq trial. The trial had come out much better than I had anticipated. At one time I had been much concerned at the way in which it was being handled. I was relieved that

it had now come to an end in a nonsensational manner. I hoped that Mosadeq's appeal could be disposed of without too much attendant publicity.

The Shah agreed with my optimism. He said his chief concern at the moment related to charges of corruption. He thought in general that the rumors of corruption were grossly exaggerated. Nevertheless, it seemed to him that the Prime Minister should show a greater interest in investigating charges of graft. General Guilanshah, who had been acting informally as an inspector for the Prime Minister, had recently informed the Shah that he had found evidences of corruption in the Customs Department and in the Ministry of Roads but had been instructed by the Prime Minister not to press investigations just now. The Prime Minister had taken the position that investigations of graft charges at this particular moment might divert the public mind from thinking of constructive measures which must be taken. The Shah on his part thought that the disclosure and prosecution of graft would strengthen the prestige of the Government and obtain for it a wider measure of public support. The Shah said that it was his understanding that the corruption which Guilanshah thought he had discovered had been in existence for more than two years. I suggested that it might be a good idea to set up some kind of administration headed by prominent men of of unquestioned integrity whose duty it would be to check and approve every important governmental transaction involving an expenditure of considerable sums. The Shah agreed and said that he thought a person such as Ebtahaj or Allah-Yar Saleh might be useful at the head of an administration of this kind.

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354. Monthly Report Prepared in the Directorate of Plans, Central Intelligence Agency[1]

Washington, undated.

IRAN

December 1953

A. *General Developments*

1. Relations between the Shah and Prime Minister Zahedi appear to have improved during this month and opposition forces continue to

[1] Source: Central Intelligence Agency, DDO–IMS Files, Job 81–01061R, Box 3, Folder 2, The Current Report—December 1953. Top Secret.

be kept effectively under control. It is reported that Chief of Staff Batmangelich has lost out with the Shah in his fight for position vis-à-vis Prime Minister. The Government seems to have achieved enough solidarity and popular support to have confidence in its ability to cope with a newly-elected Majlis and effect a satisfactory oil agreement. The Tudeh Party was very little in evidence during this month although a discouraging note appeared in a press report which stated that the new military governor of Tehran has released the vast majority of arrestees who were picked up as suspected Communists following the events of 19 August.

2. The Shah announced the dissolution of the 17th Majlis on the grounds that the incumbent body was neither workable nor representative of the people. This opened the way for election of a new Majlis which the Government announced would take place in the near future and it also removed the political immunity of the principal leaders of more serious elements in opposition to the Zahedi government. It was reported that the Prime Minister is now prepared to arrest such opposition leaders as Kashani and Baqai if they engage in provocative activity.

[Omitted here are unrelated activities.]

5. The main Qashqai leaders, Nasr Khan and Khosrow Khan, traveled to Tehran for the purpose of settling their differences with the Shah and the Government. Nasr Khan had a pleasant but noncommittal interview with the Prime Minister and sent a message to the Shah but received no reply. It was reported that the Shah had in the meantime received separate pledges of allegiance from Qashqai subchiefs and was prepared to banish Nasr and Khosrow from the country. [*1½ lines not declassified*]

B. *Station Synopsis*

[Omitted here are unrelated activities.]

9. The Shah and the Prime Minister are in agreement on a joint slate of candidates to be supported for election to the Majlis. The Station believes that in most constituencies the government supported candidate will win and the Station has been very active in influencing the composition of the government slate. [*3 lines not declassified*] Headquarters has begun a systematic analysis of all election information with the intent of providing the Station with maximum support and guidance during the electioneering phase. [*2 lines not declassified*]

[Omitted here are operational details.]

John H. Waller

355. Statement of Policy by the National Security Council[1]

NSC 5402 Washington, January 2, 1954.

UNITED STATES POLICY TOWARD IRAN

General Considerations

1. It is of critical importance to the United States that Iran remain an independent nation, not dominated by the USSR. Because of its key strategic position, oil resources, vulnerability to intervention or armed attack by the USSR, and vulnerability to political subversion, Iran must be regarded as a continuing objective of Soviet expansion. The loss of Iran, particularly by subversion, would:

a. Be a major threat to the security of the entire Middle East, as well as Pakistan and India.

b. Increase the Soviet Union's oil resources for war and its capability to threaten important free world lines of communication.

c. Damage United States prestige in nearby countries and with the exception of Turkey and possibly Pakistan, seriously weaken, if not destroy, their will to resist communist pressures.

d. Permit the communists to deny Iranian oil to the free world, or alternatively to use Iranian oil as a weapon of economic warfare.

e. Have serious psychological impact elsewhere in the free world.

2. Due to the events of mid-August, 1953, there is now a better opportunity to achieve U.S. objectives with respect to Iran. The Shah's position is stronger and he and his new Prime Minister look to the United States for counsel and aid. Some Iranian leaders now seem to realize that Iranian oil is not vital to the world and that it must be sold in substantial quantities if Iran is to achieve stability. There is accordingly a possibility for the United States to help bring Iran into active cooperation with the free world and thus strengthen a weak position in the line from Europe to South Asia. An essential step in this direction is the receipt by Iran of substantial revenues from its oil resources. In the absence of such revenues, Iran will be dependent on external assistance which, if doled out only in minimum quantities to meet emergencies, will do little to create real stability, permit development or avoid future emergencies.

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[1] Source: National Archives, RG 273, Records of the National Security Council, Official Minutes 1947–1961, Box 35 (178th Meeting). Top Secret. In a covering letter to this paper, Lay informed members of the NSC that the President had approved NSC 5402 on January 2. NSC 5402 thus superseded NSC 136/1 (Document 147). NSC 5402 is printed with redactions in *Foreign Relations,* 1952–1954, vol. X, Iran, 1951–1954, pp. 865–889 (Document 403).

3. If the Shah cooperates, the Zahedi Government should be able to stay in power for some time. However, the government is confronted with many serious problems, springing primarily from the basic changes taking place in Iranian society. Zahedi must cope with the Majlis, composed of heterogeneous groups, motivated by self-interest, upon whose support the enactment of essential economic and social legislation will depend. The Communist and other opposition groups will continue to pose a threat. The problem of Mossadegh must be solved. Zahedi's position is also threatened by the Shah's inherent suspicions of any strong Prime Minister. Any non-Communist successor government would encounter similar difficulties.

4. The United States now has an opportunity to further its national objectives with respect to Iran by: (a) facilitating an early oil settlement leading to substantial oil income from Iran at the earliest possible date; (b) technical assistance and economic aid; (c) U.S. military aid.

Importance of an Oil Settlement

5. The Iranian economy is basically dependent upon agriculture. Despite revenues from the oil industry, the great majority of the Iranian people have lived in poverty. However, if it receives substantial revenue from the renewed operation of its oil industry on a sound basis, Iran should be in a position to establish a self-supporting, stable government, and carry out much-needed economic and social welfare programs. Without such revenues from the renewed operation of its oil industry, the Iranian Government will proceed from crisis to crisis, thereby greatly increasing both Tudeh Party opportunities to cause disorder or to infiltrate the government, and pressures on the United States for substantial aid. Even if Iran again receives oil revenues, there will be the continuing problem of insuring their application to programs of permanent value, and minimizing corruption.

6. In recent months some progress has been made in clarifying the positions of Iran and the U.K. toward a settlement. The resumption of U.K.–Iran diplomatic relations removes one obstacle to a settlement. However, the Iranian Government will continue to fear public reaction to any apparent concessions, and the British may be reluctant to accept necessary terms.

Economic Aid

7. In September 1953, the United States granted emergency assistance of $45 million to permit the Zahedi Government to meet the operating deficit inherited from the Mossadegh regime and to initiate essential monetary reforms. This aid is believed sufficient to carry the regime until May or June of 1954.

8. Until the oil revenues become substantial, emergency aid in some form will have to be continued and may have to be increased. In

considering the timing and extent of such aid, the following factors must be kept in mind:

a. Too long a delay in the institution of economic and social reforms in Iran may make it impossible to seize the opportunity presented by present circumstances to increase Iran's political stability and economic health.

b. Granting of other than emergency aid prior to an oil settlement may make Iran less interested in coming to an early settlement and at the same time harm our relations with the U.K.

c. The timing and extent of U.S. aid to Iran should not be such as to encourage other nations to emulate Iran in nationalizing her oil resources.

d. While the present Government of Iran has shown itself to be favorably disposed to seek an early settlement of the oil dispute, too great or too obvious pressure from the outside may, because of internal political reasons in Iran, have the opposite effect.

9. In addition to emergency aid, the United States has a limited technical and economic assistance program for Iran of approximately $23 million for FY 1954. Even when substantial oil revenues are realized, it will be desirable to continue limited technical assistance to Iran for a number of years. Insofar as such assistance may effectively be provided through international or private agencies, local fears of U.S. imperialism will be minimized.

Military Aid

10. Iran has thus far received approximately $46 million in military aid from the U.S., and an additional $58 million is currently programmed. Inadequate training, maintenance and supply capabilities, and low caliber personnel restrict Iran's ability to absorb U.S. military equipment, even at the present rate of delivery. At present, the Iranian armed forces are capable of maintaining internal security against any uprising short of a nation-wide tribal revolt. It is possible that Iran will, in perhaps one or two years, be willing to move in the direction of regional security arrangements, assuming: (a) an early oil settlement; (b) continuation in power of a government friendly toward the West, which has the Shah's and widespread public support; and (c) a steady increase in the capability of the Iranian Army. Iranian forces may be able to improve their capability for guerrilla and limited mountain operations, although it is unlikely that they could in themselves become capable within the foreseeable future of effectively delaying a strong Soviet thrust toward Iraq or the Persian Gulf. A long-range program of improving the Iranian armed forces should be related to the progress made toward effective regional defense plans which will provide Iran, in case of attack, with military assistance from adjacent states.

11. However, military aid to Iran has great political importance apart from its military impact. Over the long term, the most effective instrument for maintaining Iran's orientation toward the West is the monarch, which in turn has the Army as its only real source of power. U.S. military aid serves to improve Army morale, cement Army loyalty to the Shah, and thus consolidate the present regime and provide some assurance that Iran's current orientation toward the West will be perpetuated.

12. Neither the solution of the oil problem nor U.S. moral and financial support for Iran should be viewed as panaceas, but rather as measures which may permit Iran to achieve a condition of stability in which some modest progress may be made by Iran toward the working out of its own underlying problems. However, it should be recognized that physical execution of an economic development program, itself a time-consuming process, will be hampered by (1) lack of qualified Iranian administrative personnel, (2) the opposition of various vested interests, and (3) historically engendered suspicion of the West. Iran's long frontier with the USSR and the Soviet-Iranian Treaty of 1921 may affect the degree of Iranian cooperation, particularly military cooperation, with the United States.

Objectives

13. An independent Iran free from communist control.

14. A strong, stable Government in Iran, capable of maintaining internal security, and providing some resistance to external aggression, using Iranian resources effectively, and actively cooperating with the anti-communist nations of the free world.

Courses of Action

15. *a.* Assist Iran again to obtain substantial revenues from its oil resources.

b. Assist in every practicable way to effect an early and equitable settlement of the oil controversy between the United Kingdom and Iran.

c. If on June 1, 1954 such a settlement is still unachieved, and it appears likely that the negotiations will fail, review U.S. policy toward the problem in the light of circumstances then existing, including giving consideration to taking independent action with Iran, in order to bring about a resumption of revenues from its oil resources as a stabilizing influence in the Government of Iran tending to obviate the need for U.S. emergency economic assistance.

d. In implementing actions under *b* or *c* above, seek to avoid establishing any precedent which would adversely affect United States interests in Middle East resources.

16. Pending the time when Iran shall receive substantial revenues from her natural petroleum resources, provide emergency economic aid, preferably in the form of loans, as necessary to the Government of Iran, provided that it remains friendly to the U.S.

17. Continue limited technical and economic aid to Iran. Where appropriate utilize such private institutions and international organizations as may provide technical assistance more effectively.

18. In carrying out the courses of action in paras. 15, 16 and 17 above, the United States should:

a. Maintain full consultation with the United Kingdom.

b. Avoid unduly impairing United States–United Kingdom relations.

c. Not permit the United Kingdom to veto any United States actions which the United States considers essential to the achievement of the objectives set forth above.

d. Continue efforts to have the United Kingdom and Iran agree to a practical and equitable solution of the oil problem at the earliest possible moment and, at the same time, have the United Kingdom give full support to the Zahedi Government.

e. Be prepared to avail itself of the authority of the President to approve voluntary agreements and programs under Section 708 (a) and (b) of the Defense Production Act of 1950, as amended.

19. Provide United States grant military aid for Iran designed to:

a. Improve the ability of the Iranian armed forces to maintain internal security and provide some resistance to external aggression.

b. Enhance the prestige of the monarchy and the morale of the Iranian Government and military services.

20. The amount and rate of such military aid to Iran should take into account:

a. The attitude of Iran with regard to this aid and with regard to political, economic and military cooperation with the free world, including Turkey, Pakistan, and possibly Iraq.

b. Iran's ability satisfactorily to absorb military equipment and training, and its willingness at an appropriate time to formalize necessary contracts for military aid and training.

21. Encourage Iran to enter into military cooperation with its neighbors as feasible, and to participate in any regional defense arrangement which may be developed for the Middle East.

22. Recognize the strength of Iranian nationalist feeling; try to direct it into constructive channels and be ready to exploit any opportunity to do so, bearing in mind the desirability of strengthening in Iran

the ability and desire of the Iranian people to resist communist pressure.

23. Encourage the adoption by the Iranian Government of necessary financial, judicial and administrative and other reforms, including provision for an orderly succession to the crown.

24. Continue covert measures designed to assist in achieving the above purposes.

25. In the event of either an attempted or an actual communist seizure of power in one or more of the provinces of Iran or in Tehran, the United States should support a non-communist Iranian Government, including participation in the military support of such a government if necessary and useful, and should attempt to secure additional support from other free world nations.[2] Preparations for such an eventuality should include:

a. Plans for military support.

b. Plans for covert operations.

c. Plans for UN action.

d. Liaison with United Kingdom, to the degree deemed desirable, concerning each of these plans.

26. In the event that a communist government achieves complete control of Iran so rapidly that no non-communist Iranian Government is available to request assistance, the position of the United States would have to be determined in the light of the situation at the time, although politico-military-economic discussions leading to plans for meeting such a situation should be carried on with the British Government and with such other governments as may be appropriate. In this contingency, the United States should make every feasible effort, particularly through covert operations, to endeavor to develop or maintain localized centers of resistance and to harass, undermine, and if possible, to bring about the overthrow of the communist government.

27. In the event of attack by USSR military forces against Iran, whether or not under guise of implementing provisions of the Soviet-Iranian Treaty of 1921, the United States, in common prudence, should proceed on the assumption that global war is probably imminent. Accordingly, the United States should then immediately:

a. Attempt to arrest the action and to restore the status quo through diplomatic measures directed toward obtaining a prompt withdrawal of Soviet forces.

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[2] At the present time the United States has no commitment to employ U.S. forces in Iran. If it is found necessary for the United States to provide military forces in this area, implementation will require either an augmentation of United States forces or a reduction of present United States military commitments elsewhere. [Footnote is in the original.]

b. If unsuccessful, decide in the light of the circumstances existing at the time whether to treat the action as a *casus belli.*

c. Place itself in the best possible position to meet the increased threat of global war.

d. Consult with selected allies to perfect coordinated plans.

e. Make clear through diplomatic and UN channels the aggressive character of the Soviet action and the United States preference for a peaceful solution, and, if appropriate, the conditions upon which the United States would, in concert with other members of the United Nations, accept such a settlement.

f. Attempt to obtain the authorization of the United Nations for member nations to take appropriate action in the name of the United Nations to assist Iran.

g. Consider a direct approach to the highest Soviet leaders.

h. Take action against the aggressor to the extent and in the manner which would best contribute to the security of the United States.

i. Prepare to maintain, if necessary, an Iranian Government-in-exile.

FINANCIAL APPENDIX

Expenditures

(Millions of $)

	FY 1951	FY 1952	FY 1953	FY 1951–53	FY 1954 (Est.)	FY 1955 (Est.)	FY 1956 (Est.)
Technical Assistance and Special Economic Aid	0	4.9	19.7	24.6	32.9	29.0	23.0
Emergency Aid	0	0	0	0	45.0	37.0[3]	0[4]
Military Assistance[5]				45.9	34.5	25.6	12.2
Total	0	4.9	19.7	70.5	112.4	91.6	35.2

[3] On assumption that no net oil revenues will be realized. [Footnote is in the original.]

[4] On assumption net oil revenues are realized. In the absence of such revenues, emergency aid in some form will have to be continued. As a tentative estimate this might amount to $50–55 million in FY 1956. [Footnote is in the original.]

[5] Represents the value of end-items shipped plus expenditures for packaging, handling, crating, transportation, and training. [Footnote is in the original.]

NSC Staff Study on

CERTAIN PROBLEMS RELATING TO IRAN

Preface

1. Review of U.S. policy toward Iran has shown a need for detailed study of certain selected problems. NIE–102 "Probable Developments in Iran Through 1954",[6] provides a timely study of the present political situation in Iran and the problems which Zahedi or any successor non-communist Premier must face. This staff study is therefore confined to an analysis of six problems as follows:

Part 1, Survey of the Oil Problem

Part 2, Report on the Economic Situation in Iran

Part 3, The Strategic Importance of Iran

Part 4, Support of the Iranian Armed Forces

Part 5, Significance of Section 708(a) and (b) of the Defense Production Act of 1950, as Amended

Part 6, Significance of the Irano-Soviet Treaty of 1921

Part 1

Iranian Oil Problem

1. It is important to settle the Anglo-Iranian oil dispute so that: (a) Iran may become self-supporting through receipt of substantial oil income; (b) an irritant in Iran's relations with the free world may be removed; (c) the present pattern of international oil business is not damaged; (d) no precedent is set to the detriment of United States investment abroad.

2. Any settlement must take into account a wide and complex range of economic and political factors involving Iranian, British and United States interests.

Political Factors in Iran

3. The political aspects of the oil situation in Iran are inextricably bound up with the nationalization of the oil industry in 1951. The Iranians are convinced that the British used their position in Iran to influence internal affairs. They also believe that Iran did not receive a fair share of oil income. The matter became a political issue and was used by Mohamed Mosadeq and his nationalist followers to achieve power and drive the British oil company and government representatives from Iran. This movement was supported by the majority of articulate

[6] Document 347.

Iranians and its success is treasured by most Iranians as a national victory over the powers of foreign imperialism.

4. The fall of Mosadeq and subsequent attempts to discredit him and his close followers have not changed the general Iranian belief that nationalization of the oil industry was an important and necessary step forward for Iran. The Zahedi government, with some foreign assistance, has stressed with some apparent success the importance of turning this "victory" to some constructive use. Government propaganda points out that oil remaining in the ground is of no value to the Iranian people. This propaganda does not attack the concept of nationalization.

5. There remain, therefore, two major political factors on the Iranian side which must be recognized: (a) Public opinion holds strongly to the view that "national honor and integrity" require that any settlement of the oil problem be within the framework of the nationalization laws; (b) widespread suspicion of the British is so profound that it is most improbable that any contract providing for the establishment of a British-controlled organization in Iranian oil fields could now even be set up.

Economic Factors Confronting Iran

6. Without oil income or foreign aid, the financial position of the Iranian Government will be precarious. Indeed, maintenance of its oil industry in the absence of sales abroad presents a constant drain on the treasury. Oil revenues represented over half of the government's foreign exchange income and a third of its total income. There is no other source of revenue or foreign exchange available to the Iranian Government (except foreign aid) which can replace the great amounts available from a resumption of the Iranian oil industry on an efficient full-scale basis.

7. A surplus of oil now exists in the Middle East and will continue to exist for some time whether Iranian production becomes available or not. Proven oil reserves in Saudi Arabia, Kuwait and Iraq are sufficient so that any one of them could probably meet the total demand for Middle East oil entirely by itself, though perhaps with some difficulty. Certainly any two of these countries could do so without undue strain. This fact was totally unappreciated by Mosadeq, who clearly expected the world to beg for Iranian oil on his terms. The Shah and Prime Minister Zahedi have received considerable education in this regard and the government's propaganda ministry is attempting to explain these facts to the Iranian public.

8. Virtually all Middle East crude production on net balance, flows to Eastern Hemisphere markets. About 75 percent is consumed in Europe, while the rest is divided between Africa, the Far East, South Asia

and the South Pacific. There is very little market in the Western Hemisphere, nor will there be for some years to come in view of the potential surpluses that exist in that region. In fact, if there should be any appreciable flow of Middle East oil to the United States within the next few years and especially if it is the result of price cutting in the Persian Gulf area, there unquestionably would be severe economic and political repercussions in the Western Hemisphere.

9. It therefore follows that if appreciable production is to be attempted in Iran it must flow again into Eastern Hemisphere markets, and that no appreciable market will develop in the Western Hemisphere at least for some years.

10. Almost all Middle Eastern crude oil and refined products are produced and marketed by seven large international oil organizations. At least 90 percent of the ultimate retail distribution is handled by these companies, or their subsidiaries and affiliates. There are a few lesser companies who also distribute a minor amount of oil but they are not of appreciable size nor do they have large outlets available. It is necessary for Iran to consummate some form of agreement with an entity which will include the major marketing companies, if an appreciable amount of Iranian oil is to flow to market.

11. The possibility of developing fresh distribution channels of importance outside those afforded by the larger companies does not exist for the following reasons:

a. New private companies entering the international oil distribution business in the Eastern Hemisphere would be at a hopelessly great disadvantage in competing in the present world situation with those companies which are already well established;

b. Those few governments in the world which are endeavoring to operate their own refining and distribution systems offer an extremely limited outlet for Iranian oil.

It is estimated that the sum of these channels could not purchase as much as 100,000 barrels per day of Iranian oil. In many cases, particularly in dealings with foreign governments, income to Iran would have to be received on a barter basis and this would offer obvious disadvantages. Furthermore, a distribution policy based upon sales to a number of small private companies or to foreign governments would not be of a character which would guarantee a steady flow of oil. Under such conditions it would not be possible to operate wells or refineries in an effective, continuous or economic manner.

12. If distribution can be obtained through the major companies, however, a volume of from 400,000 to 800,000 barrels per day could be achieved within approximately a two-or three-year period after resuming operations. This output is comparable to the average off-take of

about 650,000 barrels per day which was reached prior to the shut-down in 1951.

13. The refining situation in Iran presents a parallel condition to that which exists in crude oil production. The trend in recent years has been toward refineries located close to points of consumption rather than at sources of production. In many cases governments have forced this relocation of refineries either by direct legislation or by means of tariff differentials. In 1945, 82 percent of all the oil refined in the Eastern Hemisphere was processed in the Middle East. By 1953 this volume had declined to 19 percent of the total. The European refineries in 1945 processed only 6 percent of this total, but by 1953 their proportion had risen to 63 percent. Large additional refining capacity is now under construction in Europe, South Asia, and the South Pacific. In every case these refineries are close to their consuming markets.

14. The Abadan refinery, largest in the world, formerly had a through-put in excess of 500,000 barrels per day. Since the shut-down it has fallen into considerable disrepair, and an expenditure variously estimated from $30,000,000 to $60,000,000 will be required to place it back into partial operation. Even with a reduced through-put of 300,000 barrels per day a severe marketing and distribution problem will be encountered. This will be especially true in view of the trend, already noted, of processing at points close to consumption rather than at the sources of production. The only outlet for such a large volume of refined products is through the combined marketing systems of the major oil companies operating in the Eastern Hemisphere. Furthermore, this refinery can be operated and managed most efficiently if it becomes an integral part of these distributing organizations.

15. Since Iran does not have the marketing facilities or the resources to acquire them, it can only be considered as a supplier. As a supplier, Iran must compete with other Middle East sources of petroleum in order that marketing companies, with which Iran must deal as shown above, will not be penalized in shifting their requirements from their own sources in the Middle East to Iran.

16. Before any sales agreement could be entered into, assurances would undoubtedly be required by any marketing company that there would be performance by the supplier in accordance with the strict standards of the industry. This requirement is generally interpreted by the industry to mean that there must be effective foreign management of Iranian oil production. Techniques to accomplish this, within the framework of the nationalization law, range from suggestions that the IBRD be an intermediate agent to consideration of the restoration of a foreign oil concession in Iran under some terms of contract with the National Iranian Oil Company.

17. The existing net income, in the form of royalties and taxes received by various Middle Eastern countries, is at present approximately from 70 to 80 cents per barrel. Saudi Arabia will receive a net income in excess of $200 million for the year 1953. Kuwait and Iraq are receiving proportional amounts dependent upon their actual production. Since Iranian oil must compete commercially with other Middle Eastern oil and no distributing company, capable of handling substantial quantities of Iranian oil, could afford to pay Iran more for its oil than the cost to it of oil received from other Middle Eastern countries, Iran can expect, with a volume of sales of 400,000 to 800,000 barrels daily, distributed through the large companies, to receive $100 million to $200 million each year. As the markets increase from year to year the income should grow proportionately. If, on the other hand, Iran chooses to sell direct through some of the smaller outlets, with a production of approximately 100,000 barrels per day, the annual net income would be only about $20,000,000. It is estimated that an annual net income of not less than $100,000,000 is required to maintain a stable economy in the country.

18. The oil problem in Iran is not one of slowly building up the producing and refining facilities, with a correspondingly gradual entrance into the world's market. On the contrary, in this instance one of the world's largest producers and refiners of oil, with its facilities already fully developed, must be put back into full operation within the shortest possible period of time. There is not time to develop new marketing outlets or alternate systems of distribution. The maximum possible quantity of oil and refined products must be injected immediately into the existing channels of distribution, with corresponding cut-backs in other Middle Eastern producing countries.

19. The Government of Iran is therefore on sound economic grounds when it insists that any solution of the oil problem shall include all, or at least a majority, of the large international oil companies now operating in the Middle East. The Government also has excellent political reasons for adopting this policy.

20. There are still further economic reasons for reaching such a decision. Without going into detailed figures, it is estimated that between $10,000,000 and $20,000,000 will be required to put the producing, pipeline, storage and loading facilities in Iran back into operation again. When added to the amount required to put the refinery on stream, the total new investment will be probably between $40,000,000 and $80,000,000.

21. The financial situation of Iran is so critical, as noted above, that in the event an agreement can be worked out it will be necessary for the companies to make substantial advances to the Government before oil shipments can reach appreciable levels. Such advances, to be repaid out

of subsequent revenues, would have to be on the order of $7,500,000 to $10,000,000 per month, or at the approximate rate of $100,000,000 per year, and a guaranteed minimum revenue of at least the same amount annually would have to be included in any such agreement. It is estimated that the funds so advanced would reach a maximum of from $50,000,000 to $75,000,000 and that a period of from two to five years would be required for their repayment. The total investment required by the oil industry, therefore, will probably be from $100,000,000 to $150,000,000. Only a combination of the largest units in the industry would have such capital available, and at the same time be able to furnish the additional working funds to carry forward the operations.

22. A summary of the economic considerations listed above shows that any settlement must take into account the following:

a. Large-scale operations are a necessity, involving the maximum possible production and the largest possible income to Iran.

b. All major companies now operating in the Middle East should participate in order to achieve maximum offtake, facilitate the cutback problem in other countries, minimize the future domination by any one organization, and provide maximum diversification of market.

c. Iran's income must be not less than the highest received by other countries in the Middle East on a per barrel basis.

d. Settlement must not establish a precedent adversely affecting the presently established international oil industry in a way inimical to U.S. interests.

Political Factors in Great Britain

23. British officials have asserted that they would face a serious domestic problem if any settlement of the Anglo-Iranian oil dispute reflected adversely upon British prestige. They have stated that their maximum concessions were stated in the February 20 proposals, which Mosadeq rejected.

24. Also for political reasons, the British insist that they cannot open negotiations with the Zahedi Government on the oil problem until after receipt of a report which they hope to have by January from their own diplomatic representatives in Iran.

25. The British have given assurances on a high level that they will not undermine the Zahedi Government while seeking an oil settlement and will move as rapidly as possible to achieve such a settlement on terms which will not be indefensible by Zahedi before the Iranian people.

Economic Factors Affecting British Interests

26. The British have only reluctantly entertained the idea that an international consortium would replace the AIOC as producer and

marketer of Iranian oil. However, Sir William Fraser, Chairman of the AIOC, has invited representatives of five major American oil companies and of Shell to conversations in London regarding the establishment of such a consortium.

27. The British have insisted that settlement of the oil dispute should not result in damage upon Britain's dollar position. They also insist upon payment of compensation either directly by the Iranian Government or through some contract arrangement with the international consortium, for "the loss of their enterprise in Iran."

(*Note*: This problem is at present under active consideration by the British and Iranian Governments, while U.S. influence is being exerted primarily through the persons of Mr. Herbert Hoover, Jr., Special Consultant to the Secretary of State on oil affairs, and of Loy Henderson, U.S. Ambassador to Iran. Although general lines of a settlement have been blocked out, no firm position has been taken on either side.)

Part 2

The Economic Situation

1. Iran's economy is basically agricultural. Some 80 percent of the people depend upon agriculture for their existence. The average Iranian peasant is used to an extremely meager existence and has little to do with anything outside his village. The only imported commodity which is consumed in any quantity by the bulk of the Iranian people is sugar. During good agricultural seasons, the Iranian peasant eats little more and eats a little better. During poor seasons he "pulls in his belt."

2. The loss of oil revenue (since nationalization of the oil industry in the spring of 1951) has not greatly affected the existence of the peasants. The urban sector of the population, however, is more heavily dependent on imports and has been more severely affected since, in the period immediately prior to the nationalization of the industry, Iran was receiving about two-thirds of its total foreign exchange revenue through the operations of the oil industry.

3. The loss of revenue from the oil operations created a serious crisis for the Iranian Government since, directly or indirectly, it was obtaining very close to one-half of its total revenue from these operations. The bulk of Government expenditures represent salary payments which could not be readily reduced. In addition, it was politically necessary for the Government to assume the salaries of the former AIOC employees. As a result, reductions in Government expenditures since oil nationalization have not been substantial. For the most part, they have consisted of such "gestures" as the selling of office rugs and official automobiles. Laws were passed designed to increase tax revenues and make the tax burden more equitable, but tax revenues have not been significantly affected.

4. For the first year after the nationalization of the oil, the Iranian Government made up for the loss of revenues from oil operations primarily by selling foreign exchange, using $62 million of reserves and obtaining $8.75 million from the International Monetary Fund.

5. By mid-1952, however, this source of funds was exhausted since, under the prevailing laws, the remaining gold and foreign exchange reserves of approximately $180 million had to be retained as cover for the currency. In this situation, Mossadeq compelled the Central Bank to issue additional rial notes, exceeding the limit set by statute. With this additional note issue, the Iranian Government paid its bills.

6. During the period when the Government was meeting its deficit by selling foreign exchange, imports were maintained at something approaching the normal level and no serious inflationary pressures developed. However, when the Government turned to the issuance of additional rial notes to meet its deficit, imports had to be cut 40 to 50 percent. With the amount of currency in circulation increasing and the goods available for use in the economy decreasing, inflationary pressures developed rapidly and grew to serious proportions, although they were felt more slowly in the rural areas.

7. Thus, when the Zahedi Government came to power, it was faced with rapidly developing inflation, no means of fully financing minimum Government expenditures except by further inflationary measures, and inadequate supplies of foreign exchange to pay for necessary imports.

8. In this situation the United States made available emergency aid in the amount of $45 million. The funds are being used: (a) to purchase sugar and other commodities for sale to the Iranian people for rials, (b) for direct sale of dollars to Iranian importers, again to produce rials for the Government, and (c) to serve as note cover for an additional issue of rial notes. The first two of these methods produce rials for the Government only to the extent that they can be absorbed by the foreign exchange market without interfering with sales of ordinary exchange receipts. It is anticipated that this $45 million will permit the Iranian Government to meet its major budgetary needs, at least through the current Iranian year which ends in March 1954, and perhaps until May or June.

9. The latest data regarding Iran's current financial operations indicate that the Government is incurring a budgetary deficit of about 400 million rials per month. Allowing for customary year-end bonus payments, this amounts to a deficit of about 5 billion rials per year. At the recently established rate of 90 rials to the dollar, this is the equivalent of about $55 million. In the absence of any change in the currency laws, the Iranian Government has no legal means of obtaining the rials to meet this deficit. By revising the legal basis for the currency issue, addi-

tional rials could be printed. This would, however, add to the inflationary pressure and would not provide the means for financing increased imports.

10. Iranian foreign exchange requirements and sources of foreign exchange are shown in the following table:

Millions of Dollars

	Year Ending March 20, 1950	Year Ending March 20, 1951	"Emergency Basis" —annual rate—
Requirements			
Imports	192	147	120
Government expenses and noncommercial items	11	30	25
Total requirements	203	177	145
Sources			
Exports	37	62	70
Oil operations	110	115	0
Special British railway settlement	23	0	0
Miscellaneous	3	4	0
US technical and economic assistance program	0	0	23
Foreign exchange reserves	30	–4	0
Total sources	203	177	93
Residual Requirement for Emergency Aid	—	—	52

11. On the basis of the above presentation, U.S. emergency aid at a rate of $50 to $55 million a year along with the continuation of the current technical and economic aid program ($23 million) would meet the minimum budgetary and foreign exchange requirements.

12. This type of program would not provide the Government with financing for any economic development program other than that included in the present U.S. technical and economic aid program. The Zahedi Government has committed itself to a development program

designed to raise the standard of living and reduce unemployment. This program calls for an annual expenditure of 3.9 billion rials ($43 million) and there is a risk that any Iranian Government which does not begin to make good on these commitments cannot maintain itself in power. Insofar as the Government begins to carry out these commitments, it adds directly to the budget deficit which it must meet.

13. Furthermore, the Iranian Government may well be faced with the political necessity of extending wage increases and making other costly concessions which would further increase its rial requirements. This would of course also add to the budget problem and, if undertaken, to present inflationary pressures which are already serious.

14. It thus appears that if the technical and economic assistance program is continued at approximately the present $23 million annual rate, emergency economic assistance at a rate of at least $50 to $55 million a year will be required until the country again begins to receive substantial revenues from oil operations. As noted in paragraphs 12 and 13 this would not provide any margin to meet expenditures which might have to be undertaken as a result of political pressures. An additional $10 to $15 million may have to be made available in the current U.S. fiscal year.

15. A special contingency fund of $45 million for the whole area of the Near East and Africa has been included in the FY 1955 budget, some of which might be available for Iran in the event that substantial oil revenues are not flowing by that time. These funds would be additional to the technical and economic program which would be continued at approximately the current level of $23 million.

Part 3

Strategic Significance of Iran

Importance to Defense of Middle East

1. The strategic importance of the Middle East to the United States and its allies has been described in NSC 155/1.[7] U.S. and U.K. studies developed to date are in general agreement that the most promising concept for defending the Middle East area against a Soviet attack would involve holding the line of the Zagros Mountains which extend from northern Iraq generally southwestward through Iran to the Pakistan border.

2. Iran constitutes a blocking position from which to oppose any Soviet operation launched across the Caucasus for the purpose of encir-

[7] For the text of NSC 155/1, "United States Objectives and Policies With Respect to the Near East," July 14, 1953, see *Foreign Relations,* 1952–1954, vol. IX, Part 1, Near and Middle East, pp. 399–406 (Document 145).

cling Turkey, attacking the Suez Canal or seizing the Persian Gulf area. Because of its geographical location on the periphery of the USSR and its key position in relation to the other countries of the Middle East, Iran can offer valuable base sites, with logistic support provided from the Persian Gulf, for any allied attack which may be mounted against the USSR from the Middle East.

3. Iran also constitutes a blocking position from which to oppose any Soviet operation aimed at depriving the free world of Middle Eastern oil resources. At the present time our allies in Western Europe are dependent upon Middle East oil resources. Unless adequate petroleum products are available for its essential requirements, Western Europe is not defensible, our investment in its rehabilitation will be dissipated, and it will be lost and become a liability to the free world. It has been estimated that by 1975 Europe will be dependent upon the Middle East for at least 90% of its peacetime crude oil—requiring imports of 3.7 million B/D. Likewise the United States, by 1975 will require peacetime imports of 1.2 million B/D of Middle East crude oil (8.8% of total peacetime requirement). Therefore, unless the essential and greater allied wartime requirements, including those of the United States, can be met from other sources, provision must be made to insure the continued wartime availability of the petroleum resources of the Southwest Persian Gulf area. It has been estimated that these requirements can be met by continued operations in the Kuwait and Saudi Arabian fields. The Allies must therefore deny to the Soviets those areas of Iran from which the USSR can launch air or ground attacks designed to prevent Allied oil production in Kuwait and Saudi Arabia.

4. For these reasons Iran is of great strategic importance in the forward defense of the western Mideterranean and Persian Gulf areas.

5. It should be noted here that at the present time the U.S. has no commitment to employ U.S. forces in Iran. If it is found necessary for the U.S. to provide military forces in this area, implementation will require either an augmentation of U.S. forces or a reduction of present military commitments elsewhere.

6. The line which would have to be defended in order to protect Turkey and Pakistan against Soviet invasion through Iran, although mountainous, is much too extensive to permit any effective defense by Iranian forces alone in the foreseeable future.

7. The rugged terrain and lack of communications in this part of the Middle East make effective support of Iran extremely difficult.

Importance to Russian Expansion

8. There is a long historical record of Russian interest in gaining control of the Iranian plateau and its warm-water ports on the Persian Gulf. Peter the Great's strategy for Russian expansion foresaw a need

for Russian occupation of the Iranian plateau. Nazi-Soviet diplomatic conversations resulted in 1940 in a draft agreement "that the area south of Batum and Baku in the general direction of the Persian Gulf is recognized as the center of aspirations of the Soviet Union."[8] The USSR is extremely sensitive to developments along its borders. It usually has sought to protect its frontiers with a cordon of satellite states. Efforts to retain Soviet troops in Iran after the end of the last World War and to establish a puppet communist government in Azerbaijan in 1946 proved Soviet interest in obtaining control of at least the northern area of Iran. Further evidence of Soviet concern over the vulnerable Iranian frontier has been a series of truculent Soviet notes to recent Iranian Governments protesting the presence of American military missions and oil drillers in Iran. Each note referred, as a basis for the protest, to Article VI of the 1921 treaty between the USSR and Iran (see Part 6).

9. If air bases were to become available to the USSR in Iran, light bombers of the Soviet Air Force would be able to operate throughout the region of the Persian Gulf. Iranian bases could also support Soviet ground and air attacks against the upper Tigris-Euphrates valley and thence westward toward the Mediterranean. East-west lines of communications would be threatened. Communist control of Iran would also provide an excellent base for political penetration of Pakistan on the east and the Arab states on the west. Communist theoreticians have described the conquest of Iran as the key to the success of communist designs on Asia, and particularly India.[9]

10. While the USSR does not require the oil reserves and facilities of Iran for further development of her peacetime economy or to insure her ability to wage war, the acquisition or control by the Soviets of these reserves and facilities would have the following estimated effects:

a. In time of peace

(1) Serve to augment existing Soviet oil and gasoline stocks thereby boosting Communist economy and preparations for war.

(2) Provide additional power to wage economic warfare through "dumping" methods designed to disrupt the oil markets of the West.

b. In time of war

(1) Provide oil and gasoline stocks for local military operations in the Middle East and for Soviet submarine refueling in the Persian Gulf.

(2) Deny the use of the Iranian fields to the allied coalition as a wartime petroleum source.

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[8] *Nazi-Soviet Relations 1939–1941, Documents from the Archives of the German Foreign Office.* [Footnote is in the original.]

[9] G. Lenczowski, *Russia and the West in Iran.* [Footnote is in the original.]

Significance to Neighboring States

11. The significance of the fall of Iran into communist hands has to be measured in more than military terms. Friends of the West in the Arab nations would undoubtedly be grievously discouraged by the inability of Iran to maintain its independence within the community of free nations. Friends of international communism would be greatly encouraged; while those who have sought to maintain a so-called neutral attitude would undoubtedly have their fears of choosing sides emphasized. Of course, it is possible that Arab governments might draw a lesson from the fall of Iran and take more active measures to resist communist pressure. Even this however would not counterbalance the advantage to the Soviets of gaining additional territory from the free world and of having a better base for propaganda and special political action in the Middle East.

12. As to the effect upon Turkey and Pakistan, it is obvious that these two nations would be prevented by a communist Iran from maintaining effective military cooperation. Both nations would find themselves with newly exposed frontiers open to communist military action or political subversion. It is probable that Turkey's determination to resist Russian aggression would not be lessened by this event, but the question of Pakistan's reaction is not so clear.

13. It would also be a shock to the whole community of free nations should Iran become a satellite of the USSR. U.S. prestige throughout the world would suffer and the concept of communal security would be weakened.

Part 4

Support of Iranian Armed Forces

Current United States Military Assistance

1. There are two United States military advisory missions in Iran (the U.S. Mission to the Iranian Army and the U.S. Mission to the Iranian Gendarmérie) in addition to the Military Assistance Advisory Group (MAAG) which supervises the handling of U.S. military aid to Iran. Since the program began in 1950, a total of 101.4 million in military aid has been programmed for Iran, of which only 45.9 million has been delivered (including the value of end-items shipped plus expenditures for packaging, handling, crating, transportation, and training).

The Shah's Request

2. The Shah has stressed the necessity for an early decision as to whether his armed forces are to be treated merely as a police force to maintain internal security or both as a police force and defense force, capable of delaying the progress of an enemy if Iran should be invaded.

Ambassador Henderson's Recommendations

3. The Ambassador has recommended that the United States should accede to the request of Iran to assist in reorganizing, rearming and retraining the armed forces of Iran so that:

a. These forces will be capable of strong withdrawal-delaying action if Iran should be invaded by the armed forces of international communism;

b. These forces may eventually be employed in cooperation with the armed forces of other free Middle Eastern countries in a common defense of the Middle East against international communist aggression in accordance with any regional defense arrangements which may later be developed.

4. The Ambassador amplified upon his recommendation in the following terms:

"I make this recommendation partly for psychological reasons. It is my belief that unless the Shah, the Iranian Government, the members of the Iranian armed forces and the Iranian public are convinced that western powers expect Iran to defend itself if invaded by the armed forces of international communism, and unless the U.S. indicates this expectation by assisting the Iranian armed forces to prepare to maintain a strong withdrawal-delaying action, the determination of Iran to suppress internal communist activities and to resist external communist pressure will be seriously affected. It is also my belief that until Iran is convinced that its armed "forces are capable of contributing to the common defense of the Middle East, there is little likelihood that effective arrangements can be worked out for such defense."

Iranian Attitudes

5. The Shah has stated that until Iran has an army capable of putting up some kind of defense, it would be useless to discuss multilateral security arrangements. Ambassador Henderson believes that the Shah and Zahedi would probably be willing to undertake such arrangements if (1) Iran is more on a basis of equality with its neighbors in military capabilities, and (2) if the combined strength of the countries participating in a defense arrangement is sufficient to discourage Russian aggression. The Ambassador also believes that in perhaps one or two years Iran might be willing to move in the direction of an area security arrangement, assuming

a. An early oil settlement.

b. A steady although not necessarily spectacular increase in the capability of the Iranian Army.

c. Continuation in power of a government friendly toward the West which cooperates fully with the Shah and which has widespread public support.

The Ambassador points to the dilemma which would arise if an increase in U.S. military aid to Iran is predicated upon Iranian participation in regional defense arrangements. The Shah has stated that he cannot consider cooperative arrangements until his army has improved. The U.S. would forestall any progress if it refused to build up Iranian armed forces until after defense arrangements had been concluded. The Ambassador has quoted the Shah as urging the U.S. to act with optimism in order to inspire optimism.

6. Although the Zahedi Government, on balance, seems to be holding its own, it is confronted with a number of immediate problems, the decision upon any one of which could cause grave complications. Public reaction to the government's disposition of these matters; the ability of the government to continue to maintain security and effectively quell opposition; and the degree of continued cooperation between government and Shah, are points which will have a heavy bearing upon the very future of Iran. The Iranian Government will thus be too pressed in the immediate period ahead for it to consider at this time injection of another issue, i.e., mutual defense arrangements, which it can avoid and which at best would incur widespread internal opposition and new external pressures. Probably no real progress can be made in obtaining Iranian decision in this matter until other problems more pressing to them are solved and resultant public attitudes determined. Even then, any concrete action should be preceded by a substantial period of public orientation to the need for collective defense measures and the desirability of "getting off the fence" in the cold war, which would be another entirely new departure for most Iranians.

Soviet Threat

7. It must also be recognized that the Soviet Union constitutes a constant, overwhelming, armed threat to Iran. The Iranians do not see any equally potent force on their frontiers willing and able to oppose the Soviet Union successfully. They are not encouraged by the Korean precedent. They will undoubtedly be very cautious toward any policy which may appear provocative to the USSR. This attitude must be taken into account in any planning toward including Iran in regional arrangements with anti-Soviet implications.

Regional Aspects

8. Turkey, Iraq and Pakistan have the capability of contributing significant forces to the defense of the area provided that proper equipment is furnished from outside sources. The situations in Pakistan and Turkey are substantially different than Iran. Ambassador Henderson believes that it would be useful at the proper time for the Turks and

Pakistanis either to take the lead in discussions with Iran and Iraq or at least to closely associate themselves with any proposals which might be put forward. He speculates that favorable action by Iran and Iraq would probably be predicated upon firm commitments from the U.S. in the matter of military aid and would probably exclude the U.S. staying in the background even if it should otherwise be desirable to do so.

9. Indian policies under Nehru undoubtedly will be unalterably opposed to participation by Asian countries in measures of this kind. India opposes military aid to Pakistan. It is unlikely, of course, that the Indian attitude would have much bearing on Pakistan's decision. However the U.S. should not overlook the importance which Iran attaches to India. A strong adverse Indian reaction could have heavy influence in Iran. There is evidence that the Indian Ambassador to Iran already has been endeavoring to discourage Iranians from any idea of participating in a security pact. Also, the extent to which the Indian attitude will influence the British is a consideration having an important bearing on practicability of proposals.

10. Because of British interest in the area and close British relationship with Iraq and Pakistan, it seems necessary that the British be brought into the picture at an early stage and certainly before any definitive discussions with Iran, Iraq or Pakistan, in all of which they have particular interest. In fact it is unlikely that arrangements of this type could be undertaken without British cooperation.

British Attitudes

11. The British have already indicated that the Shah should be told that the U.S. and U.K. would encourage the building up of Iranian military forces into two components:

a. A static garrison force primarily designed for the maintenance of internal security.

b. A highly trained, active, mobile force, probably to be stationed in the northwest, to be not too heavily armed, which could act as a harassing force in the event of invasion and which would be useful in keeping up morale and in the training of an officer cadre. Discussion with British representatives has also revealed that the U.K. is less inclined than the U.S. to accept the thesis that Iran can develop a useful military force and they are also more inclined to discount the possibility of an eventual defense of at least some portions of Iran. There is agreement, however, that it would be difficult, if not impossible, to decide on major plans for the Iranian Army in the absence of a plan for the defense of the area as a whole.

12. Any statement of policy should, therefore, be sufficiently broad to allow U.S. officials to plan for and support a gradual increase in Iran's military capabilities and to answer the Shah's request without discouraging him or, on the other hand, making commitments beyond Iran's absorptive abilities.

Part 5

Significance of Section 708 (a) and (b) of Public Law 774—81st Congress

1. It appears at present that an essential element of settlement of the Anglo-Iranian oil dispute will be the establishment of a cooperative group of major oil companies to produce and market Iranian oil. If American oil companies are to join such a group, they run the risk of violating United States anti-trust legislation. The statement of policy on Iran foresees this problem and makes specific reference to the authority possessed by the President to grant exceptions to anti-trust laws if he finds such voluntary agreements or programs "to be in the public interest as contributing to the national defense".

2. Pertinent sections of the Defense Production Act of 1950, as amended, are quoted below:

"Sec. 708. (a) The President is authorized to consult with representatives of industry, business, financing, agriculture, labor, and other interests, with a view to encouraging the making by such persons with the approval by the President of voluntary agreements and programs to further the objectives of this Act.

"(b) No act or omission to act pursuant to this Act which occurs while this Act is in effect, if requested by the President pursuant to a voluntary agreement or program approved under subsection (a) and found by the President to be in the public interest as contributing to the national defense shall be construed to be within the prohibitions of the anti-trust laws or the Federal Trade Commission Act of the United States. A copy of each such request intended to be within the coverage of this section, and any modification or withdrawal thereof, shall be furnished to the Attorney General and the Chairman of the Federal Trade Commission when made, and it shall be published in the *Federal Register* unless publication thereof would, in the opinion of the President, endanger the national security."

3. It is of interest to note that on November 26, 1952, President Truman requested the Secretary of State "to engage in exploratory discussion with representatives of United States oil companies and with the Anglo-Iranian Oil Company for the purpose of determining what type of action by (the President) would produce the result desired." The President, giving this instruction, referred to the authority granted

him by Congress in Section 708(a) and (b) of the Defense Production Act of 1950, as amended.[10]

4. On December 4, 1952 representatives of the major American oil companies assembled at the Department of State for exploratory discussions,[11] under the following terms of reference as stated by the Acting Secretary of State:

"In the light of the national defense considerations implicit in finding a solution to the Iranian oil problem, I have been requested by the President to engage in exploratory discussions with you (or your authorized representative) and other officers of United States oil companies for the purpose of determining what type of action by them might contribute to producing the result desired. In his memorandum to me requesting that I take this action, the President has stated that he is prepared to utilize the authority granted to him by the Congress under Section 708(a) and (b) of the Defense Production Act of 1950 as amended."

5. On the basis of these conversations the U.S. and U.K. offered Iran, as part of a "package" proposal for settlement of the Anglo-Iranian oil dispute, an assurance that an international oil company, in which several major U.S. oil companies would participate, would purchase unspecified amounts of Iranian oil. When Mosadeq rejected these proposals in February 1953, the entire question of the formation of an international purchasing organization was dropped until its recent reconsideration.

Part 6

Significance of the Irano-Soviet Treaty of 1921

1. It is probable, if the Soviets invade Iran, that they will attempt to invoke Article 6 of the Irano-Soviet Treaty of Friendship, 1921, as a justification for their action. The pertinent portions of Article 6 are quoted below:

"If a third party should attempt to carry out a policy of occupation by means of armed intervention in the territory of Persia or to use the territory of Persia as a base for military operation against the USSR, and if thereby danger should threaten the frontiers of the USSR or those of Powers allied to it, and if the Persian Government, after warning on the part of the Government of the USSR, should prove to be itself not strong enough to prevent this danger, the Government of the USSR

[10] See *Foreign Relations,* 1952–1954, vol. X, Iran, 1951–1954, pp. 538–539 (Document 243).

[11] Regarding this meeting at the Department of State, see ibid., pp. 542–543 (Document 245).

shall have the right to advance its troops onto Persian territory in order to take necessary military measures in the interests of self-defense."

2. The Department of State holds that the following conditions must co-exist before the USSR would be justified in sending troops into Iran under the terms of the Treaty of 1921:

a. If any third countries attempt by military interference to carry out a policy of usurpation in Iranian territory or to make Iranian territory a base for military operations against Russia.

b. If, at the same time, there is a threat of danger to Soviet frontiers or those of Powers allied therewith.

c. If the Iranian Government, after being warned by the USSR, finds itself unable to avert such danger.

d. If preparations have been made for a considerable armed attack upon Russia or the Soviet Republics allied to her by the partisans of the regime which has been overthrown (the Czarist regime), or by its supporters among those foreign powers which are in a position to assist the enemies of the USSR, and at the same time to possess themselves by force or by underhand methods of part of Iranian territory, thereby establishing a base of operations for any attacks—made either directly or through the counter-revolutionary forces—which they might contemplate against Russia or the Soviet Republics allied to her.

3. It is also the view of the Department's legal advisers that if the USSR made out a case for co-existence of the above four conditions, and at the same time the Government of Iran denied their co-existence and/or resisted the introduction of Soviet troops into Iran, the USSR would not be entitled under the United Nations Charter to introduce armed forces unilaterally into Iran on the basis of the Treaty. It would be a violation of Charter obligations for the Soviet Union to take such action against the will and over the resistance of the Government of Iran. In such circumstances, the Soviet Government would be bound by the Charter to seek a peaceful adjustment of differences arising out of the 1921 treaty and, if necessary, to refer the matter to the United Nations for consideration.

4. It is important to note that in a reply to a letter from the Iranian Government, the Soviet Ambassador at Tehran on December 12, 1921, stated that "Articles 5 and 6 (of the Irano-Soviet Treaty of 1921) are in no sense intended to apply to verbal or written attacks directed against the Soviet Government by various Persian groups or even by any Russian emigrees in Persia". At the same time the Soviet Ambassador recorded the interpretation contained in par. 2–*d* above.

5. Notwithstanding these legal considerations, the Treaty does provide the Soviets with a plausible-sounding pretext for introducing troops, into Iran and may, at least to some extent, confuse world opinion regarding their right to do so.

356. Information Report Prepared in the Central Intelligence Agency[1]

CS–28662 Washington, January 6, 1954.

SUBJECT

1. Interview between the Shah and Dr. Baghai
2. Alleged Statements of Dr. Baghai

REFERENCES

CS–27860[2]

SOURCE

Paragraphs 1–3: [*1 line not declassified*]
Paragraph 4: [*2 lines not declassified*]

1. On 16 December 1953, the Shah granted an interview to Dr. Mozaffar Baghai, leader of the Toilers' Party.[3]

2. When Prime Minister Zahedi learned of this interview, he sent a message to the Shah expressing disapproval of such interviews.

3. Zahedi has warned Baghai to "watch his step" since Zahedi intends to jail Baghai if the latter gets out of line.[4,5] Baghai promised to refrain from active opposition to the Government for six months.

4. Informant states that on 17 December Dr. Mozaffar Baghai made the following statements to him:

a. Tudeh Party members and supporters of former Prime Minister Mossadeq have been trying to induce Baghai to cooperate with them. Supporters of Mossadeq proposed that, if Baghai refrained from at-

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[1] Source: Central Intelligence Agency, DDI Files, Job 80–00810A, Box 33, Folder 7, CS Information Reports 28660–28669. Secret; Control—U.S. Officials Only.

[2] CS–27860, December 21, reported that in a meeting with Zahedi held before December 6, Baghai had assured him of his "support but stated that he could not come out openly in support of Zahedi. Baghai promised, however, that his newspaper, *Shahed*, would gradually lessen its attacks on the Zahedi Government. On 13 December, Zahedi told Source that he was through with Baghai because the latter's newspaper attacks on the Government were increasing rather than diminishing." (Ibid., Box 32, Folder 7, CS Information Reports 27860–27869)

[3] *Source Comment.* It is not known what transpired during this meeting between the Shah and Baghai. The two have been on friendly terms since former Prime Minister Mossadeq began to oppose the Shah. [Footnote is in the original.]

[4] *Washington Comment.* According to the *New York Times* dispatch from Tehran, dated 16 December 1953, orders had been issued for the arrest of Dr. Baghai whose newspaper, *Shahed,* was shut down by the Police on 15 December after it had exhorted the Tehran populace to defy the security forces and "make blood run in the streets." [Footnote is in the original.]

[5] *Source Comment*. The Government is determined to prevent Baghai from seeking reelection to the Majlis. [Footnote is in the original.]

tacking Mossadeq, they, in turn, would support Baghai. Baghai did not accept this proposal and told the Mossadeq supporters that Mossadeq is the cause of all Iran's present misfortunes.

b. Khalil Maleki, leader of the Third Force, has cooperated with the supporters of Mossadeq and has urged Baghai not to attack Mossadeq.

c. Mullah Kashani has shown himself to be weak.

d. Baghai never realized that Prime Minister Zahedi would be so corrupt and unfaithful. The antipathy of the Iranian people to the establishment of diplomatic relations with the United Kingdom must be exploited in every possible way.

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357. Letter From the Ambassador to Iran (Henderson) to the Special Assistant for Intelligence, Department of State (Armstrong)[1]

Tehran, January 7, 1954.

Dear Mr. Armstrong:

With reference to your letter of November 27, 1953,[2] the Embassy, CAS, and the Service Attachés have studied National Intelligence Estimate 102, entitled "Probable Developments in Iran through 1954,[3] and find themselves in general agreement with the approach and conclusions reflected in this document. We might, however, comment on certain points:

There are, of course, several paragraphs throughout the document which have now been out-dated by developments in Iran since they were written. For example, with regard to paragraph 11, the decision to hold early elections has already been taken by the Shah and Zahedi, and there is no present reason to believe that the elections will not be held with reasonable orderliness and a new Majlis and Senate constituted in the very near future. In connection with paragraph 19, diplomatic relations between the UK and Iran have been resumed prior to any tangible progress toward an oil settlement. Also, with regard to paragraph 25, the first stage of the Mosadeq trial has been completed, with his conviction and a three-year sentence which has now been appealed to a higher court. In this connection, I should point out that the

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[1] Source: National Archives, RG 84, Tehran Embassy Files, 1953–1955, classified general files, Box 10. Secret. Drafted by Melbourne.

[2] Not found.

[3] Document 347.

execution of Mosadeq never has been seriously considered, due to his age.

The foregoing developments do not, however affect appreciably the conclusions drawn in the Estimate. We believe these conclusions to be sound in general, although the description and indicated life expectancy of the Zahedi Government might be somewhat modified.

At the present time, and given conditions envisaged some months ahead, no adequate replacement for the Prime Minister has appeared on the horizon to challenge Zahedi. It seems unlikely to us that in the absence of unforeseen developments the Shah would attempt to replace the Prime Minister until at least several months after the organization of the new 18th Majlis. Furthermore, it should not be ruled out that foreign influence not entirely predictable at this time will have an important bearing on the durability of the Zahedi regime and the Shah's attitude toward it. In this connection, it should be noted that the Government is comprised of representatives of the traditional ruling group of Iran who have been amenable to foreign, notably British, influence. Unless there are sharply unexpected developments such as the Prime Minister's assassination, the area for possible British and American influence upon the general direction of Iranian affairs, including the retention in office of the Zahedi Government, should not be minimized.

With reference to the solution of the oil problem, it seems to us that the factors involved might be spelled out more fully. The chances for an early and satisfactory settlement depend upon British as well as Iranian attitudes. From our examination of the situation, we think that the Zahedi Government is truly anxious for a settlement and is capable of gaining support in the country which would offer honor and advantages to both parties. It appears that the British are equally interested in reaching a settlement at this time. We believe that it is vital to American policy interests that an oil arrangement be satisfactorily concluded in 1954. Otherwise, we will be faced with the alternatives of subsidizing Iran indefinitely or of running the grave risk that a pro-communist government will eventually come to power, no matter how authoritarian any government without oil revenues might be.

Paragraph 6 of the conclusions in the Estimate recognizes this possibility; however, the relationship between this conclusion and the second portion of paragraph two is not clear. In our judgment, failure to reach an oil agreement in the course of the next several months, together with refusal of the United States to continue financial aid to Iran, will involve psychological as well as economic problems which would reach grave proportions during the period covered by the Estimate. While it might theoretically be possible for the Government to cope with the immediate fiscal and budgetary problems by resorting to def-

icit financing and other unorthodox means, it is not at all certain that the Zahedi Government or any moderate Government could survive the political repercussions of this development. In other words, we believe that the continuation of a moderate Government in Iran throughout 1954 might well depend upon either an oil settlement or continuation of American financial assistance.

There are certain small points which might also be made. With further reference to paragraph 25, we believe it unlikely that Mosadeq will be a future nationalist leader in his own right, although he could have potential as a "front man" in a coalition controlled by others. With regard to paragraph 27, we understand that the list of candidates for the Majlis elections, approved by the Shah and Zahedi, exclude Ayatollah Kashani, Maki and Baqai. The chances that they will be elected to the Majlis are, therefore, not strong. We believe that General Zahedi particularly has no idea of working with this group, and that the only way any may enter the legislature is with the connivance of the Shah, for example in appointing them to the Senate.

On the important points covered by the paper with regard to the security forces and the potentiality of the Tudeh Party in 1954, we are in general agreement.

Sincerely,

Loy W. Henderson[4]

[4] Printed from a copy that bears Henderson's typed signature.

358. Despatch From the Embassy in Iran to the Department of State[1]

No. 410 Tehran, January 11, 1954.

SUBJECT

Conversation with Prime Minister Zahedi

I have the honor to enclose herewith a memorandum of a conversation regarding the Qashqai tribes which took place on January 7,

[1] Source: National Archives, RG 59, Central Files 1950–1954, 788.00/1–1154. Secret. Drafted by Henderson. Received January 23. A copy was sent to London.

1954, between General Fazlollah Zahedi, Prime Minister of Iran, and myself.

Respectfully yours,

Loy W. Henderson

Enclosure

Memorandum of Conversation

Tehran, January 7, 1954.

SUBJECT

Conversation with Prime Minister Zahedi on January 7, 1954, regarding present status of the Qashqai Khans

During a conversation which I had on January 7th with General Fazlollah Zahedi I asked him what was the latest development with regard to the dissident Qashqai Khans.

The Prime Minister said he assumed that I was aware that Nasser Khan, the former Senator who had been acting as chief spokesman for the four brothers, had been in Tehran for some time. Following his arrival in Tehran Nasser had approached the Prime Minister and informed him that he would be prepared (a) to call upon the Shah if the latter would receive him in order to promise upon his solemn oath that he and his brothers would loyally serve the Shah and obey the laws of the country, or (b) if the Shah would not receive him, in any event to promise that he and his brothers would be loyal citizens of Iran, would obey the laws of the country, and would live quietly in their tribal areas in the south, or (c) to leave the country if the Shah should so desire. If they were to leave the country they hoped that the Government would be willing to purchase some of their possessions with foreign currency so that they would have the means for supporting themselves abroad.

Nasser had insisted in talking to the Prime Minister that his brothers were prepared to join him in pursuing any of the abovementioned courses which might be agreeable to the Shah. They would prefer of course to be permitted to swear allegiance to the Shah and to prove by their acts that they desired in the future to be loyal subjects and law-abiding citizens.

Zahedi told me that he had discussed this matter with the Shah who had taken the position that no matter what the Khans might promise the Qashqais were not to be trusted, and that therefore three of the brothers, Nasser, Khosrow, and Mahammed Hosein, should leave the country. The Prime Minister said that he had imparted this infor-

mation to Nasser "this very morning", and Nasser had taken the decision without any great display of surprise. Nasser had maintained that he and his brothers did not have sufficient funds abroad on which to live. He himself had only $17,000 in foreign banks. He had begged, therefore, that they be permitted to sell some of their property and convert the proceeds into foreign currency. Although the Prime Minister had not given Nasser any definite answer he told him that it would be extremely difficult to prevail upon the Minister of Finance to give foreign exchange for this purpose.

The Prime Minister indicated to me that he was happy that the Qashqai situation was developing so favorably. Both the Shah and the Chief of Staff in the past had insisted that the Iranian Army move against the Qashqai tribes. The Prime Minister, however, had adhered to the position that with patience and firmness the Qashqai problem could be solved bloodlessly. The Government had succeeded in breaking down Qashqai unity and gaining the support of three of the most important subtribes. It was only when the Khans had discovered that their tribal empire was crumbling and that the Tudeh was not living up to its promises to them to stir up uprisings in various parts of the country that they capitulated. He was proud of the fact that the Government had won in its struggle with the Qashqai Khans without firing a shot. Of course much work remained to be done before the problem of the Qashqais could be said to be definitely eliminated.

Loy W. Henderson

359. Information Report Prepared in the Central Intelligence Agency[1]

CS–28871 Washington, January 12, 1954.

SUBJECT

Situation in the Tudeh Party

SOURCE

[*1 line not declassified*]

On 21 December 1953 the responsible of a Tudeh Bakhsh Committee told Source:

a. that the imperialists spare no efforts to blow up the Tudeh Party from the inside. A gap has been created between the Central Committee and the Tehran Provincial Committee. The Party is presently being directed by the Tehran Provincial Committee;

b. that, because of developments following the events of 19 August 1953, the Party has been divided into several groups. The dissension is so deep that everyone suspects his fellow-comrades; however, the Party is exerting efforts to conceal this situation;

c. that ordinary Party comrades, who are unaware of this situation, expect the Party to organize a revolt. The self-teaching of comrades should be strengthened so that they may understand that under existing conditions it is impossible for the Party to seize power. Any revolt requires conditions which do not exist at present. The Party ought to have influence among the peasants, but it does not. Talk among members concerning a sufficient number of arms which are supposed to be at the disposal of the Party is not correct. The Party had started to collect arms only shortly before the events of 19 August 1953 took place.

[1] Source: Central Intelligence Agency, DDI Files, Job 80–00810A, Box 33, Folder 28, CS Information Reports 28870–28879. Secret; Security Information.

360. Letter From the Ambassador to Iran (Henderson) to the Assistant Secretary of State for Near Eastern, South Asian, and African Affairs (Byroade)[1]

Tehran, January 16, 1954.

Dear Hank:

Yesterday morning I dictated a telegram summarizing some of the comments made to me by the Shah during our conversation of January 14 with regard to Iran's need for additional American aid. When I saw the rough draft of this telegram I decided not to send it as a telegram but rather to forward it as an enclosure to this personal letter to you.

I am sending this summary of conversation in this informal fashion because I was afraid that if I sent it as a telegram it might make too great an impression upon the Department of State and other interested Departments. Although the Shah plays a great role in Iran it did not seem to me quite fair to Iran to disseminate throughout the Department and other agencies of the Government statements disadvantageous to Iran made by the Shah in one of his petulant moods.

During our conversation the Shah displayed considerable venom as far as Zahedi was concerned. He accused the ailing Prime Minister not only of bungling the elections but of taking a complacent attitude with respect to corruption. He said that up to this time Amini, the Minister of Finance, had not been guilty of corrupt practices but that he was now convinced that Amini, as well as Panahy, who is at present in charge of the Plan Organization, and Radji, Panahy's Deputy, were out to make as much money for themselves as possible.

He then launched a vigorous attack upon Wright, the British Chargé d'Affaires. He said, "I do not know why the British should have sent as Chargé d'Affaires a person who is no diplomat. Wright has had no political experience. He seems to have been some kind of an economist." The Shah further indicated that he expected to have nothing whatsoever to do with Wright. When I defended Wright His Majesty showed signs of temper and said it was not necessary for him to have relations with a mere Chargé d'Affaires. He is of course annoyed with Wright because he sent Perron, behind the back of the Prime Minister and the Foreign Minister, to Wright for purposes of intrigue. Wright discussed the matter with the Foreign Minister who took it up with the Prime Minister, who, in turn, took it up with the Shah. I personally think Wright has done a noble job in this respect, but it would seem that for a time at least he has incurred the vindictive hostility of the Shah.

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[1] Source: National Archives, RG 59, Central Files 1950–1954, 888.00–TA/1–1654. Secret.

Since the pouch is going out in a few moments I will not have time to elaborate in more detail in this letter regarding my conversation with His Majesty. I believe I have written enough, however, to let you know that His Majesty is not easy to deal with these days. On the other hand this bad humor might be merely a reflection of internal troubles. During our conversation reference was made to domestic troubles of Amini whose wife the Shah told me with relish had been behaving badly in Europe. When I remarked that I thought Amini had been doing extremely well in the circumstances the Shah stated with emphasis that "no one could be having more family trouble than I encounter constantly". I understand that among the members of his family who are causing the Shah worry are not only his Mother but the Empress herself.

I hope that the Shah's outburst, as set forth in the enclosure, will not cause anyone in the Department who sees it from considering Iran's need for further aid on any other than an unprejudiced sympathetic basis.

With warmest regards, I am

Sincerely,

Loy W. Henderson[2]

P.S. I am sending a copy of this to Evan Wilson in London. It is extremely important that the contents of this letter, particularly those portions relating to Wright, not be brought to the attention of the British Government.

Enclosure

Memorandum of Conversation

Tehran, January 14, 1954.

PARTICIPANTS

His Majesty the Shah of Iran
Loy W. Henderson, American Ambassador

At my request the Shah granted me an audience yesterday at the beginning of which I presented him with a copy of *Persepolis,* as a gift of the Oriental Institute of Chicago University.

[2] Henderson signed "Loy" above his typed signature, and initialed below the postscript.

During our conversation subsequent to the presentation the Shah asked me again what the U.S. was planning to do for Iran, what kind of report re economic and military aid had Vice President Nixon made to the National Security Council, etc.[3] The Shah, who appeared to be in a petulant humor, commenced to complain re the state of the Iranian budget. The available funds even with American emergency aid were not sufficient to meet the urgent economic and security needs of the country. What would happen after several months when emergency aid was exhausted he did not know unless the U.S. could find some way to supplement emergency aid at least until conclusion of the oil agreement. Eden had expressed in a recent speech the hope that the oil agreement would be achieved during the year 1954. That did not indicate expectation on the part of the British for an early agreement. Even if an early agreement could be obtained he could not believe that the agreement or the oil flowing from it would provide Iran with adequate budgetary funds for some time to come. Iran furthermore needed more than budgetary funds. It must after the empty promises of many years begin to do something concrete in the direction of economic development. If not, a disillusioned population might be easy prey for communism.

Stressing the needs of the Army the Shah said the Army budget was so limited that it was not even able to transfer military stores from one place to another. The funds available are barely sufficient to pay salary, allowances, quarters, etc. There was nothing left for operations. I remarked that perhaps with more expert management the Army could within the framework of the present budget take care of elementary operational needs. General McClure in describing to me earlier in the day a recent conversation which he had had with General Batmanqilich, said Batmanqilich had declared solemnly to him that the Army did not even possess personnel to distribute clothing and blankets which the U.S. Government was giving to it. I said that a statement of this kind on the part of the Chief of Staff was shocking to both General McClure and myself. It seemed to us to denote lack of resourcefulness and organizational ability. Shah said somewhat apologetically that he was sure General Batmanqilich had made this statement merely in order to impress General McClure with their military needs. Batmanqilich would, of course, find means of distributing this material. He had

[3] Vice President Nixon met with the Shah on December 11, 1953, in Tehran. Telegram 1341 from Tehran, December 17, reported that the Shah had reiterated to the Vice President his desire that a decision soon be made regarding "whether Iranian Army was to be organized, equipped and trained to defend Iran in case of external attack from any direction, or army was to be used merely for maintaining internal security." For telegram 1341, see *Foreign Relations,* 1952–1954, vol. X, Iran, 1951–1954, pp. 850–852 (Document 396). The Vice President reported to the NSC on his trip to the Far East, South Asia, and Iran on December 23, 1953; see ibid., pp. 854–855 (Document 398).

been talking with General Batmanqilich a few moments before he received me. General Batmanqilich, known for his administrative and organizational ability, was a loyal, honest, and capable military leader. If he was experiencing difficulties under the present budget, no successor was likely to be found who would not. Even without reorganization the Army should have 10,000 more men, particularly non-commissioned and junior officers to make it efficient. Reorganization which would give the Army defensive capabilities would require 15,000 more men. Needs therefore for a re-organized Army were for 25,000 men in addition to the 125,000 already in uniform. This required budgetary funds and no such funds were as yet in sight.

Turning to civilian needs the Shah asked if there was not something I could tell him re U.S. plans. Did Secretary Dulles' speech on December 12 indicate a radical change in U.S. policy?[4] Was the U.S. planning to call home its troops and turn the defense of the world against aggression over to the United Nations? Had the U.S. Government decided to refrain from giving further economic aid to Iran at this time when Iran was in such need? The U.S. had helped Turkey and Greece to get started in their economic development; was he to understand that at the moment when Iran was in a position to use such aid, and was urgently in need of it, the U.S. had decided to extend no more aid of a financial and economic development character? If Iran was not to receive any additional aid, the Government should know at once so decisions could be made as to what, if anything, could be done.

I told the Shah that we had endeavored to make it clear when the $45 million aid was granted that the grant was on the basis of emergency; that it would be difficult to find additional funds for Iran's budgetary use; that it had not been easy to obtain funds wherewith to give this emergency aid and that no additional funds were in sight. The U.S. Government had, of course, hoped that by the time the emergency funds had been exhausted there would be an oil agreement which together with fresh funds obtained by Iran locally would take care of Iran's most urgent needs. Shah interrupted to say that Iran was not entirely to blame for delay in achievement of an oil agreement. I replied that it was true that the present Iranian Government could not be entirely to blame for this delay but that I was sure His Majesty would agree with me that Iran as a country had primarily itself to blame for a situation in which it now found itself. In fact, the U.S. Government had spent many millions of dollars in order to help Iran out of a predicament in which it had put itself. The Shah asked if he was to understand that the U.S. did not intend to give Iran any additional financial aid re-

[4] Assistant Secretary Byroade, not Secretary Dulles, delivered a speech on Iran on December 12; see Department of State *Bulletin*, December 28, 1953, pp. 894–896.

gardless of delays in achieving an oil agreement. I told him that I was not in a position at this time to state what the U.S. might or might not do. The Shah asked if he was to understand also that in the event an oil agreement would be achieved the U.S. would consider it unnecessary to give Iran financial or economic aid? I told the Shah that I was not in a position to state at this time what the U.S. Government might or might not do in circumstances which could not be foreseen. I knew the U.S. Government hoped that Iran with funds obtained as the result of an oil agreement could meet its budgetary needs and have a surplus for use in economic development. The U.S. Government had in the past come to Iran's aid in time of great stress and I was sure that the U.S. Government would not permit Iran to collapse financially or economically if it should be convinced that Iran, although doing its utmost to make the best use of its own human and natural resources, needed U.S. aid for its survival. I was not, however, making any promises and I did not believe the U.S. Government was in a position to make any promises at this time.

Reverting to Secretary Dulles' speech I said that if the Shah had read it carefully it should have given him encouragement. It indicated that the U.S. was determined to hold the initiative in its struggle to avert international communist aggression. It further indicated that although the U.S. was willing to come to an understanding with the Soviet Union it was not prepared to do so on the basis of division of the world into spheres of influence or of sacrifice of interests of other countries. In my opinion, the speech showed more rather than less determination to oppose international communist aggression. I then discussed certain aspects of the speech in some detail.

The Shah then reverted to a discussion of certain Iranian domestic problems which were treated in a telegram.

361. Memorandum of Conversation[1]

Tehran, February 19, 1954.

SUBJECT

Iranian Political Situation

PARTICIPANTS

Mr. Ernest Perron, Secretary to the Shah
Mr. Michael R. Gannett, Second Secretary of Embassy

Mr. Perron had the following points to make in a conversation held on February 17, in which he did most of the talking:

1. *Relations between Shah and Zahedi*—Mr. Perron asserted that the possibilities for differences to arise between the Shah and the Prime Minister following inauguration of the new Parliament will be very great and that steps should be taken now to prevent the two from drifting apart. He asserted that for some time the Shah has not liked Zahedi but was forced to accept the General's leadership of the movement to oust Mosadeq owing to the absence of any other person who could adequately perform this task. He thought it highly possible, given the Shah's mentality, that intriguers could be successful in persuading the Shah to ditch the Prime Minister, especially after the elapse of a few months when the inevitable cleavages within the Majlis and the Senate will begin to develop. Mr. Perron hoped that the American Embassy would exert its best efforts toward insuring the continuation of an adequate working relationship between the Shah and the Prime Minister. In this regard he thought it highly important that the Zahedi regime be able to develop a popular following, in particular to secure the support of the non-communist, nationalist elements which formerly had rallied behind Dr. Mosadeq. He recognized this would be a difficult task but felt that unless some measure of progress could be made in this direction, the prospects for the continued life of the Zahedi Government would not be good. I assured Mr. Perron that we also regarded as essential the maintenance of smooth working relations and mutual confidence between the Shah and Zahedi and that one cannot

[1] Source: National Archives, RG 59, Central Files 1950–1954, 788.00/3–554. Secret. Drafted by Gannett. This memorandum is attached to a letter from Gannett to Stutesman, March 5, in which he commented that "I see Perron for tea most every week in succession to a custom pursued in my time here by Eric Pollard and later Roy Melbourne. These sessions usually consist of lectures from 'Professor' Perron on the Iranian scene as he sees it and upon the shortcomings of the Shah as a leader of people. As these memoranda indicate, it is usually my tactic to listen and to offer as few comments as possible."

help being concerned over the gulf existing between the present Government and many segments of the Iranian people.

2. *Perron's desire to work with Zahedi*—Mr. Perron said that unfortunately he had not been able to develop a harmonious working relationship with General Zahedi. He was most anxious for the General and his Government to know of his good intentions in this regard but found that he did not have an effective means of communicating them to the General. Unfortunately, he was unable to communicate them through Ardeshir Zahedi with whom he does not have a common language. In view of the close working relationship between the American Embassy and the Zahedi Government and particularly with Ardeshir Zahedi, he hoped it would be possible for the Embassy to have it made known to General Zahedi that he was available to be of every assistance. Mr. Perron proceeded immediately to his next point without awaiting comment from myself.

3. *American efforts to support anti-communist groups*—Mr. Perron said he was aware of efforts by the American Embassy to encourage the development of anti-communist groups within Iran. In this connection he wished merely to call to our attention that Aramesh and Bahbudi are highly dishonest persons and should not be treated with any confidence.[2] I observed that I also had heard of this reputation. Mr. Perron went on to make a plea for forthright American intervention in the internal political affairs of Iran, in order to insure success for the anti-communist movement. He asserted that Point Four and the Military Mission engage daily in domestic political matters and obviously only the Embassy was reluctant to do so.[3] He thought this reluctance was most unfortunate, as it would be in the common interest of both the United States and Iran for the Embassy to take forthrightly a more active part in this vital matter. I noted that it was not the intention of OMI or the Military Mission to dable in local politics and that I thought it imprudent for any foreign government to seek to manage the local affairs of another country. Mr. Perron recalled that to his knowledge in the past the American Government had pursued policies in Iran of which the Ambassador had not always been aware; to which I observed that I could speak only of recent months but that I was sure that during the period I had been familiar with Iranian matters the Ambassador has been fully informed on American policy towards Iran.

4. *Mr. Klein's visit*[4]—Mr. Perron said he wished to point out the most unfortunate interpretation being placed upon the visit of Mr.

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[2] Richards placed a check mark in the margin next to this sentence and underlined "Aramesh" and "Bahbudi."

[3] Richards placed a check mark and his initials in the margin next to this sentence.

[4] A reference to Harry Thomas Klein, General Counsel of the Texas Company.

Klein, an American independent oil official. Although he understood Mr. Klein had been invited to Iran by Prince Abdor Reza through the intervention of Mr. Hillier ostensibly to engage in some hunting, he knew that the Prince hoped somehow to secure personal pecuniary advantage in connection with the expected oil settlement, and that for this reason he had invited Mr. Klein to visit him. The visit was being widely interpreted in just this light, which was having most unfortunate repercussions for the Court and the Shah. The Iranian people, Mr. Perron asserted, had come to regard the oil resources of Iran as their personal property in consequence of the nationalization law; thus any suggestion to them that the Shah or the Court were personally involved in oil matters would inevitably have unfortunate repercussions for the Monarchy. I said I could easily understand this viewpoint and that so far as I was aware the Embassy had not had prior knowledge of Mr. Klein's intention to visit Iran.[5]

[5] Richards highlighted this paragraph and placed his initials in the margin.

362. Memorandum Prepared in the Office of National Estimates, Central Intelligence Agency[1]

Washington, March 5, 1954.

MEMORANDUM FOR THE DIRECTOR OF CENTRAL INTELLIGENCE
(Draft for Board Consideration)

SUBJECT

The Outlook in Iran

1. Recent developments in Iran have been generally in accordance with the analysis contained in NIE–102, "Probable Developments in Iran through 1954," published on 10 November 1953.[2] Although a revision of NIE–102 at this time would contain some changes in emphasis on certain points, we do not believe they would be sufficient to warrant

[1] Source: Central Intelligence Agency, NIC Files, Job 79R00904A, Box 1, Folder 5, Memos for DCI (1954) (Substantive). Secret.

[2] Document 347.

such a revision before the one now scheduled for the fourth quarter of 1954. The principal changes are summarized below.

2. Developments thus far are not inconsistent with the conclusion of NIE–102 that "relatively moderate governments are likely to continue in Iran through 1954," but will be hampered by the Shah's indecision and inconstancy and by political irresponsibility and demagogery, both in and out of the Majlis. However, NIE–102, particularly in the Discussion, did tend to overstate the magnitude of these difficulties and to understate the Zahedi government's ability to cope with them.

3. The estimate in NIE–102 that Zahedi's chances of holding on through all of 1954 are "not good" does not take account of the restraining influence which has been exercised on the Shah thus far by his recognition that a man of Zahedi's caliber would be hard to find and by his fear of incurring US–UK opposition. So long as the Shah continues to believe that the situation requires a strong premier and so long as he is convinced that the US and the UK feel it essential that Zahedi remain, he will probably hesitate to go too far toward undermining the prime minister's position.

4. It also appears that the job of keeping the warring politicians under control may be somewhat less formidable than was suggested in NIE–102. The government appears to be getting through the critical electoral period with far less difficulty than was anticipated. It has not only been spared the increased political tension and instability which was expected to develop out of the electoral campaign, but has also been far more successful than was contemplated in NIE–102 in getting an official slate of candidates elected. Admittedly, the level of ability, honesty, and political reliability among the government-supported deputies elected thus far is not high; the government will almost certainly have to bestir itself to hold a working majority together. Moreover, the current weakness and disunity of the government's opponents and the passivity of the general public will not last forever. Nevertheless, there is reason to believe that the government, having seized the political initiative, may be able to hold on to it for some time to come if it is sufficiently forceful.

5. In the last analysis the future of moderate leadership in Iran will depend not only on the vigor with which it maintains itself, but also on the success of the forthcoming oil negotiations, Western preparations for which now appear to be reaching the final stage. One hopeful sign is that the Iranians appear somewhat more amenable to a "realistic" solution than appeared to be the case when NIE–102 was completed. In their present passive mood, the Iranian people appear prepared to accept almost any sort of agreement which makes some minimum provision for national pride. However, it is still unclear whether the oil companies—particularly AIOC—are prepared to offer the Iranians an

arrangement which they can accept and live with in peace. A successful solution may thus largely depend on US effectiveness in insisting on political realism in the negotiations and on prompt action to take advantage of the present favorable climate of opinion in Iran.

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363. Memorandum Prepared in the Directorate of Plans, Central Intelligence Agency[1]

Washington, March 8, 1954.

CAMPAIGN TO INSTALL PRO-WESTERN GOVERNMENT IN IRAN

AUTHORITY: Approved by the President, Secretary of State, and DCI on 11 July 1953. NSC 136/1.[2]

Target

Prime Minister Mossadeq and his government

Objectives

Through legal, or quasi-legal, methods to effect the fall of the Mossadeq government; and

To replace it with a pro-Western government under the Shah's leadership, with Zahedi as its Prime Minister

CIA Action

Plan of action was implemented in four phases:

1. Through direct pressure, applied by CIA's representatives in Iran, to strengthen the Shah's will to exercise his constitutional power and to sign those decrees necessary to effect the legal removal of Mossadeq as Prime Minister;

2. Welded together and coordinated the efforts of those political factions in Iran who were antagonistic toward Mossadeq, including the powerfully influential clergy, to gain their support and backing of any legal action taken by the Shah to accomplish Mossadeq's removal;

3. Launched an intensive propaganda campaign intended to disenchant the Iranian population with the myth of Mossadeq's patriotism,

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[1] Source: Central Intelligence Agency, DDO Files, Job 80–01701R, Box 3, Folder 11, Misc. TPAJAX Correspondence. Top Secret.

[2] See Document 225. NSC 136/1 is Document 147.

by exposing his collaboration with the Communists and his manipulation of constitutional authority to serve his own personal ambitions for power;

Simultaneously, conducted a "war of nerves" against Mossadeq designed to reveal to Mossadeq and to the general populace that increased economic aid would not be forthcoming and that the U.S. viewed with alarm Mossadeq's policies:

a. A series of public statements by high U.S. officials implying that there was little hope that Mossadeq could expect increased U.S. aid;

b. U.S. press and magazine articles which were critical of him and his methods; and

c. The induced absence of the American Ambassador, lending credence to the impression that the U.S. had lost confidence in Mossadeq and his government.

4. Developed covertly and independently a military apparatus within the Iranian Army which could be counted on to back up any legal action taken by the Shah to remove Mossadeq.

Results

The original D-Day set by CIA misfired when Mossadeq, learning of the plan through a leak in our military covert apparatus, took immediate counteraction to neutralize the plan.

An intensive propaganda campaign, engineered and directed by CIA, was launched in the interim period between the original and final D–Days to educate the Iranian population to the fact that, in view of the dissolution of the Majlis (effected by Mossadeq at an earlier stage to prevent its voting him out of power) and the Shah's decree removing Mossadeq as Prime Minister, Mossadeq's continued exercise of the powers of that office was illegal and that authority to govern the people rested solely and completely in the hands of the Shah.

The Nationalists and the Communists during this period inadvertently assisted our cause through their premature attempts to promote a republican government. This theme was contrary to the public's opinion, whose sympathies were with the Shah. The Shah's dramatic flight out of the country served to further intensify his people's sense of loyalty to him.

These actions resulted in literal revolt of the population, whose street demonstrations were touched off,[3] aided and abetted by CIA's covert contributions. The military and security forces joined the populace, Radio Tehran was taken over, and Mossadeq was forced to flee on 17 Aug 53.[4]

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[3] The words "touched off" are inserted here by hand at this point.

[4] This sentence was revised by hand. It originally read: "The military were forced to act in quelling the riots and gained strength on the momentum of the situation in support of the Shah."

The ouster of Mossadeq was successfully accomplished on 19 Aug 1953.

Note

This was a [*less than 1 line not declassified*] U.S. [*less than 1 line not declassified*] project. The President and the Secretary of State in determining the U.S. policy to apply in this instance, requested assurances on the following points before finally approving the plan of action:

1. That the British would be flexible in their approach to the government which succeeded Mossadeq as far as the oil question was concerned; and

2. That an adequate amount of U.S. interim economic aid would be forthcoming to the successor government.

Costs

	Operational Costs	
Initial Phase:	From inception of project in mid-May 1953 to installation of Zahedi as Prime Minister on 19 Aug 1953	$ [*dollar amount not declassified*]
Follow-up Phase:	To solidify the positions of the Shah and Zahedi	$ [*dollar amount not declassified*]
	Political Expediency	
Emergency Phase:	Immediately following Zahedi's assumption of the Prime Ministership and to fill the financial gap until official U.S. funds could be made available to the new Iranian government, CIA made an outright grant to Zahedi for immediately necessary governmental expenditures of	$ [*dollar amount not declassified*]
	Grand Total:	$5,330,000.00

Information received from John Waller, Chief, NE/4 on 5 Mar 54.[5]

[5] A handwritten note at the end of the memorandum indicates it was revised on March 8 and signed by Waller on that same day.

364. Memorandum From the Central Intelligence Agency Representative on the NSC 5402 Working Group (Waller) to the Special Assistant to the Director of Central Intelligence (Jackson)[1]

Washington, March 19, 1954.

SUBJECT

Summary of Action Taken By OCB Working Group (NSC 5402) at March 18 Meeting

1. The meeting on March 18 was almost exclusively devoted to para. 15 NSC 5402.[2] In view of recent reports indicating that negotiations in London between the major American oil companies and AIOC with regard to compensation had reached a deadlock,[3] the OCB Working Group drafted recommendations for action to be presented to the next meeting of the OCB. The draft is worded essentially as follows although minor editing was to be done before it was to be passed to the OCB:

"Bearing in mind para 15 (c) of NSC 5402 and the April 1 date therein mentioned by which time consideration should be given to taking independent action if a settlement has not been reached; and in view of recent reports that a stalemate had been reached in London in oil company discussions, the 5402 Working Group has today considered alternate lines of action which might be adopted:

(a) U.S. Government purchase Iranian oil in the absence of a settlement of the Anglo-Iranian oil dispute. While this would have the advantage of providing substantial income to Iran, there are serious obstacles:

(1) The U.S. Government has stated publicly that it would not purchase Iranian oil while the title is in dispute.

(2) U.S. Government subsidization of Iran's expropriation of a foreign investment would have ill-effect upon American investments abroad.

(3) It would have a serious adverse effect on U.S.–U.K. relations.

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[1] Source: Central Intelligence Agency, Office of the Director of Intelligence, Job 80R01731R, Box 30, Folder 1010, NSC 5402—Iran. Top Secret.

[2] Document 355.

[3] An apparent reference to the deadlock in negotiations surrounding AIOC's position on financial participation and compensation. In telegram 4773 to London, March 17, the Department criticized AIOC's position as being unacceptable to both the Iranian Government and the American companies willing to participate in the oil consortium. For telegram 4773, see *Foreign Relations*, 1952–1954, vol. X, Iran, 1951–1954, pp. 949–950 (Document 436).

(4) Problems of disposing of significant quantities of oil by the United States would be almost insurmountable.

(b) U.S. private companies to buy Iranian oil in the absence of a settlement of the Anglo-Iranian oil dispute. There are serious obstacles:

(1) It is questionable whether the U.S. Government is in a position to force private American oil companies to take such action.

(2) It can be expected that major American oil companies capable of handling sufficient Iranian oil to provide significant revenues to the Iranian Government would strenuously oppose the establishment of a precedent making expropriation without payment of compensation a profitable course of action for foreign countries.

(3) Although there have been certain indications of interest by American "independent" oil companies in purchasing cheap Iranian oil at distressed prices, in the absence of a settlement of the Anglo-Iranian oil dispute, it is improbable that even a group of them could market sufficient oil to provide early and substantial revenues to the Iranian Government.

(4) Lack of clear title discourages any private purchase.

(5) The only markets presently available to independent oil companies are in the U.S. and importations of large quantities of oil to this market would seriously affect U.S. domestic oil producing industries.

(c) Subsidize the Iranian Government by grants of economic aid in the absence of a settlement of the Anglo-Iranian oil dispute. There are serious obstacles:

(1) Congress may object to covering the budget gap in Iran ($5,000,000 per month) for an indefinite period.

(2) Subsidization removes to some extent economic pressures upon the Iranian Government to come to an early settlement of the oil dispute.

(3) The psychological and political repercussions from Iran's inability to dispose of its oil and develop its own source of income will certainly adversely affect maintenance of stability in that country.

(d) Use exceptional pressures to induce the British to offer a reasonable proposal for an early settlement. In addition to such direct pressures take psychological actions overt and/or covert to further impress the British with the seriousness with which the United States is considering independent action in the Middle East.

The foregoing (d) course of action is recommended by the 5402 Working Group. Although it is recognized that the group is not competent to judge whether the dangers of such exceptional pressures to the Anglo-American alliance are sufficient to out-weigh the dangers of failing to achieve an early oil settlement in Iran.

It is recommended that the Chairman of the OCB consider sending a telegram along the following lines to Mr. Hoover at London:

"Consideration is being given to psychological pressures on the British Government. Request your advice regarding ways in which

such pressure might be most effective in encouraging more reasonable approach re Iran oil problem. For example, we are thinking of further indications to the British that the U.S. may be forced to take unilateral action in Iran and the Middle East; also that attitudes of Congress re aid to U.K. may be greatly influenced by impression of reasonableness of British position on Iran oil."

2. It is suggested that the DCI be advised of the above soonest and prior to the next OCB meeting.[4]

John H. Waller

[4] At the end of the memorandum, Jackson added a handwritten note that reads: "23 March—Waller informed me that Gen. Smith had a talk with the British Ambassador and that a cable was sent to London along the above lines. The negotiations are going along better as of this date."

365. Memorandum Prepared in the Office of National Estimates, Central Intelligence Agency[1]

Washington, March 29, 1954.

PROBABLE CONSEQUENCES IN IRAN OF FAILURE TO ACHIEVE AN EARLY OIL SETTLEMENT[2]

1. In the long run, satisfactory solution of the oil problem is a prerequisite for continuing stability in Iran. Until substantial oil revenues are restored, the Iranian Government will be dependent on foreign subsidies not only for developmental outlays to meet growing popular demands for economic betterment but even for a substantial portion of regular government operating expenses. Iran's present moderate lead-

[1] Source: National Archives, RG 273, Records of the National Security Council, Official Minutes 1947–1961, Box 38, 194th Meeting. Secret. The memorandum is attached to a covering memorandum from Paul Borel, Deputy Assistant Director of ONE, to Lay stating that it was intended as a contribution to the NSC Planning Board's meeting on NSC 5402 on March 31. A note on the memorandum indicates that it originated as an attachment to a memorandum from the Assistant Director of the Office of National Estimates, Kent, to the DCI on March 29.

[2] This is an estimate prepared by the Board of National Estimates of the Central Intelligence Agency. The estimate has not been coordinated with any member of the IAC. [Footnote is in the original.]

ership has clearly recognized the overriding necessity of an oil settlement and has in effect staked its future on the hope that such a settlement will be forthcoming. In turn, popular and business confidence in the government is in large measure based on the expectation that the moderates can succeed where Mossadeq failed in deriving adequate benefits from Iran's oil resources.

2. Thus far the situation has developed favorably for the present leadership. With the aid of $51 million in US emergency grants, Iran's treasury has been restored for the time being to reasonable order. Ultranationalist and Tudeh elements, the chief opposition to the government and its present policies, remain weak and divided, and the general public is at least passively aligned with the government. The new Majlis just elected is almost completely made up of government-supported candidates and under present circumstances can probably be prevailed on to ratify any oil settlement acceptable to the government and within the framework of the existing oil nationalization law.

3. However, the government's ability to maintain this favorable position depends in a considerable measure on its ability to obtain an early solution of the oil problem. The government now has a degree of control over internal affairs which it will find difficult to maintain. The Majlis, despite its hand-picked character, contains few men who can be fully relied on to stand by the government in event of difficulties, and the forces of latent nationalism remain strong.

4. *Consequences of Delay in Achieving an Oil Settlement.* Even in the brief period remaining before present US emergency aid is exhausted in June, any undue delay in moving toward a settlement, by providing opportunities for irresponsible discussion of the oil question by the Majlis, might lead to a weakening of the government's will and ability to accept a realistic settlement. In the light of present Iranian expectations of an early settlement, such a delay would also encourage the ultranationalist and Tudeh opposition.

5. If US emergency aid were allowed to run out before a settlement had been reached or was immediately in prospect, Iran's present moderate leadership would be in serious trouble. The budgetary deficit now covered by US aid could be met only by deficit financing techniques which the Majlis would be reluctant to authorize and which if long continued would probably lead to a progressive weakening of Iran's financial stability. The withdrawal of US financial support would also seriously damage the government's morale and prestige, would lead to widespread popular discouragement about Iran's future, and would be likely to result in a resurgence of extremist pressures. Indeed, the failure to continue US budgetary aid to Iran would be looked on as indicating lack of US confidence in the Zahedi government. Zahedi

would almost certainly have to resign, and while the Shah would probably be able to retain relatively moderate elements in power for several months or more he would probably find it increasingly difficult to do so. In the end it is likely that there would be a return to the chaotic conditions which prevailed under Mossadeq.

6. Even if US emergency aid were continued, prolonged delay in achieving an oil settlement would probably lead to a gradual but progressive narrowing of the government's freedom of action in dealing with the oil question. Opposition elements would have further opportunities to criticize the settlement terms under negotiation, attack the UK and US, and ridicule the government's expectation that it could do business with them. Although the government would at first seek to avoid friction with the UK and US, it would become increasingly discouraged about the prospect for a settlement and would tend to become more and more bitter over the failure of AIOC and the other oil companies to provide a plan satisfactory to Iran and over US failure to compel them to do so. Eventually, the declining morale and prestige of the Iranian Government and the rising strength and vigor of the opposition might create a situation in which conclusion of any kind of a settlement would be impossible.

7. If it became apparent, as a result either of a clear-cut breakdown of negotiations or of cumulative delays and disappointments, that there was little or no real hope of a satisfactory settlement, the position of the moderate elements in Iran would be seriously weakened. If US emergency aid were continued, it would most likely enable the moderates to retain control at least initially, but Zahedi himself might have to be dropped as a scapegoat, and the ability of the moderates to retain some degree of popular support would be lessened. Moreover, without additional US economic assistance, the moderates would be unable to finance the economic development activities with which they had planned to counter growing popular dissatisfaction with the status quo. Finally, failure to resolve the oil problem would result in growing uneasiness about Iran's future, particularly in the business community. Continuation of a month-to-month dole from the US would probably be increasingly ineffective in overcoming this uneasiness. Under these circumstances, there would be increased likelihood of a return to extreme nationalist governments in Iran.

8. *Consequences of a Separate Oil Arrangement with the US*. If convinced that there was little chance of reaching a satisfactory settlement with the British, the Iranian Government would welcome and probably actively seek US assistance in marketing Iranian oil without British participation. Even assuming that such an arrangement could actually be made, its consequences would depend primarily on the extent to which

Iranian oil revenues were actually restored.[3] Should this arrangement result in only limited restoration of Iranian oil revenues, the Iranians would probably tend increasingly to blame the US for having failed to put sufficient pressure on the British to secure a more adequate settlement.

[3] A US decision to assist Iran in marketing its oil without reference to the British would also have major repercussions on US–UK relations which are not considered in this paper. [Footnote is in the original.]

366. Memorandum of Conversation[1]

Washington, April 29, 1954.

PARTICIPANTS

Mr. Murphy, Deputy Under Secretary of State
Mohammed Hosein Qashqai
John H. Stutesman Jr., Officer in Charge Iranian Affairs

Through the introduction of Ambassador William Donovan, Mohammed Hosein Qashqai called on Mr. Murphy at the Department of State on April 28. He said that he represented his tribe and wished to present to officials of the American Government the nature of a very serious problem which was facing the Qashqais.

First he reviewed the history of the tribe, fighting mountain nomads who were moved, some four hundred years ago, by the Safavi monarch, Shah Abbas, from the Caucasus mountain area to the mountains of southwest Iran. The tribe has been involved in trouble and fighting its entire history, and, as Mohammed Hosein concluded, "Is now again in trouble".

He said that the Shah was personally antagonistic to the Qashqais and desired to have the tribe disarmed and the leading family (four brothers, of whom Mohammed Hosein is the third in succession) deported from Iran. Mr. Qashqai interjected at this point that Prime Minister Zahedi is not antagonistic to the Qashqais and is in fact responsible for the comparatively calm relations which have existed during

[1] Source: National Archives, RG 59, Central Files 1950–1954, 788.00/4–2954. Confidential. Drafted by Stutesman.

the past eight months between the Government authorities and the tribe.[2]

Mohammed Hosein said that the tribal people have long looked to his family for leadership. He and his brothers were raised in the tribal mountains, love their people and could not be happy even in the finest places of Europe for longing toward their homeland. He said that if the Shah wanted guarantees that the tribe would not be a source of unrest they could give such guarantees. He expressed the fear that the Shah was interested not so much in the maintenance of peace as in demonstration of his personal antipathy for the Qashqai leaders. He said that if the Shah pursued this policy without hope of some temporizing between the tribe and Government authorities, "There would be trouble in the end".

He described the tribe as some 30,000 people who formed one of the few united forces in Iran. He said the tribe was firmly and logically anti-Communist since the Communists would obviously seek the destruction of the tribal leadership and probably of the tribal pattern of life. He pointed out somewhat wryly that this objective seemed to be similar to that sought by the Shah.

In response to a question from Mr. Murphy, he stated that the tribe did not seek a semi-autonomous status but in fact only wanted to live like other citizens of Iran. He pointed out that they presently pay substantial taxes to the Iranian Government.

He concluded his presentation by expressing the hope that the American Government, through the mouth of its Ambassador in Iran, could make some representation to the Shah which would result in amelioration of the Shah's present antagonistic attitude. This would fit within the American objectives in Iran of maintaining stability and peace. Mr. Murphy replied that he was most interested in this problem, as described by Mr. Qashqai, and would consult with interested officers in the Department upon the matter. He then asked Mr. Qashqai to show on a map where the tribe lived in Iran, and the conversation broke up with the usual courtesies after Mohammed Hosein had described with some pride the extent of territory covered in tribal migrations.

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[2] On January 7, Zahedi told Henderson that the Shah felt that "the Qashqais were not to be trusted, and that therefore three of the brothers, Nasser, Khosrow, and Mahammed Hosein, should leave the country." See Document 358.

367. Information Report Prepared in the Central Intelligence Agency[1]

CS–40139 Washington, June 14, 1954.

SUBJECT

Corruption in the Zahedi Government

SOURCE

Paragraphs 1–3: [*2 lines not declassified*]
Paragraph 4: [*1 line not declassified*]
Appraisal of Content: [*less than 1 line not declassified*]

1. The Shah believes that the popularity and power of the Zahedi Government is at a low ebb as the result of widespread corruption. This situation is further aggravated by activities of the Tudeh Party, which has exaggerated the extent of the corruption, thus contributing greatly to the growing storm of popular dissatisfaction with the present Government. The Shah stated that this situation must be stopped and expressed the opinion that the Government can be held in office only so long as he lends it his strongest support.[2]

2. Despite the conviction that the swelling flood of rumors concerning corruption in the Zahedi Government is strengthening the communist hand in Iran and weakening the Shah's own position, the Shah decided to continue giving "strong" support to the present Government. His decision was based on the fear that any show of friction between the Shah and the Government might have an adverse effect on the oil negotiations.[3]

3. After reaching this decision, the Shah called in the entire Cabinet on 2 June and administered a firm rebuke, calling for immediate reforms and stern action to control corruption at all levels.

4. The Shah received Ardeshir Zahedi in audience on 3 June, following the latter's return from Europe on 2 June. When Ardeshir emerged from the audience, he was in tears and remarked bitterly,

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[1] Source Central Intelligence Agency, DDI Files, Job 80–00810A, Box 43, Folder 53, CS Information Reports 40130–40139. Secret

[2] *Field Comment:* It is likely that, unless Zahedi launches his own effective anti-corruption campaign, the chances of survival of his Government following conclusion of the oil negotiations are practically nil. [Footnote is in the original.]

[3] *Field Comment:* The Shah's decision to continue to support the Zahedi Government was confirmed by an Iranian source in close personal contact with the Royal Court for the past 21 years. However, unconfirmed reports indicate that the Shah is intriguing within and actively penetrating the civil bureaucracy which traditionally has been the Prime Minister's province. [Footnote is in the original.]

"Why wasn't I told how bad things are? I could have been here to help. My father is a good man: His Majesty knows that he is a good man."[4]

[4] *Source Comment:* It is obvious that the Shah delivered a strong lecture concerning corruption. This is the most dangerous issue in Iran at the moment and one in which the Shah is extremely interested. [Footnote is in the original.]

368. Project Outline Prepared in the Central Intelligence Agency[1]

Washington, June 15, 1954.

1. *Objective:*

To establish an effective political action/psychological warfare program in Iran with which to oppose Tudeh/Communists, and to build a stable, progressive Iranian government.

2. *Origin and Policy Guidance:*

a. *Origin*.

This is a continuing project which was originated in 1951, receiving approval from DADPC on 11 August 1951.[2] The project resulted from CIA responsibility under NSC 10/2 (superseded by NSC 5412), NSC 107 (superseded by NSC 136), and conforms to NSC 5402, approved 2 January 1954 which authorizes covert action to direct Iranian nationalist feeling into constructive channels thereby strengthening the ability and desire of the Iranian people to resist Communist pressure.[3]

The project also conforms to the Letter of Instructions to the Chief of Mission, Tehran, Iran, approved 4 April 1954.[4]

b. The project originated in the field.

[1] Source: Central Intelligence Agency, DDO Files, Job 78–01521R, Box 5, Folder 14, [*cryptonym not declassified*]. Secret. The covering sheet indicates that the project was reviewed by Chief of the Near East and Africa Division [*name not declassified*] on June 28. Waller reviewed the outline as well.

[2] See Document 41.

[3] For NSC 10/2, June 18, 1948, see *Foreign Relations,* 1945–1950, Emergence of the Intelligence Establishment, pp. 713–715 (Document 293). For NSC 5412, see ibid., 1950–1955, The Intelligence Community, 1950–1955, pp. 475–478 (Document 171). NSC 107/2 is Document 35; NSC 136/1 is Document 147; NSC 5402 is Document 355.

[4] Not found.

3. *Situation:*

This project was originally approved at a time when Iran was facing a severe economic crisis, was plagued by pressure from foreign nations, and was evidencing to an increasing degree alarming symptoms of insecurity and instability.

At this time CIA was presented with the opportunity of undertaking a large-scale propaganda warfare/political action program, [*2½ lines not declassified*]. From the approval date of the project on 11 August 1951 until August 1953, the major portion of the PP work in Iran was carried out [*1½ lines not declassified*] in the following general fields: a) subsidizing publication media; b) producing and distributing propaganda material; and c) influencing religious leaders, Majlis deputies, Senators, and other government officials. Their primary target was the Tudeh Party, the Communist party of Iran.

Although the immediacy of the threat of a communist takeover in Iran has been reduced since the inception of this project, the task of defeating Communism within Iran is by no means accomplished. The membership of the Tudeh Party may have declined slightly in the past year, and the party is no longer free to operate openly and without restraint. However, the hard core of the party remains intact, and despite its losses the Tudeh Party must still be considered the best organized and most effective communist force in the Near East. Tudeh control of the Iranian government would greatly strengthen communist capabilities in neighboring countries and threaten the position of the western powers throughout the area.

In contrast with the opportunities of 1951, CIA is now in a much better strategic position, has gained the services of many additional agents and assets, and most important, has established a close relationship with the Shah and the present government. The fall of the Mossadeq government in August 1953 and the installation of the Zahedi regime created a situation containing greatly broadened potentialities for effective action against the Tudeh Party and in the interest of political stability. The Shah and the Prime Minister, cognizant of the need for assistance in their effort to capitalize on the present situation, have become willing collaborators with CIA.

[*1 paragraph (10 lines) not declassified*]

In addition to support for the Department of Press and Propaganda the [*5 lines not declassified*].

[*1 paragraph (13 lines) not declassified*]

The problem facing the Iranian government and CIA is the suppression of the Tudeh Party and the establishment of a strong, popular, progressive government, one that is in harmony with the throne, which serves as the strongest factor of stability in the political scene.

4. *Proposal:*

It is proposed that CIA contract for the services of, and subsidize the activities of individuals hereinafter described, and others who may be recruited in the future, to support a political action/Psychological warfare program in Iran with the following objectives:

a. to establish and maintain a stable, progressive government;

b. [*1 line not declassified*];

c. [*2 lines not declassified*];

d. to formulate and give active guidance to an intellectual movement designed to promote progressive nationalism at all levels and in all significant facets of the Iranian society; and

e. to combat Tudehism/Communism.

5. [*1 line not declassified*]

a. [*1 line not declassified*]

(1) [*1 paragraph (6 lines) not declassified*]
(2) [*1 paragraph (17 lines) not declassified*]
(3) [*1 paragraph (5 lines) not declassified*]

6. *Coordination:*

a. *Relation to other projects*.

This project is viewed as the parent project from which subprojects will be drawn for the sub-tasks listed in 5 a.

b. *Extent of coordination*.

Coordination within the Division and among the Senior Staffs concerned will be accomplished. There is no necessity for coordination with other agencies or with extra-government organizations.

7. *Budget Data:*

Total CIA funds required for Fiscal Year 1955: [*dollar amount not declassified*]. This amount was requested in the NEA Division Operational Program for FY 1955.

369. Information Report Prepared in the Central Intelligence Agency[1]

CS–40518 Washington, June 17, 1954.

SUBJECT

Government Offer to Khosrow Khan Qashqai

REFERENCES

CS–36201[2]
CS–33633[3]

SOURCE

[*1 line not declassified*]

1. Prime Minister Zahedi and his Cabinet members agreed on 10 June 1954 to offer tribal leader Khosrow Khan Qashqai two million Rials (approximately $25,000) to leave Iran.

2. This action was taken following Khosrow Khan's refusal to leave the country, as ordered by the Shah, on the ground that he lacked funds to live abroad and had no choice except to fight if his expulsion by force were attempted.

3. In deciding to offer cash, the Iranian Government agreed that it was cheaper to pay Khosrow Khan than to send a military force against the tribal stronghold near Firuzabad.

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[1] Source: Central Intelligence Agency, DDI Files, Job 80–00810A, Box 43, Folder 91, CS Information Reports 40510–40519. Secret; Control—U.S. Officials Only.

[2] CS–36201, April 19, reported on Mohammed Hoseyn Qashqai's departure from Iran, and that "the Qashqai leaders at present enjoy a friendly relationship with Prime Minister Zahedi, but they continue to be suspicious of the Shah and Army Chief of Staff General Nadr Batmangelich." (Ibid., Box 40, Folder 15, CS Information Reports 36200–36209)

[3] CS–33633, March 17, reported on the agreement reached between the Qashqai and the Zahedi government. According to this report, Nasr Khan agreed to remain in Iran during the summer tribal migration, to be led by Malek Mansur Qashqai, but Mohammad Hoseyn Qashqai and his family would leave Iran for Eruope. (Ibid., Box 38, Folder 17, CS Information Reports 33630–33639)

370. Information Report Prepared in the Central Intelligence Agency[1]

CS–40723 Washington, June 17, 1954.

SUBJECT

Details of Opposition to Zahedi Government

REFERENCES

CS–40354[2]

SOURCE

[*2 lines not declassified*]

The following is a summary of events which reflect the thinking and agitation of various segments of the political arena in Iran concerning opposition to the Government of Prime Minister Zahedi:

1. On 4 June 1954, Senator Manuchehr Eqbal stated that the Government had received an eleventh hour reprieve through:

a. the accidental death of General Mohammed Hoseyn Jahanbani[3] on 30 April 1954, which precluded the exposure of a major scandal concerning government corruption, in which Jahanbani was involved, and

b. the Shah's appeal, transmitted by Minister of Court Hoseyn Ala, for strong Majlis support of the Government in the interest of an oil settlement.

2. On 5 June, Military Governor Timur Bakhtiar stated that he was not sure that the Government would last through the oil negotiations, despite the Shah's support.

3. On 8 June, Manuchehr Eqbal approached Princess Ashraf for her support of a movement to replace Prime Minister Zahedi with Minister of Court Hoseyn Ala, to be followed by himself (Eqbal). Princess Ashraf refused on the basis that Ala was too weak.

4. General Hasan Arfa stated on 7 June that Prime Minister Zahedi must go and that, if a non-military figure is desired to replace Zahedi, it should be Hoseyn Ala; if it is to be a military figure, he, Arfa, should be selected. Arfa feels sure of United States and British support and is confident that their preference is for a military figure.

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[1] Source: Central Intelligence Agency, DDI Files, Job 80–00810A, Box 43, Folder 112, CS Information Reports 40720–40729. Secret.

[2] CS–40354, June 17, reported that General Batmangelich was agitating strongly for the replacement of Prime Minister Zahedi. The report also stated that Zahedi was aware of Batmangelich's activities. (Ibid., Folder 75, CS Information Reports 40350–40359)

[3] *Washington Comment:* Jahanbani, Minister without Portfolio, died as a result of an automobile accident near Hamadan, Iran. [Footnote is in the original.]

5. On 9 June General Hasan Akhavi was still in Tehran on two months' leave.[4]

[4] *Field Comment:* If it is true that General Arfa's arch stooge, General Akhavi, is slated for Chief of Staff, he (Akhavi) is probably awaiting political developments. [Footnote is in the original.]

371. Quarterly Report Prepared in the Directorate of Plans, Central Intelligence Agency[1]

Washington, July 8, 1954.

IRAN

April–June 1954

1. *Summary of PP/PM Action:*

The field has continued to give extensive financial, material, and guidance support to an agent highly placed in the Department of Propaganda so as to make more effective the government propaganda program of: 1) preparing public opinion for an oil settlement, 2) convincing the people that the policy of the Mossadeq government was destructive and dangerous in its communist collaboration and usurpation of power, and 3) increasing public support for the Shah and Zahedi. In addition to continued broadcasting, publishing, and film production, a popular Tudeh song was given anti-communist lyrics and was broadcast frequently over the Tehran and provincial radio stations.

[*5 paragraphs (24 lines) not declassified*]

2. *Summary of Results:*

The considerable amount of propaganda put out over the principal informational media has probably increased the chances of public acceptance of an oil agreement, if one is concluded. Propaganda and political action has helped Zahedi retain the premiership in the face of strong pressure from rival political factions.

[*2 paragraphs (6 lines) not declassified*]

[1] Source: Central Intelligence Agency, DDO/IMS Files, Job 81–01061R, Box 3, Folder 4, Quarterly Report April–June 1954. Top Secret.

3. *Significance of Results:*

While the current program is meeting its general objectives, the grave problems created by Iranian political instability have continued to mount. Public antagonism to Zahedi is generally constrained due to government security measures; however, within the Majlis and the cabinet outright opposition to Zahedi is evident. Direct Station pressure upon the Shah has been successful in that the Shah is now giving full support to Zahedi. The Shah has urged, through the Speaker of the Majlis, support of an oil settlement. The Station has reported that ratification of an oil agreement by the Parliament will require concerted effort to overcome present Majlis opposition. In view of the above, and considering the serious consequences to Iranian stability were Zahedi to be removed at this time, a stepped up program in support of the present government is being prepared.

[*name not declassified*]
Acting Chief, NEA/4

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372. Editorial Note

In a memorandum to Secretary of State Dulles, July 30, 1954, Acting Special Assistant for Intelligence Fisher Howe discussed the political prospects for Iran. He wrote that political power in Iran was exercised by the Shah and the landowning classes. If the Shah were assassinated or removed, the possibility existed that the army would intervene. Iran's power structure was maintained by the continuance of martial law, the enforcement of strict press censorship, the work of the security forces, the provision of U.S. emergency aid, and the expectation of an oil settlement favorable to Iran. Howe wrote that "this balance is likely to be broken by the persistence of fundamental political and social trends which neither the Shah nor the landowning groups will be able to alter. The new urban groups, for example—especially intellectuals, professional men, merchants, and workers—will probably grow in importance as the force of traditional social relationships and beliefs diminishes in the continuing encounter with Western modernism." For the full text of this memorandum, see *Foreign Relations,* 1952–1954, volume X, Iran, 1951–1954, pages 1041–1042 (Document 485).

373. Editorial Note

In a statement issued in Tehran on August 5, 1954, Dr. Ali Amini, Chairman of the Iranian delegation to the oil talks, and Howard Page, Chairman of the negotiating group representing the oil company consortium, announced an agreement "which will restore the flow of Iranian oil to world markets in substantial quantities." Under the agreement, two operating companies would be formed to run the oil fields and refinery in Iran on behalf of the NIOC (National Iranian Oil Company). The NIOC would in turn sell crude and refined oil to an international consortium of oil companies. The agreement would remain in force for 25 years, with the possibility of three 5-year extensions thereafter. For the text of the announcement, see Department of State *Bulletin,* August 16, 1954, pages 232–233.

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374. Quarterly Report Prepared in the Directorate of Plans, Central Intelligence Agency[1]

Washington, October 12, 1954.

IRAN

July–September 1954

I. *Summary of PP/PM Action*

[*6 paragraphs (30 lines) not declassified*]

II. *Summary of Results*

[*1 paragraph (3 lines) not declassified*]

The 28 Mordad celebration was an outstanding success and contributed materially to enhancing the prestige of the Zahedi Government. It also gave the public further evidence of harmony between the Shah and Zahedi at a time when rumors that "Zahedi would be replaced" were impeding the effectiveness of the present government.

Large-scale propaganda exploitation of the Tudeh roundup has resulted in reducing some of the public's previous antagonism towards

[1] Source: Central Intelligence Agency, DDO/IMS Files, Job 81–01061R, Box 3, Folder 5, CS Quarterly Report, July–September 1954. Top Secret.

the Zahedi government's security measures and has heightened public recognition of the Tudeh menace.

III. *Significance of Results*

While the expected passage of the oil ratification bill successfully culminates a major Station effort, it remains to be seen whether opposition to Zahedi will continue to mount. The Shah has stated that he will continue to support Zahedi if the latter takes steps to raise the general standard-of-living in Iran and pushes through necessary government reforms. Active "politicking against Zahedi by some cabinet members, certain high military officials and various Majlis and Senate members is increasingly evident, but it is the consensus that, barring unforeseen circumstances, Zahedi can remain in power as long as he continues to receive the Shah's support.

While the uncovering of the Tudeh plot has temporarily increased the prestige of Zahedi's government, any direct evidence substantiating rumors that the government is utilizing this exposé for "political assassination," will boomerang strongly against the government.

In sum, although the probable ratification of the oil agreement has greatly enhanced the chances of maintaining political stability in Iran, such basic issues as the low standard-of-living, corruption in government, and nationalist resentment of foreign influence and strong government measures against any form of political opposition, are all factors threatening the continued stability of Iran. The Government's success in coping with these issues will to a large extent determine its fate in the coming months.

[*name not declassified*]
Chief, NEA–4

375. National Intelligence Estimate[1]

NIE 34–54 Washington, December 7, 1954.

PROBABLE DEVELOPMENTS IN IRAN THROUGH 1955

The Problem

To estimate probable trends in Iran in the light of the oil settlement, with particular respect to: (a) the prospects for continued control by Zahedi or other moderate leaders; (b) the outlook for economic and political stability; (c) the probable extent of Iran's will and ability to contribute to US-backed regional security programs; and (d) the extent to which continuing US assistance and influence will be important factors in the situation.

Conclusions

1. Since Mossadeq's downfall, political power in Iran has largely reverted to the Shah and the conservative traditional ruling group. The principal new features of the situation are: (a) the extent to which authoritarian means have been used to curtail opposition; (b) the emergence of the US as an acknowledged major influence in the situation; and (c) the re-emergence of British political and economic influence. (Paras. 13–14)

2. Zahedi's chances of survival through 1955 are considerably less than even. We believe that the most likely time for his replacement will be shortly after the Shah's return to Iran in February–March 1955. Iran will probably remain, at least through 1955, in the hands of predominantly conservative governments acceptable to the Shah and Western-oriented. Now that the oil dispute has been resolved, however, there is likely to be a marked increase in political ferment which may weaken the effectiveness of the government and facilitate a revival of extremist influence. Moreover, even if the conservatives succeed in retaining control beyond 1955, they will remain vulnerable to a Tudeh or nationalist-inspired flareup of popular feeling unless they make some progress in satisfying popular grievances and in reducing popular distrust of the government. (Paras. 21, 22, 24, 27, 41)

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[1] Source: Central Intelligence Agency, NIC Files, Job 79R01012A, Box 43, Folder 1, (NIE 34–54) Probable Developments in Iran through 1955. Secret. The following intelligence organizations participated in the preparation of this estimate: The Central Intelligence Agency and the intelligence organizations of the Departments of State, the Army, the Navy, the Air Force, and the Joint Staff. All representatives of the IAC concurred with the exception of the Atomic Energy Commission Representative and the Assistant to the Director, Federal Bureau of Investigation, who abstained on the grounds the subject was outside their jurisdiction.

3. The Communist Tudeh Party, having suffered a series of setbacks, will be in no position to challenge the government seriously in the next 12 to 14 months. Indeed it may be hard pressed to maintain an effective organization. Nevertheless, it is the only political opposition group in Iran which has some organization and discipline, and it is likely to re-emerge as an active threat unless the government both continues effective suppression and succeeds in allaying popular grievances. (Paras. 15, 21, 35–37)

4. The resumption of oil production, together with interim US aid, will provide Iran with substantial funds for an economic development program which could do much to meet popular aspirations. However, the ultimate effectiveness of any such program will depend not only on the money available but also on the way in which the government tackles the managerial and political problems involved, and on the Shah's willingness to provide firm support. This, in turn, is likely to depend on the ability of the US and UK to work together effectively and influence the Shah and other Iranian leaders against allowing the programs to be unduly weakened by corruption, mismanagement, and political maneuvering. (Paras. 29, 38, 42–44)

5. In any event, Iran is likely to remain for a number of years a basically unstable country, plagued with continuing economic and financial difficulties. Its underlying social and economic problems are of a sort which can be solved only over a relatively long period of time and which, in the process, will generate new tensions and strains. The disruptive potential of popular discontent acompanying such tensions and strains will probably be increased unless the ruling group adjusts to a sharing of power with growing middle class elements. (Paras. 27, 30)

6. In time Iran will almost certainly seek increased participation in the management and profits of the oil industry. However, the oil question is unlikely to re-emerge as a burning issue so long as oil company policies pay due heed to Iranian sensitivity and aspirations and Iran remains reasonably stable and pro-Western in outlook. (Paras. 32–34)

7. The Shah and many Iranian leaders are convinced that Iran must maintain close ties with the West if it is to avoid isolation and eventual Soviet domination. They are probably genuinely interested in eventually participating in a Western-backed regional defense arrangement. However, they are unlikely to make such a commitment until: (a) the Iranian forces have been substantially strengthened, and (b) they are confident that such a move would not encounter serious opposition within Iran. Neither condition is likely to be met within the next year or two. (Paras. 56–57)

8. So long as the Iranian Government continues to expect US economic, financial, and military assistance, it will remain responsive to

US influence. As oil revenues are restored and US aid is reduced, however, Iranians may become increasingly determined to manage their own affairs and more resistant to US guidance. (Para. 56)

9. At present the Iranian armed forces have extremely limited capabilities even for a short-term delaying action. Capabilities in this respect could be improved, but this would require outside aid in the form of equipment, training, and financial support for military purposes. To increase Iran's defense capabilities so that Iran could contribute substantially to Middle East defense would be difficult and time consuming. Such a program would require extensive outside aid, a drastic improvement in the professional standards of the officer corps, the development of a will to fight on the part of Iran's conscript forces, and a government resolute to resist aggression. (Para. 52)

10. In the short run, the chief effects of an expanded US military aid program would be political. Such a program would strengthen the self-confidence and pro-US orientation of the Shah, army leaders, and other key elements in Iran. If accompanied by improved pay and living conditions, such a program would also tend to lessen the vulnerability of the armed forces to Tudeh appeals and thereby to improve their long-term reliability. (Para. 53)

11. The USSR would almost certainly regard it as provocative if Iran joined a Western-backed regional defense organization, and would probably respond with strong diplomatic protests and increased subversive and propaganda efforts. The USSR might also threaten to invoke the 1921 Irano-Soviet Treaty, which it interprets as permitting it to introduce troops into Iran in case of threatened invasion from Iranian territory. If establishment of Western bases on Iranian soil appeared to be in prospect, the Soviet reaction would be stronger and would probably include shows of force along the border. In this case, the USSR might claim comparable base rights in Iran which would result in the movement of Soviet forces into Iran. (Para. 61)

12. Iran, under any foreseeable leadership, will continue to resist Soviet attempts to interfere in Iranian affairs. At the same time it will be careful to maintain superficially correct relations with the USSR, to avoid giving Moscow solid grounds for intervention. (Para. 62)

Discussion

I. Political

Present Situation

13. Since the overthrow of Mossadeq in August 1953, political power in Iran has largely reverted to those who controlled the country prior to the oil nationalization crisis of 1951. The Shah has been confirmed in his central role in the governmental power structure; as the

most important focus of prestige and political influence in the country; and, through his continuing personal control of the armed forces, as a powerful force in political affairs. The mixture of zealots, demagogues, and reformers who rose to prominence in the Mossadeq era have been forced into the background along with the mobs they led, leaving the traditional landowning, commercial, and military groups once again in control of the offices and perquisites of government. The tribal situation is quiescent, except for the currently strained relations between the Shah and the four principal Qashqai leaders who are powerful in southern Iran.

14. The principal new features of the present power situation are: (a) the extensive use of authoritarian means—martial law, censorship, and prosecution or repression of opponents—to curtail opposition to the regime and to the government; (b) the emergence of the US, which many Iranians hold responsible for effecting Mossadeq's downfall and which has since been the chief financial backer of the government, as an acknowledged major influence in the situation; and (c) the re-emergence of British political and economic influence.

15. Under General Zahedi, reasonably orderly and stable government has been established in Iran. The Majlis and Senate have been reconstituted, and as yet there has been no resumption of the irresponsible bickering and obstructionism which has marked the legislative process in the past. Zahedi has sought and successfully retained the support of the Shah and has thus been able to stave off various emergent political conspiracies to replace him. The government has recognized its probable inability to appease the extremists and has generally dealt firmly with them. It has made a conscientious effort to crush the Communist Tudeh Party, and through a lucky break leading to the uncovering of a Tudeh ring in the armed forces has probably given the Communists a serious setback. It has pushed through legislation for reforming the currency, has set up a Planning Council to control the allocation and expenditure of development funds, has presented new anti-Communist legislation, and has promised measures for land reform and reduction of corruption in government.

16. Most important of all, the government pressed ahead with an oil settlement, which was agreed to in principle in August 1954 and finally ratified, with only slight opposition, in late October. While the one-sided vote for ratification was mainly the result of strong pressure by Zahedi and the Shah, the government has apparently succeeded in convincing a considerable part of the public, at least for the present, that some form of oil settlement was necessary and that the present one was the best obtainable under existing circumstances.

17. Despite these achievements, a real basis for lasting stability is still lacking. The events of the last year have not eliminated the strains

and discontents which accounted for much of the success of Mossadeq's nationalist appeal (and for much of the appeal of the Tudeh Party). Extreme nationalism itself has been repressed rather than destroyed as a major political force. The government has failed to achieve widespread support and at best appears to be accepted as one which has restored law and order, which may with US support and oil revenues be able to provide some benefits for the country, and which in any event presently has the will and ability to put down opposition. It has not succeeded in checking inflation or in making much tangible progress toward economic and social betterment—two points of particular importance because of their impact on the potentially politically influential urban middle and lower class elements.

18. Because of the traditional practice of using public office for private and family gain, many officials, including Zahedi himself, have been accused of the same graft and corruption which have long encouraged popular cynicism about the government. The use of authoritarian methods has tended to create some adverse reaction of its own: it has probably generated opposition and may drive some moderate reformists into the arms of Tudeh or other extremist groups.

19. Moreover, despite Zahedi's success to date in retaining the support of the Shah and in obtaining the cooperation of the Majlis and Senate, he has few reliable supporters in either body. His success is largely due to general recognition that an oil settlement was necessary and that the removal of Zahedi would have jeopardized the settlement and incurred the disapproval of the US and the UK. Many legislators probably also reasoned that Zahedi could be made the scapegoat in case the political atmosphere changed and opposition to the oil settlement became active and widespread.

20. Now that the oil settlement has been achieved, it is uncertain as to how long Zahedi himself is likely to remain in office. There is also the more basic question whether, under Zahedi or any likely successor, Iran will develop a basis for political and social stability.

Probable Developments through 1955

21. At least through 1955, we believe the government will remain in the hands of predominantly conservative forces acceptable to the Shah and willing to continue with a Western-oriented policy. Despite the Tudeh Party's continuing long-range potential, it will be in no position to challenge the government seriously during the next 12 to 14 months and may indeed be hard pressed to maintain an effective organization. So long as Zahedi is Prime Minister, the government will almost certainly continue a fairly firm policy of repression. This will inhibit the effectiveness of such violent critics of pro-Western policies as Mullah Kashani, Mozzafer Baghai of the Toilers Party, and the leaders

associated with the pro-Mossadeq National Resistance Movement. Some of these, however, may be able to develop contacts and influence among dissatisfied elements.

22. There is likely to be a marked increase in political ferment. The settlement of the oil dispute has removed an important deterrent to resumption of the political maneuvering and intrigue characteristic of the pre-Mossadeq era and has probably increased the desire of deputies and senators, many of whom paid heavily to insure their election, to benefit personally from the oil settlement. The efforts of the government to move ahead with an internal reform and development program are likely to encounter strong opposition from some deputies and senators and indifference from many others. At the same time the government is likely to be confronted with demands, sincere and otherwise, for speedier action to control inflation and improve living standards, for improvements in education, public health, working conditions, and for restoration of freedom of the press and assembly. Personal antagonisms and rivalries are also likely to come to the surface and provincial and tribal resentments against the government may be intensified.

23. Zahedi could probably survive these difficulties if he had the strong support of the Shah, since the various aspirants for his job are likely to remain too weak and divided among themselves to bring effective pressure for his removal without active encouragement from the Palace. The Shah's continued willingness to provide such backing, however, is uncertain. His underlying distrust of any strong personality, his predilection for political intrigue, and his tendency to vacillate all militate against his supporting Zahedi on a sustained basis, particularly now that the oil settlement has been achieved. Moreover, the probable increase in political activity in the months to come is likely to make it easier for Zahedi's rivals to persuade the Shah, who is keenly sensitive to political currents within Iran, that Zahedi no longer is acceptable to the political community and should be replaced. The Shah may be dissuaded from making an early switch by the difficulty of finding a satisfactory replacement, by fear of losing US or UK support, or by concern over the future of the reform and development program. However, his personal inclinations appear to be in the direction of eventually replacing Zahedi.

24. Zahedi's chances of survival through 1955 are considerably less than even. We believe that the most likely time for his replacement will be shortly after the Shah returns to Iran in February–March 1955. Parliamentary maneuvers to unseat him may develop during the Shah's projected three months trip to Europe and the US beginning in December 1954 but would be unlikely to succeed in view of the Shah's probable desire to have no change of government during his absence.

Zahedi's position will be open to further attack if he goes through with his plans to go to Europe for necessary medical attention following the Shah's return. Moreover, the possibility of assassination is always present. Finally, the terms of the entire Majlis and one-third of the Senate will expire in the spring of 1956, and toward the end of 1955 the Shah may take the occasion to remove Zahedi and install a "service" government for the electoral period as has been done frequently in the past. On the other hand, should the Shah still be prepared to back Zahedi as the year ends, the latter's position would be strengthened, since he would presumably have some part in deciding which candidates would obtain the all-important support of the government and the Shah.

25. Zahedi's removal would not necessarily lead to any significant change in the over-all stability and orientation of the government, since the Shah would remain the most influential single figure in the governmental structure and since the present government's major policies are as much his as Zahedi's. However, a successor might not be as willing as Zahedi to use force to maintain order. Furthermore, successful efforts to remove Zahedi would encourage similar attacks on his successor and might accelerate the return of extremist groups to positions of political influence. Such a development would tend to revive the pre-Mossadeq pattern of political instability. In this situation, each prime minister in turn would secure a temporary majority in parliament by promising a redistribution of spoils. Sooner or later, however, he would no longer be able to meet the continuing demands of his supporters and would be forced out in favor of someone else who was willing to promise more. If, in the meantime, the Shah had not taken action in the face of a succession of weak governments, a possibility of a coup by a strong military leader would have been created.

26. None of the leading candidates for Zahedi's position has any solid political support and, moreover, none shows any great promise as a national leader. The most prominent current candidate is Senator Manuchehr Eqbal, an experienced government official, believed to be particularly well-disposed toward the British and to have the confidence of the Shah. The Shah might also appoint his Minister of Court, Hosein Ala, as an interim prime minister.[2] In any case, the effectiveness of any successor to Zahedi would depend on the willingness and ability of the Shah and the Prime Minister to cooperate.

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[2] Other aspirants for the prime ministership include: Senator Javad Bushehri; retired general Hassan Arfa; Senator Dr. Mohammed Sajjadi; Ali Soheyli, a former prime minister and now ambassador to the UK; and Abol Qasem Najm, a former minister of finance. [Footnote is in the original.]

Long-Range Problems and Prospects

27. The conservative elements now in power will probably be able to retain their control beyond 1955 if they remain prepared to continue the authoritarian methods now in effect. However, unless they make some progress in satisfying popular grievances and reducing popular distrust of the government, they will remain vulnerable to the sort of flareup, under Tudeh or nationalist auspices, which was touched off by Razmara's assassination and the oil issue in 1951. In the long run, moreover, unless the traditional landowning group adjusts to a sharing of political power with growing urban middle class elements, there will probably be an increase in the disruptive potential of popular discontent. While the armed forces will constitute a fairly reliable instrumentality for coping with popular disturbance, they are not immune from grievances common among civilians. A marked decline in popular acceptance of the present ruling group may therefore have an adverse effect on the reliability of the security forces.

28. The Shah appears to recognize the need to attack these problems before popular disappointment with the government reaches dangerous proportions. However, many difficulties will be encountered before even a modest start can be made. The government's current attempts to curtail corruption and build up public confidence in the bureaucracy will make little progress without the active support of the Shah. Even if government and military salaries are raised sufficiently to provide a decent living, corruption will remain a major characteristic of Iranian political life until such time as a tradition of public service has become established. Efforts to spur social reform will almost certainly encounter strong resistance from vested interests. Moreover, as the government may fail to recognize, the development of greater political stability will probably require, in addition to material advances, greater effort to enlist the support of the opinion-forming intellectual and reformist elements. So long as these elements remain excluded from effective participation in political affairs and prevented by censorship from expressing their views freely, they are likely to maintain an attitude of strong opposition.

29. We believe that progress will be made on the strength of the oil revenues and the impetus provided by US aid. In view of the resistance likely to be encountered, however, the extent of that progress will probably depend on the willingness of the Shah to provide active, continuous, and consistent support. Given the Shah's personal characteristics, this willingness in turn is likely to depend on the ability of the US and UK to convince the Shah of the necessity of such support and to keep his attention focused on the problem.

30. In any event, however, Iran is likely to remain a basically unsteady country for a number of years. Iran's underlying social and eco-

nomic problems are of a sort which can be solved only over a relatively long period of time and which, in the process, generate new tensions and stresses. With oil revenues in process of being restored and a beneficial relationship with the West established, Iran is in a better position to attack these problems than it was before. However, they will be successfully solved only through a continuous and sustained effort.

The Succession to the Throne

31. In view of the key role of the Shah in the Iranian political system, the death of the present monarch could be a serious blow to Iranian stability, particularly since he has no male heirs of his own and has refrained from openly designating a successor.[3] His death would at least create an opportunity for extensive political bickering over the succession, in which Tudeh and the ultranationalists might revive their demands for a republic. Should the Shah's death take place in the present political environment, the conservative elements now in the ascendancy, with the military high command taking a prominent part, would probably succeed in stabilizing the situation. If the Shah were assassinated, the present leadership's ability to maintain control would probably be enhanced by popular revulsion against the assassins. Even if the succession were quickly established, however, the new Shah would have to establish his authority, and initially, at least, his ability to exercise the positive leadership which Iran needs would be less than that of the present monarch.

The Future of the Oil Issue

32. The recent oil settlement, though not a complete victory in Iranian eyes, involved sufficiently substantial concessions to Iran's aspirations to generate a significant momentum of good will and sense of achievement. Moreover, the oil settlement removes a political irritant, which for three years has stultified or diverted efforts to solve other urgent social and economic problems, and enables Iranians to hope for improvements both personally and nationally. The settlement will probably also improve relations between Iran and the West. The morale of most Iranian leaders will be improved not only by the revenues in prospect, but also by somewhat greater Iranian participation in the control and operation of the industry and by the apparent elimination

[3] With the recent death of the Shah's only full-brother Ali Reza, the next in line is the Shah's oldest half-brother, Gholam Reza, 31 years old. After Gholam Reza, the next in line is 30-year old Abdor Reza, former head of the Seven Year Plan Organization. Both brothers are Western-educated. Although both of these brothers technically can be debarred under the present constitution because their respective mothers are members of the deposed Qajar dynasty, it is probable that the Majlis would interpret the constitution in favor of one of them if he were chosen by the Shah to succeed to the throne. [Footnote is in the original.]

of the Anglo-Iranian Oil Company's ability to interfere in internal Iranian matters.

33. With the passing of time and the strengthening effect of oil revenues, however, difficulties may arise over the oil question. Iran will almost certainly share the desire of other Middle East producers for increasing oil revenues and for exercising a growing voice in oil policy and operations at the expense of the oil companies. It will be extremely sensitive about real or apparent slights to its prestige and independence by foreign oil interests, particularly British, and Iranian politicians may attempt to play off the consortium members and interested governments against each other. Finally, the oil settlement may arouse excessive hopes of benefits which cannot be achieved.

34. These dangers do not appear imminent, however, and in any event the risks to the consortium and to the Western Powers in future oil operations are probably not now significantly greater than those involved in Western oil operations in other Middle East countries. If the consortium members and the interested Western nations pursue policies which take into account Iranian sensitivity and aspirations, and if the country maintains a reasonable degree of political stability, prospects for satisfactory oil operations with accompanying benefits to all concerned are good.

The Outlook for the Tudeh Party

35. The Communist Tudeh Party is currently at one of the low points in its history, though it remains the only political opposition group in Iran that has some organization and discipline.[4] Strong popular opposition to Tudeh flared up at the time of Mossadeq's downfall, and since then the party has been subjected to severe governmental restrictions and uninterrupted press and radio attacks. These developments have almost certainly taken a heavy toll among its sympathizers and have probably cut into its membership as well. The uncovering in August 1954 of a Tudeh network in the armed forces and the subsequent arrest of hundreds of persons who were implicated has been a severe blow. The discovery and confiscation of the clandestine printing plants of Tudeh and of its youth organization has been a further setback, as has been the recent intensification of government efforts to root Tudeh members and sympathizers out of the bureaucracy. For the present, in the face of government plans to introduce stringent laws penalizing Communist membership or activities, the party is almost cer-

[4] During the last year of Dr. Mossadeq's regime (1953) Tudeh membership probably reached a peak of about 35,000. Present active membership probably numbers about 7 to 8 thousand. [Footnote is in the original.]

tainly primarily concerned with attempting to maintain an effective organization.

36. The recent spy ring discoveries have not yet established the extent of Tudeh penetration of the Iranian armed forces, and Tudeh strength in the bureaucracy remains unknown. Even at a minimum, however, indications are that Tudeh penetration of the armed forces was sufficient to carry on an effective intelligence collection effort, to develop a capability for strategic sabotage and political assassination, to acquire weapons and equipment, to protect Tudeh members from the police, and to facilitate clandestine transit across Iran's borders of Soviet and Iranian Communists. The extent of this Tudeh penetration of the armed forces reinforces previous indications that various ministries, notably Justice and Education, also have been infiltrated. It also points up both the weakness of Iranian security against espionage and the success of the Communists in recruiting Iranian personnel for their covert operations. The fact that the Tudeh ring in the armed forces apparently confined its efforts to espionage and the development of a sabotage potential suggests that in present circumstances the USSR recognizes that its program must be confined to developing assets rather than fostering an early attempt to seize control of the armed forces.

37. At least for the short run, recent stringent measures against the Tudeh Party have reduced its ability to promote overt opposition to the oil agreement and the Western position in Iran and have stimulated public and official awareness of the Tudeh threat. If these measures are continued against Tudeh adherents and not used to harass political opponents, the dependability of the armed forces and the bureaucracy will increase. On the other hand, the severity of official action against Tudeh members may adversely affect popular attitudes toward the government, which is already condemned in many quarters for oppressive measures, and as a result may enable the Tudeh Party to share in popular sympathy for other opposition elements which also have been targets of the government crackdown. The government's long-range chances of success in its anti-Tudeh measures will depend both on its readiness to remain consistently firm and alert, and on its ability to make some progress in allaying social, political, and economic grievances which make Iranians vulnerable to Tudeh exploitation. The government's effectiveness, in both of these respects, will in turn depend on firm backing from the Shah.

II. Economic

Present Situation

38. The chief economic accomplishment of the Zahedi government has been the agreement between Iran and a consortium of eight

Western firms for restoration of Iran's oil industry.[5] This agreement, which calls for development of Iranian oil production by the end of the third full year of operation to a level yielding the Iranian Government revenues of approximately $175 million a year, will provide Iran with substantial funds for a program of economic rehabilitation and development.[6] Although the oil companies have made no further specific commitments, they have formally indicated that they expect Iran's revenues to average out at least that level for the remainder of the 40-year contract period. In addition, Operating Company purchases of rials for local operating expenses will add approximately $34 million annually to Iran's foreign exchange income. The resumption of oil production has relieved the government of the cost of meeting the NIOC payroll and will also have various indirect economic benefits in the southern oil areas.

39. In other respects, the Iranian economy has done little more than mark time in the period since Zahedi's advent to power. The provision of $70 million in US emergency assistance has enabled Zahedi to pay the government's running expenses, and the oil settlement has bolstered general business confidence and Iran's foreign credit standing. On the other hand, there has been little development activity other than that undertaken in connection with the $23.9 million US technical assistance program. Moreover, during the past year the urban cost of living has continued to rise sharply, thus increasing the already heavy economic pressure on government employees, factory workers, and others in the fixed income groups. In addition, the government's financial position has been weakened by a wave of uncoordinated credit purchases this summer from foreign suppliers eager to cash in on the expected resumption of oil revenues. These credit deals, involving rails, buses, and other items, are estimated to total up to $100 million.

40. The government has obtained US pledges of an additional $127.3 million in grant aid and loans during fiscal 1955 including $52.8 million for direct budgetary support. In addition it has taken some steps, in part at US urging, to improve its future financial management. Currency reform legislation was pushed through in July 1954, providing the government with increased flexibility in monetary matters. Following the wave of profligate government buying this summer, an Economic Council, made up of the director of the Plan Organization, the governor of the Bank Melli, the Ministers of Finance and National

[5] Major provisions of the settlement are summarized in an appendix. [Footnote is in the original.]

[6] Consortium payments to Iran will be in sterling. Under a secret UK-Iranian convertibility agreement, 40 percent of these sterling payments will be convertible into dollars. [Footnote is in the original.]

Economy, and the Prime Minister, was established to plan, coordinate, and control government finances and developmental expenditures. The government's program also calls for prompt reorganization of the government tobacco monopoly and of the customs and income tax administration.

Probable Developments

41. With the achievement of an oil settlement the government is now faced with the task of setting up and carrying out an economic rehabilitation and development program which will be effective in raising general living standards. Promises of economic development have been bandied about ever since World War II, but no substantial progress has been made. Moreover, continuing inflation has worsened the economic position of the politically most volatile and articulate elements of the population, while at the same time hopes have been raised, first by oil nationalization and more recently by the solution of the oil dispute. While economic grievances are not the only factors affecting popular attitudes toward the government, there will almost certainly be a serious rise in unwillingness to accept the regime unless some tangible progress in economic development is made.

42. Over the long run, Iran will have substantial oil revenues which could be devoted to financing a development program. In the first full year of operation, however, Iran will obtain only about $60 million in oil revenues, and much if not all of this may be used up in meeting current operating expenses. Although projected US aid for 1955 includes $52.8 million for direct budgetary support—enough to cover the current rate of deficit—pressures for an increase in salaries of government workers, who have been particularly hard hit by inflation, will almost certainly become stronger. After the first year of operation, however, oil revenues will rise, levelling off at about $175 million in the third year, and by then the government's efforts to curtail waste and corruption and to increase other revenues may be bringing in some return. Plan Director Ebtahaj hopes, probably somewhat optimistically, that these latter measures will enable the government to support itself out of ordinary revenues by March 1956, thereby freeing the entire oil income for developmental use.

43. In any event, the ultimate effectiveness of any development program will depend not only on the amount of money available but also on the manner in which the government tackles the managerial and political problems connected with it. Since most economic development projects are slow in getting underway and even slower in producing their full economic effects, there is a danger that without programs which have an immediate social or economic impact public confidence in the over-all program may be dissipated. These difficulties will be compounded if lethargy, corruption, and mismanagement are

allowed to delay the program or to divert its funds to private pockets or unproductive ventures. Moreover, the desired political effect will not be obtained unless special care is taken to assure sufficiently broad participation in the benefits of these projects.

44. The Shah and Zahedi appear convinced of the need for an effective development program and have some capable men associated with them in this effort. However, the problems ahead cannot be solved without effective US and UK guidance and support. Given such guidance and support, the Economic Planning Council may be able to commit the government to worthwhile projects which, though unpopular with certain vested interests, would be difficult for subsequent governments to repudiate. Iran will also have continuing need for technical assistance in carrying out projects in the field.

45. Finally, while the economic development programs currently envisaged should eventually result in a significant increase in over-all output and a rise in the general standard of living, Iran will continue to be plagued by recurrent economic and financial problems which will require firm government action. Unless carefully managed, the development programs may themselves contribute seriously to inflationary pressures.

46. In general, however, Iran will probably make some gradual and uneven progress in improving its economic position. Both public and private foreign trade is likely to increase, particularly in view of the strong and growing desire of Japan, Germany, and Italy to participate in the Iranian market. Barter trade with the USSR may increase in absolute terms, though its relative importance is likely to decline in view of Iran's expanding relations with the Western world.

III. Military

47. Iran's present armed forces, numbering over 150,000, are organized primarily for control of the tribes and other internal security duties.[7] Their traditional loyalty is to the Palace rather than to the government as a whole, and all but the Gendarmérie report directly to the Shah as Commander-in-Chief rather than through any civilian minister. The recent uncovering of a widespread Tudeh ring within the armed forces indicates that they have been vulnerable to subversive influences. However, most of the currently disloyal elements appear to

[7] The Iranian armed forces consist of a conscript army of 120,000; a Gendarmérie or rural police force of 20,000; and a small Air Force, Navy, and Frontier Guard, the latter for border patrol and customs duties. The Air Force, Navy, and Frontier Guard are subordinate units of the Army. The Gendarmérie is under the control of the Ministry of the Interior, except in time of war, when it comes under Army command. [Footnote is in the original.]

have been eliminated or identified and we believe that the armed forces can be presently considered fairly reliable.

48. Since 1950 the US has assisted in efforts to modernize and improve the armed forces through maintenance of military missions to the Army and the Gendarmérie, and through provision of military equipment. Of the $110 million in such equipment aid allocated thus far, about $76 million had been shipped by mid-1954. The mission to the Army is to be augmented by five US training teams at brigade or division level in early 1955.

49. While some improvements have been effected through these programs, the Iranian military establishment is still of generally poor quality. Although it is generally capable of fulfilling its primary mission of maintaining internal security, it would be unable to offer significant resistance to a Soviet attack. Only a start has been made at developing adequate standards of leadership and tactical proficiency. Because of a general lack of technical skills and experience and a poor logistic system, Iran has had difficulty in absorbing even the limited amounts of US equipment thus far made available. Low pay and the general atmosphere of slackness, graft, and favoritism have weakened morale, particularly among the junior officers; these factors were probably in large measure responsible for Tudeh's success in winning supporters among the armed forces. Finally, Iran's potential for defense against a Soviet attack is weakened by its lack of a modern martial tradition and of any strong popular sense of national loyalty.

50. The development of the "northern tier" concept of a regional defense system based on the Turk-Pakistani agreement has emphasized the potential importance of the Zagros Mountain chain in Iran as a major barrier to any Soviet military advance into the Middle East. If an Iranian military force could be developed which was capable of effecting substantial delay in the Zagros passes, it would constitute an important asset in defense of the area.

51. An effort to create such an Iranian military capability would require a long-term program involving US expenditures very substantially in excess of present levels. The first and basic requirement would be to provide Iranian combat units with sufficient modern equipment and technical and tactical training to bring them up to adequate standards of combat effectiveness. Moreover, for such a force to function effectively additional outlays would be required for redeployment of troops and military installations from their present exposed positions to more defensible points in the Zagros Mountains area; the relocation or new construction of military stores, arsenals, and factories; and the construction of a number of military roads linking strategic defensive points. Increased pay for the armed forces would almost certainly be required if morale were not to remain a major problem. A program on

this scale would also require collateral economic aid since, even with the oil revenues anticipated in the next three years, Iran will be unable to afford the construction and development involved, for example, in moving military facilities and industries or in building military roads.

52. At present the Iranian armed forces have extremely limited capabilities even for a short term delaying action. Capabilities in this respect could be improved, but this would require outside aid in the form of equipment, training, and financial support for military purposes. To increase Iran's defense capabilities so that Iran could contribute substantially to Middle East defense would be difficult and time consuming. Such a program would require extensive outside aid, a drastic improvement in the professional standards of the officers corps, the development of a will to fight on the part of Iran's conscript forces (which would in turn depend largely on the over-all state of national morale), and a government resolute to resist aggression.

53. At least in the short run, therefore, the chief effects of an expanded US military aid program would be political. Such a program would strengthen the self-confidence and pro-US orientation of the Shah, Army leaders, and other key elements in Iran and would demonstrate to them that the US has not written Iran off militarily. If accompanied by improved pay and living conditions, such a program would also tend to lessen the vulnerability of the armed forces to Tudeh appeals and thereby to improve their long-term reliability.

IV. Foreign Affairs

Relations with the US

54. Under the Zahedi government, and with the strong support of the Shah, Iran has moved toward alignment with the West, particularly the US. The timely extension of US support and guidance has made the US the dominant Western influence in the Iranian Government. The present leaders of Iran appear to welcome this relationship.

55. The Shah and other important leaders have shown themselves generally responsive to US advice over settlement of the oil issue, resumption of relations with the UK, methods of improving the armed forces, and certain internal matters such as economic planning and administration. Iran has generally supported the US in issues before the UN and tends to follow US advice in its relations with other Asian states. Morever, since the signing of the Turk-Pakistani agreement and the start of US military aid to Pakistan and Iraq, Iranian leaders, particularly the Shah as Commander-in-Chief, have expressed growing interest in eventual participation in US-backed regional defense preparations. Iran has maintained a firm position in the face of Soviet protests over the prospects for its defense cooperation with the West, and the

government has risked Soviet displeasure by firm measures against the Tudeh Party and Communist subversion.

56. So long as the Iranian Government continues to expect US economic, financial, and military assistance, it will remain responsive to US influence. As oil revenues are restored and US aid is reduced Iranians may become increasingly determined to manage their own affairs and more resistant to US guidance. We do not believe, however, that developing Iranian self-reliance is likely to alter significantly the conviction of the government, and of the Shah in particular, that Iran requires Western support and friendly relations if it is to avoid isolation and eventual Soviet domination. The Shah is especially desirous of building up the army and regards the US as the only feasible source of the military assistance required to do so. He may also believe that obvious US concern about Iran gives him a favorable bargaining position. Even if he is unsuccessful in obtaining assistance on the scale he believes necessary to give Iran effective forces, his urgent desire for such assistance as he can get will continue to give the US bargaining power with him. The willingness of Iranian Government leaders, including the Shah, to make firm commitments to the West is likely to be limited, not by indifference to the Soviet danger but rather by the proximity of Soviet power, by public distrust and dislike of undue foreign influence, and by uncertainty as to the effectiveness of Western military support in the event of war.

Iran and Regional Defense

57. The Shah and many Iranian leaders would like to participate in a regional defense arrangement backed by the West, and they will probably continue to advance the idea both for motives of prestige and as a means of securing maximum US military aid and defense support. Under present circumstances, however, they would probably be reluctant to join any regional grouping until: (a) the Iranian military establishment had been substantially strengthened, and (b) they were confident that such a move would not encounter serious opposition within Iran. Neither condition is likely to be met within the next year or two at least. However, Iran might engage in informal staff talks with Iraq and possibly Turkey or Pakistan within this period.

Relations with the UK

58. Iranian-UK diplomatic relations have been resumed and, with the oil settlement, tension between the two governments has subsided. However, widespread suspicions of the British persist. Because of the fact that most Iranian leaders now tend to look more to the US than to the UK for support and guidance, the expansion of UK diplomatic influence is likely to be slow, and the UK will not, in the foreseeable future, regain its former position as the dominant Western power in Ira-

nian affairs. Nevertheless, many prominent Iranians have long-standing British ties, and their responsiveness to British influence is likely to increase with the revival of British commercial activity. At least some restoration of former British commercial and banking connections with Iran, which were close and mutually profitable, will almost certainly take place, particularly since more than half of Iran's oil revenues will not be transferable into dollars. The British are also likely to make a comeback in construction and engineering, although they will probably encounter increasing competition from the West Germans in this and other business fields.

59. The UK currently agrees with the US on the desirability of Zahedi's remaining in office. However, various differences are likely to arise between the US and UK. The most likely source of major US–UK differences concerns Iran's role in Middle East defense. The UK not only has a low opinion of Iran's military potential and reliability, and looks with considerable reserve on the Shah's military aspirations, but also appears to believe that Iranian participation in a defense arrangement would unnecessarily provoke the USSR without adequate compensating benefits to the West. Moreover, the UK is apparently less convinced than is the US of the urgency of the need to allay widespread social and economic grievances in Iran. Other US–UK differences will probably arise over commercial and financial conflicts of interest.

Relations with the USSR

60. The Zahedi government's actions and policies with respect to the oil dispute, resumption of relations with the UK, desire for increased US military aid, the uncovering of Tudeh sabotage and espionage rings, and firm action against the Tudeh Party have almost certainly appeared to Soviet leaders as a setback to their interests in Iran. Nevertheless, the USSR is unlikely to respond with force, estimating that such action would almost certainly provoke a violent Western reaction. The USSR will probably continue its propaganda efforts to discredit the oil consortium and US influence in Iran, and will be alert to exploit any opportunities for subversion and internal disunity in Iran. At the same time, it will probably continue its trade with Iran so long as commercial and political advantages seem to warrant it, and may make further conciliatory gestures toward Iran. It has, for example, now initiated an agreement with Iran on boundary disputes and on the restoration of gold and foreign exchange which the USSR has owed Iran.

61. The USSR would almost certainly regard it as provocative if Iran joined a Western-backed regional defense organization, and would probably respond with strong diplomatice protests and increased subversive and propaganda efforts. The USSR might also threaten to invoke the 1921 Irano-Soviet Treaty, which it interprets as

permitting it to introduce troops into Iran in case of threatened invasion from Iranian territory. If establishment of Western bases on Iranian soil appeared to be in prospect, the Soviet reaction would be stronger and would probably include shows of force along the border. In this case, the USSR might claim comparable base rights which would result in the movement of Soviet forces into Iran.

62. Iran, under any foreseeable leadership, will continue to resist Soviet attempts to interfere in Iranian affairs. At the same time it will be careful to maintain superficially correct relations with the USSR, to avoid giving Moscow solid grounds for intervention.

Appendix

Summary of the Terms of the Oil Agreement between the International Oil Consortium and the Government of Iran, Signed 30 October 1954

Operation of the Oil Industry

The operation of the Iranian oil industry, including production and exploration as well as operation of the refinery at Abadan, will be conducted by two Dutch-registered companies formed by the International Oil Consortium.[8] Each of the operating companies, one of which will be responsible for production and exploration, and the other for refining, will have seven directors, two of them nominated by Iran. The companies will enjoy "beneficial use" of the former Anglo-Iranian installations and properties in Iran, with the exception of the Kermanshah refinery, the Naft-i-shah field, and internal distribution facilities which will be operated exclusively by the National Iranian Oil Company. Legal title to all former Anglo-Iranian Oil properties is transferred immediately to the government of Iran.

Scope of Concession Rights

The exclusive exploitation rights of the Consortium over an area of 100,000 square miles will run for twenty-five years, with provisions for three five-year extensions. After the initial twenty-five year period, the Consortium must surrender 20 percent of its total area with each five-year extension of the concession term.

[8] Members of the Consortium (and their respective shares of participation) are: Anglo-Iranian Oil Company (40%); Gulf-International Company (8%); Socony-Vacuum Overseas Supply Company (8%); Standard Oil Company (New Jersey) (8%); Standard Oil Company of California (8%); Texas Company (8%); Royal Dutch Shell (14%); and Compagnie Francaise des Petroles (6%). [Footnote is in the original.]

Satisfaction of Claims

To compensate the Anglo-Iranian Oil Company for the Kermanshah, Naft-i-shah, and internal distribution facilities, and for the losses and damages arising from nationalization, Iran will pay the Company the equivalent of $70 million in 10 equal annual installments, without interest, beginning 1 January 1957. (By a collateral agreement, the Anglo-Iranian Oil Company will receive the equivalent of $600 million from the other Consortium members as payment for their participating interests.)

Guaranteed and Target Levels of Production and Refining

The Exploration and Producing Company guarantees to produce during the first three years of the agreement the following:

1955—17,500,000 cubic meters of crude oil
1956—27,500,000 cubic meters of crude oil
1957—35,000,000 cubic meters of crude oil

The Refining Company will strive, but does not guarantee to refine the following:

1955—7,500,000 cubic meters
1956—12,000,000 cubic meters
1957—15,000,000 cubic meters

Anticipated Revenues

Iran will receive 50 percent of the net profits of the Consortium and will receive its payments in sterling, 40 percent of which, under a separate and secret UK-Iranian convertibility agreement, will be convertible to dollars. It is estimated that after the initial starting period of three months, oil revenue for Iran during the first three years will total the equivalent of $385 million at present prices and costs: $60 million in the first full operating year, $150 million in the second, and $175 million in the third. In a supplementary note the Consortium stated that it expected oil revenues thereafter to remain at or above the third year level, though it could make no firm commitment to that effect.

Financial Benefit to Iran of Present Agreement
as Compared With Past Agreement

The highest level of oil production, and of direct oil revenue to Iran, was reached in 1950; AIOC then produced about 35 million cubic meters of oil and paid to Iran in taxes and royalties about $44.7 million. Iran's receipts for the same level of production, which is guaranteed for 1957, will amount to an estimated $175 million.

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