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13 August 1953

MEMORANDUM FOR THE ACTING DEPUTY OF GENERAL INTELLIGENCE

SUBJECT: Board Estimate of the Current Outlook in Iran

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, his survival is now more dependent than ever on his aggressiveness and skill as a political operator. Most of Mossadeq's old colleagues in the National Front, including such leading figures as Bahani, Baghai, and Bahai, now oppose him. A group of ex-army officers headed by General Bahai is openly committed to his downfall, and such nominal Mossadeq collaborators as Minister of Court Amin (whose brother heads the government) 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 bulky that Mossadeq finally withdrew his supporters (thus producing a quorum) and then called a "referendum" to approve final dissolution of that body. This vote, just completed, was officially reported as an overwhelming pro-Mossadeq victory. However, Mossadeq felt compelled to introduce an open ballot system facilitating intimidation.

2. Another unsettling development has been the emergence of the Communist Tudeh Party as the leading manipulator of mob pressure, at least in Teheran, and as an important source of support for Mossadeq vis-a-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. In two recent demonstrations, Tudeh made a far more impressive showing than Mossadeq's own followers.

3. Finally, the recent change in the attitudes of the US and the USSR toward Iran has almost certainly forced Mossadeq

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to reconsider his 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. This development has weakened Mossadeq's internal position, by underwriting the widespread belief that the US was backing him. It has also struck at one of Mossadeq's own fundamental convictions -- namely, that fear of Communism will eventually compel the US to come to his aid. On the other hand, the new Soviet regime has not only agreed to an increase in 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 lessened the pressure on him to curry favor with the US.

The Outlook for Mossadeq and the Neo-Communist Opposition

4. 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 is 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. He appears to have effectively established his authority over the machinery of government, including the security forces. He probably still has a large residue of popularity and prestige. His financial problems are unlikely to produce an early crisis; crops are good, the general level of economic activity has been maintained, and uncontrolled inflation does not appear imminent. Finally, no serious challenge to his leadership has yet emerged. The Shah's past willingness 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. Without the Shah's backing Mossadeq's other opponents will continue to find it difficult to subvert his government, obtain the necessary cooperation of the security forces, and overthrow Mossadeq by force. Although the Shah's capabilities are manifestly increasing, we believe that the Party 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 face continuing difficulty in maintaining his present position.

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He will be constantly exposed to the danger that an effective movement to unseat him may in fact emerge. In any event, Mossadeq will remain subject to harassment by the opposition and will be under continuing pressure to court himself in order to keep his opponents off balance, maintain his prestige, and receive 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. If Mossadeq could make some progress toward solution of Iran's basic economic and social problems, he would greatly strengthen his position. However, it is almost certain that he will be unable to make such progress. His prior efforts in this direction have failed, in part because of lack of funds. An early solution to his fiscal problem is in prospect:

- a. A settlement with the British permitting resumption of large-scale Iranian oil operations remains extremely unlikely.
- b. Iran will almost certainly remain unsuccessful in selling significant amounts of oil in the absence of such a settlement.
- c. Finally, little help is likely to come from the USSR. The Soviet Bloc is not likely to purchase significant amounts of Iranian oil. Loans of the \$21 million in gold and credits owed Iran by the USSR would provide only a temporary alleviation of Iran's financial woes.

7. In attacking his political problems, Mossadeq will probably concentrate on efforts to secure the election of a new and more friendly Majlis which would authorize extension of his plenary powers. In this, Mossadeq will probably have to place increased reliance on 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. He will probably resume his efforts to undermine and demoralize the Shah, in the hope that the latter might be coerced into ceding more of his powers or abdicating. However, Mossadeq is unlikely to risk another full-scale onslaught on the Shah, since it might again make him a rallying point for the opposition.

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8. While Mossadeq might succeed in securing a nominal majority in new Majlis elections, through the open ballot technique and other measures for rigging elections, the operation would be an exceedingly difficult one. Mossadeq would probably still have difficulty in invading the feudal strongholds of the old conservative landlord class, which retained a considerable number of seats in the 1952 elections. In addition, Mossadeq would lack the support of Kashani, whose local workers were extremely effective in 1952. Finally, Mossadeq would probably lose some seats in Tehran and possibly other urban centers to Tudeh nominees. 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 respite from the difficulties he now faces.

The Communist Danger

9. In Mossadeq's attempts to retain power, he is likely to take steps which will increase Communist influence in Iran.

10. In the foreign relations field, Mossadeq is likely to become more critical of the US in his own public statements. He will almost certainly accept any genuine concessions the USSR may offer him and, if offered sufficient Soviet inducements, 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. 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.

11. 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 permit the continuation of Tudeh demonstrations and the re-emergence of Tudeh as an acknowledged political party. He might go so far as restore Tudeh's legal status, and might even bring some Tudeh sympathizers into the government.

12. Despite the inherent dangers in these policies, however, we do not believe they will result in Iran's coming directly or indirectly under Communist domination during 1953.

13. With respect to the USSR, we do not believe that Mossadeq would grant the USSR oil concessions, permit Soviet

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technicians at Ahwaz, or otherwise open the way for large-scale Soviet penetration of Iran. However, it is 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 reluctant to abandon the belief that the US will eventually have to come to his and Iran's assistance. 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 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 Soviet pressure.

14. 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 before the end of 1953. Despite its growth in experience, boldness, and ability to exert mob pressure, Tudeh is still a numerically small party. It is thin far concentrated in Tehran and a few other urban centers and is probably incapable of resisting firm repressive measures by the security forces. While Tudeh has had some success in penetrating certain civilian ministries of the government, it has apparently made little progress in the security forces. There is also no indication that Tudeh will be able to significantly increase its own capabilities for a coup during the next few months.

15. While Mossadeq will probably feel compelled to make concessions to Tudeh for the time being, much as did Gromyko in 1946, he recognizes it as a potential threat to his own position. He will almost certainly refuse to surrender to Tudeh any of his control over the security forces or other important ministries, and will probably make spasmodic efforts to restrain Tudeh activities. In this he has the support of an apparently vigorous and effective chief of staff.

16. While Tudeh probably will not be able to gain power within the next half year, certain unpredictable developments might present the party with opportunities for greatly improving its position. Such opportunities might develop out of an armed struggle between Mossadeq and his non-Communist opponents, or out of the confusion which might follow Mossadeq's removal from the political scene.

17. After the next six months or so if the security forces were to become demoralized or Tudeh-infiltrated, or government

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authority weakened, Tudeh might be in a position to seize power by force. Over a longer period if present economic and political deterioration continues, Tudeh might achieve sufficient popular support to gain power by parliamentary means.

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