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CENTRAL INTELLIGENCE AGENCY

WASHINGTON, D.C. 20505

19 January 1982

Mr. Brian V. Kinney
Chief, Declassification and
Historical Research Branch
Records Management Division
Washington Headquarters Services
Room 1D517, Pentagon
Washington, D.C. 20301

Dear Mr. Kinney:

Mr. E. E. Lowry's memorandum of 24 November 1981 forwarded to us four documents with the request that we review their classification status. We have reviewed these documents with the following results:

Document No. 1, DOD Memorandum, 14 March 1951, Subject: Position of the United States with Respect to Iran (NSC 107). We have no objection to the declassification of this document.

Document No. 2, CIA Memorandum, 15 March 1951, Subject: The Current Crisis in Iran, has been downgraded to CONFIDENTIAL, being exempt from declassification under paragraph 1-301(c) of Executive Order 12065. The next review date is 1989.

Document No. 3, CIA Memorandum, 15 March 1951, Subject: The Current Crisis in Iran, has been downgraded to CONFIDENTIAL, being exempt from declassification under paragraph 1-301(c) of Executive Order 12065. The next review date is 1992.

Document No. 4, CIA memorandum, 2 May 1951, Subject: Current Developments in Iran, has been declassified.

Your copy of each document is returned to you herewith as requested, with the addition of the CIA classification review stamp.

/Sincerely,

[Redacted Signature]

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Chief, Classification Review Division
Office of Information Services
Directorate of Administration

Enclosures:

1. Memo dtd 14 Mar 51, Subj: Position of the United States with Respect to Iran (NSC 107)
2. Memo dtd 15 Mar 51, Subj: The Current Crisis in Iran
3. Memo dtd 15 Mar 51, Subj: The Current Crisis in Iran
4. Memo dtd 2 May 51, Subj: Current Developments in Iran

CONFIDENTIAL

Unclassified when
Separated from
Enclosures

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Distribution:

- Orig - Addressee w/atts
- ~~(1 - Liaison w/DOD w/atts 2, 3 & 4)~~
- 1 - Chrono w/o atts

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CENTRAL INTELLIGENCE AGENCY
OFFICE OF NATIONAL ESTIMATES

15 March 1951

SUBJECT: THE CURRENT CRISIS IN IRAN

DISCUSSION

THE BACKGROUND OF THE CRISIS

1. 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-adventurers 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.

2. 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

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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 UK, 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.

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THE DEVELOPMENT OF THE CRISIS

3. 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.

4. This situation, however, soon changed. On the evening of 8 March the Majlis Oil Commission, under pressure from the exultant ultra-nationalists, unanimously passed 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 (continued on next page)

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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.

5. 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

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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.

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

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CENTRAL INTELLIGENCE AGENCY

OFFICE OF NATIONAL ESTIMATES

15 March 1951

SUBJECT: THE CURRENT CRISIS IN IRAN

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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 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 gendarmarie and police, are adequate to maintain order. There is no evidence to suggest that they are not under effective control of the government.

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- 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 such as assassination of the Shah. In

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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.

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CENTRAL INTELLIGENCE AGENCY

MAY 3 REC'D

2 May 1951

MEMORANDUM FOR THE NSC SENIOR STAFF

SUBJECT: Current Developments in Iran

Attached hereto is a preliminary report on the subject, prepared by the National Estimates Board and submitted as a basis for discussion at the meeting of the Staff on 3 May.

This estimate has not been formally coordinated with the Departmental intelligence agencies. Such coordination will be promptly effected, however, and the resultant will be published as SE-6.

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CURRENT DEVELOPMENTS IN IRAN

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. There is little indication that either Mossadeq or the Anglo-Iranian Oil Company are prepared to modify their respective stands sufficiently to permit an early settlement of the issue. There is, consequently, a serious danger that force will be used by one side or the other to back up its claims. If Iranian forces take over the oil installations, the flow of oil from Iran will probably be interrupted. If British troops occupy the oil area, there is a serious danger of a clash between Iranian and British forces. Such a clash might have serious consequences, probably including the interruption of the flow of oil, and possibly intervention by Soviet forces in northern Iran. Furthermore, either Soviet intervention or the interruption of the flow of oil could occur as a result of widespread demonstrations, sabotage, and violence. The possibility of such a development is increased by the current high state of tension in the country.

2. Mossadeq is a chauvinist, a visionary, and an astute politician, but a poor administrator. It can be anticipated that during his regime, Western influence in Iran will be severely curtailed, and little will be done to solve the country's critical economic and social problems. In the past, Mossadeq has strongly opposed all manifestations of foreign influence in Iran. He will almost certainly adopt a neutralist policy toward the East-West struggle. In internal affairs he has advocated social benefits for the people and opposed measures designed to restrict freedom of speech, assembly, and the press. Politically, 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 may advocate dissolution of the Majlis and new elections under a reformed system of voting.

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3. 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 dependant 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. In his campaign against the AIOC, Mossadeq has 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, tradesmen, and students, who can significantly affect political developments in Iran through strikes, demonstrations, and violence.

4. Because of the wide support for Mossadeq's chauvinistic crusade, few Iranian leaders dare to 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 (including assassination) of opposing the measure.

5. 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, the Prime Minister, 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 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 eleven to act as trustees 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". The Majlis action resulted in the immediate resignation of Aia.

6. 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. It is possible 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 the decline of anti-British feeling and 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.

7. In view of the fact that both Iran and the UK have a very great interest in the uninterrupted production of Iranian oil, it can be anticipated that there will be some relaxation of their respective positions. However, in view of the attitude of the British, a settlement can probably be reached only with great difficulty. The UK is flatly reiterating that Iran has no right unilaterally to abrogate its contract with AIOC and, therefore, no right to nationalize its oil industry. The UK has proposed a more generous deal involving 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 in the company. Mossadeq will undoubtedly turn down this offer, for it manifestly fails to provide even a facade of nationalization. The proposal certainly does not represent the final British position. However, a serious danger exists that critical developments will occur before either party, and particularly the British, have sufficiently modified their respective positions to permit initiation of serious negotiations.

8. The present impasse in the oil situation may lead to any one 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 use force to take over the oil installations even at the risk of closing down the whole industry.

(b) The UK might send its troops into the oil field area to forestall or counter occupation of the oil installations by Iranian forces or to safeguard British lives and property in the event of further violence or sabotage. Such a move might lead to clashes between British and Iranian forces with inevitable serious consequences, probably including an interruption of the flow of oil. Although the Shah, who will probably retain effective control over Iran's armed forces, would be reluctant to use those forces against the British, he would probably be compelled to acquiesce in their use in the oil area if Mossadeq demanded it. The occupation of southern Iran by British troops would also furnish the USSR with a pretext to send troops into northern Iran.

(c) Anti-British feeling will continue at a high pitch, 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. He may also legalize the status of the Tudeh party. There is a danger that the Tudeh party may attempt to take advantage of Mossadeq's leniency in this respect to foment disturbances throughout the country. In view of the tension and general unrest in the country, Tudeh activity might seriously undermine internal security.

(d) If Mossadeq takes over the oil installations by force, 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. The repercussions of such a development on US-UK relations might be extremely serious.

9. 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 to withdraw their support from 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 under the aegis of the Shah of a semi-dictatorial regime. Such a course of action would involve risks which the Shah has shown no indication he would be willing to take.



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DEPARTMENT OF DEFENSE
WASHINGTON, HEADQUARTERS SERVICES
WASHINGTON, D.C. 20301

November 24, 1981

MEMORANDUM FOR THE CHIEF, CLASSIFICATION REVIEW DIVISION, CENTRAL INTELLIGENCE AGENCY

SUBJECT: Request for Declassification Review

During the systematic review of all classified Office of the Secretary of Defense (OSD) documents over 20 years old, the Declassification and Historical Research Branch, Records Management Division, Directorate for Correspondence and Directives, Washington Headquarters Services, turned up the attached document(s).

The documents were either originated by your agency, contain information for which your agency is the classification authority, or are otherwise of interest to you.

It is therefore requested that your agency review the documents and recommend declassification, continued classification at the present or lesser level of classification, and/or review by other agencies. If your agency is recommending continued classification, in accordance with Paragraph 3-401, Executive Order 12065, it is requested that an authority for continued classification be specified, along with a date for the next review.

The time permitted by Executive Order 12065 to reach the point where all OSD documents over 20 years old have been reviewed, and the large volume of over 20 year old OSD documents, make it necessary to request your response within 60 days. In your response, you may wish to provide guidance with regard to what categories of information you do and do not wish to have referred to you in the future.

Your assistance in effecting this review will be most appreciated. Please return the documents to Mr. Brian V. Kinney, Chief, Declassification and Historical Research Branch, Records Management Division, Washington Headquarters Services, Room 1D517, Pentagon, Washington, D.C. 20301, upon completion of your review.

Without attachments, this memorandum is UNCLASSIFIED.

E. E. Lowry, Jr.
E. E. Lowry, Jr.
OSD Records Administrator

Attachments (4)

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OSD-DB-TS-112-81

LIST OF ATTACHMENTS

1. Memo, Mar 14, 51, Subj: Position of the United States with Respect to Iran (NSC 107) (TS)
2. Paper, 15 Mar 51, Subj: The Current Crisis in Iran (S)
3. Paper, 15 Mar 51, Subj: The Current Crisis in Iran (S)
4. Memo, 2 May 51, Subj: Current Developments in Iran/w 1 Attachment--
Report, Undated, Subj: As Above (S)