

**SECRET**Noted by DD/I  
16 MAY  
1961

16 May 1961

MEMORANDUM FOR: DDI

SUBJECT : Comparison of Iran Task Force Paper with  
State Cable 1379 (Tehran to Secretary of  
State)

1. The following comments are based on the semi-final draft of the Iran Task Force Paper. According to the CIA member the final version is substantially the same.

2. Ambassador Wailes cautions that the US Government should not support Amini personally nor identify with him to any greater extent than with any other friendly Prime Minister. He points out that the Shah remains the focal point of power in Iran and that Amini's staying power is unknown. The Task Force paper goes further. It recommends that we take vigorous action to support Amini and to impress upon the Shah that his stake in Amini's success is greater than our own. It urges that we not be deterred from backing Amini by the fear that he will fail and calls the new government the best instrument in sight for promoting evolution in Iran. However, the paper does caution that we should act discreetly to protect Amini against undercutting by the Shah and states the US must maintain some freedom of action in the event that Amini fails.

3. The cable does not consider Amini as the last chance for the Mosadeqists and the paper agrees. The paper also states, however, that Amini may be the last hope of averting political chaos and possible loss of Iran to the West.

4. The cable states that we should be cautious about giving the Shah desirable but unwelcome advice. The paper urges that we encourage the Shah to move toward a more constitutional role, which is clearly one of the cases where a cautious and careful approach is desirable.

5. The cable states that the US should not urge the devolution of local government powers to local elected assemblies because elections cannot be expected for the foreseeable future to produce responsible representatives. The paper agrees.

**SECRET**

~~SECRET~~

6. The cable and the paper are substantially agreed that the US political objectives should be political, social and economic development which will promote a strong, stable government with popular support and ability to resist subversion.

7. The cable recommends that the US not join CENTO but that it inform the CENTO countries the US has plans for allocating nuclear weapons outside the CENTO area to support CENTO in the event of hostilities with the USSR. The paper states that it would be militarily desirable for the US to join CENTO but agreed that the US should not do so for political reasons. It recommends that the US make plans to dispose military forces in support of Iran and inform the government of Iran of these moves.

8. The cable recommends a reduction in Iranian armed forces from about 200,000 men to perhaps 150,000 men with an accompanying improvement in quality. The paper concludes that even larger military forces would be militarily desirable but recommends only the present force level be maintained.

9. The cable states that cash grants are the only way to insure timely receipt of new aid. The paper emphasizes the urgency of timely aid but does not specify a method of insuring it.

10. The cable states that forty million dollars will be required by the plan organization to complete the second plan. The paper believes that it may be as little as twenty-five million dollars.

11. The paper discusses US assistance for the Iranian Third Plan. This discussion appears to be consistent with comments in the cable, which do not go into any detail.



LOUIS MARENGO

(b)(3)

~~SECRET~~

**INCOMING TELEGRAM**

*Mr. Marcup  
for checking against  
Talbot TF paper  
M Iran due to  
be discussed  
by us on  
Tuesday.*

**SECRET**

45  
Action  
NEA  
Info  
SS  
G  
SP  
L  
EUR  
E  
FAC  
DIGC  
EX  
IOP  
ESC  
INR  
CIA  
NSA  
RMR

Control: 6127  
Rec'd: MAY 10, 1961  
2:17 PM

**FROM: TEHRAN**  
**TO: Secretary of State**  
**NO: 1379, MAY 10, 6 PM (SECTION ONE OF THREE)**

**PRIORITY**

**REFERENCE: DEPARTMENT TELEGRAM 1229.**

**FOLLOWING ARE EMBASSY COMMENTS ON NUMBERED QUESTIONS REFERENCE TELEGRAM:**

x 1. USG SHOULD PUBLICLY NEITHER SUPPORT AMINI PERSONALLY NOR IDENTIFY ITSELF WITH HIM TO ANY GREATER EXTENT THAN HAS BEEN OR SHOULD BE PROPERLY DONE WITH ANY OTHER PRIME MINISTER WHO IS FRIENDLY TO US AND WHO SEEMS TO BE DOING HIS BEST TO SOLVE PROBLEMS CONFRONTING HIM. ALTHOUGH SHAH'S POSITION HAD DETERIORATED DURING PAST TWELVE MONTHS AND ALTHOUGH HE PROBABLY APPOINTED AMINI RELUCTANTLY AND OUT OF SOME MEASURE OF FEAR, AT TURN OF EVENTS, HE REMAINS FOCAL POINT OF POWER IN IRAN AND HEAD OF REGIME IN WHICH AMINI IS AND PROBABLY WILL REMAIN A SUBORDINATE THEREFORE; WE SHOULD NEITHER IDENTIFY US GOVT WITH A PRIME MINISTER WHOSE STAYING POWER IS UNKNOWN NOR GET INTO POSITION SUPPORTING HIM AGAINST THE SHAH. WE BELIEVE, HOWEVER; WE SHOULD BE SYMPATHETIC TO AMINI FOR HIS ANTICIPATED EFFORTS SOLVE MANY PROBLEMS CONFRONTING HIM, MOST PRESSING OF THESE ARE ECONOMIC IN NATURE AND WHAT HE WILL EXPECT FROM US IS FINANCIAL ASSISTANCE, WHICH HE HAS ALREADY MENTIONED, WHICH HE ALMOST CERTAINLY WILL NEED AND WHICH WE SHOULD GIVE HIM IN SUCH A WAY THAT HE CAN MAKE IMMEDIATELY EFFECTIVE USE OF IT. (EMBASSY TELEGRAM 1371).

x 2. AMINI APPOINTMENT IS SIGNIFICANT AS INDICATION OF SHAH'S PERTURBATION OVER DETERIORATION POLITICAL AND ECONOMIC SITUATION

**AS AMINI**

**SECRET**

**REPRODUCTION FROM THIS COPY IS PROHIBITED UNLESS "UNCLASSIFIED"**

SECRET

-2- 1379, MAY 10, 6 PM FROM TEHRAN (SECTION ONE OF THREE)

AS AMINI HAS DEMANDED AND PROBABLY WILL INITIALLY AT LEAST RECEIVE GREATER POWERS THAN RECENT PREDECESSORS. IT REMAINS TO BE SEEN HOW MUCH AUTHORITY AMINI CAN RETAIN IF SHAH, AS EXPECTED, CONTINUES UNABLE REFRAIN FROM UNDUO INTERFERENCE IN DAY-TO-DAY AFFAIRS OF GOVT. WE DO NOT CONSIDER AMINI APPOINTMENT AS LAST CHANCE BEFORE "MOSADEQISTS," WHICH TERM WE INTERPRET AS EXTREME NATIONALISM, NEUTRALISM AND CHAOS. RATHER, WE CONSIDER MOST LIKELY INTERVENING STEP WOULD BE BAKHTIAR AS PRIME MINISTER WITH FULL POWERS EITHER GRANTED BY SHAH OUT OF DESPERATION OR SEIZED BY BAKHTIAR UNDER MORE PARLOUS CIRCUMSTANCES THAN HAVE AS YET OBTAINED.

X 3. WE BELIEVE US SHOULD GIVE SHAH "DESIRABLE BUT UNWELCOMED" ADVICE TO EXTENT AND ON THOSE OCCASIONS WHEN WE CONSIDER CHANCES GOOD ADVICE WOULD BE TAKEN. THIS WOULD NOT BE CASE WITH SUGGESTED ADVICE RE PAHLAVI FOUNDATION. TO ELABORATE: SOMEWHAT WE BELIEVE:

(A) ADVICE SHOULD NEVER BE GIVEN SHAH BY US TO APPOINT CERTAIN SPECIFIED IRANIANS.

(B) ADVICE SHOULD SELDOM BE GIVEN TO FIRE CERTAIN SPECIFIED INDIVIDUAL.

(C) ADVICE INVOLVING PERSONAL AFFAIRS OR SHAH'S FAMILY IS MOST DELICATE GROUND OF ALL.

IT IS NECESSARY BEAR IN MIND AT ALL TIMES THAT ADVICE BY FOREIGNERS DIFFICULT TO RECEIVE. IT IS OUR OPINION THIS IS SOMETHING WHICH MUST BE PLAYED BY EAR BY AMBASSADOR ON SPOT.

X 4. WE DEFINITELY DO NOT BELIEVE US SHOULD URGE IN ANY MANNER DEVOLUTION LOCAL GOVT POWERS TO LOCAL ELECTED ASSEMBLIES. ELECTIONS IN THIS COUNTRY DO NOT NOW AND CANNOT BE EXPECTED IN FORESEEABLE FUTURE TO PRODUCE RESPONSIBLE REPRESENTATIVES OF PEOPLE. LOCAL GOVTS WILL CONTINUE TO BE APPOINTED REGARDLESS OF SYSTEM. LOCAL GOVT POWERS ARE MEANINGLESS WITHOUT ABILITY TO COLLECT LOCALLY MOST OF REVENUES REQUIRED FOR LOCAL PURPOSES.

IN

SECRET

SECRET

-3- 1379, MAY 10, 6 PM FROM TEHRAN (SECTION ONE OF THREE)

IN OUR VIEW LOCAL GOVTS WILL CONTINUE MAINLY TO RELY ON CENTRAL GOVT FOR REQUIRED FUNDS.

X 5. INTERNAL POLITICAL OBJECTIVE OF US IN IRAN PRESUMABLY CONTINUES TO BE POLITICAL, SOCIAL AND ECONOMIC DEVELOPMENT WHICH WILL PROMOTE STRONG STABLE GOVT WITH SUFFICIENT POPULAR SUPPORT AND WITH CONTINUING RESISTANCE TO COMMUNIST INFLUENCE AND SUBVERSION. WHETHER THIS IS REASONABLE, AS OPPOSED TO HOPEFUL, OBJECTIVE FOR FIVE YEARS, WE DO NOT KNOW. PROBLEMS FACING REGIME ON ONE HAND AND THE UNPLEASANT ALTERNATIVES TO THIS REGIME FROM US POINT OF VIEW ON OTHER MAKE IT MORE REASONABLE IN OUR VIEW TO LOOK ONLY TWO OR THREE YEARS AHEAD AT MOST. WE KNOW OF NO ACTION BY US GOVT AND WE ANTICIPATE NO ACTION BY ANY IRANIAN GOVT WHICH WOULD ENABLE US CONFIDENTLY TO PREDICT FIVE YEARS AHEAD.

6. IT HAS BEEN AND SHOULD CONTINUE TO BE PRACTICE THIS EMBASSY ATTEMPT INFLUENCE GOI LEADERS AND MINISTERS TAKE STEPS TOWARD ACCOMPLISHMENT SPECIFIC REFORMS AND ACTIONS WHICH US IS CONVINCED ARE BOTH FEASIBLE OF ACCOMPLISHMENT AND IN IRANIAN AND US INTERESTS. INSTANCES WHERE THIS EFFORT HAS BEEN SUCCESSFUL, AND THERE ARE A NUMBER, HAVE PROVEN THAT IN GENERAL THIS PROCESS IS MORE EFFECTIVE TO EXTENT LEADERS ACCEPT OUR IDEAS AS THEIR OWN AND LESS SUCCESSFUL AS "PRESSURES" ARE APPLIED BY US ON THEM. X

WAILES

KEA:21

SECRET

SECRET

45

Action  
NEA

Control: 6342  
Rec'd: MAY 10, 1961  
5:49 PM

Info

FROM: TEHRAN

SS

TO: Secretary of State

G

NO: 1379, MAY 10, 6 PM, (SECTION TWO OF THREE)

SP

L

EUR

E

PRIORITY

BFAC

BIGC

PK

IOP

NSC

INR

CIA

NSA

RMR

9/

8. ALTHOUGH US PRESTIGE ALREADY COMMITTED TO CENTO AND ALTHOUGH CENTO IS NOT FLOURISHING, WE DO NOT RECOMMEND AT THIS TIME THAT US JOIN CENTO. CENTO SHOULD SOMEHOW BE INVIGORATED BUT IF THE UNITED STATES JOINS WE BELIEVE US WILL ACQUIRE TREMENDOUS RESPONSIBILITY NOT SIMPLY FOR ITS SURVIVAL BUT FOR ITS MARKED SUCCESS AND WE DO NOT SEE POTENTIAL IS THIS ORGANIZATION FOR "MARKED SUCCESS." IN ORDER HOWEVER REDUCE FEELING AMONG ITS LOCAL MEMBERS, PARTICULARLY IRAN, THAT IT REPRESENTS NO GREAT VALUE TO THEM, WE RECOMMEND THAT IN ADDITION TO STEPS TAKEN AT RECENT MINISTERIAL MEETING SERIOUS CONSIDERATION BE GIVEN TO OTHER STEPS SUCH AS SPONSORING MILITARY REPRESENTATIVES MEETING OF NATO-SEATO-CENTO ALLIANCES AND, MUCH MORE IMPORTANTLY, INFORMING CENTO REGIONAL COUNTRIES THAT US HAS PLANS PROVIDING FOR ALLOCATION OF NUCLEAR WEAPONS OUTSIDE OF CENTO AREA FOR USE IN SUPPORT OF CENTO FORCES IN EVENT OF HOSTILITIES WITH USSR. IRANIAN PRESSURES FOR MILITARY AID WOULD BE INCREASED RATHER THAN REDUCED BY US ACCESSION TO CENTO. WE BELIEVE SHAH ATTACHES VALUE TO US ACCESSION, PRIMARILY AS A MEANS OF ACQUIRING MORE MILITARY AID.

ASIDE FROM PROBLEMS WHICH WOULD BE CREATED IN OTHER PARTS OF THIS AREA BY FORMAL US TREATY GUARANTEE IRANIAN BORDERS, THERE IS ALSO PROBLEM OF MAKING CLEAR TO IRAN'S NEIGHBORS THAT WE MEAN BY SUCH GUARANTEE ONLY IRAN-SOVIET BORDERS AND NOT THOSE WITH TURKEY, IRAQ, PAKISTAN, AFGHANISTAN. WE ARE NOT ONLY UNSURE THAT US GUARANTEE OF IRAN'S BORDERS WOULD REDUCE PRESSURES FOR MILITARY AID BUT WE HAVE DOUBTS THAT OFFER PLUS ENSUING DEBATES HERE, IN WASHINGTON, AND ELSEWHERE DURING

RATIFICATION

SECRET

REPRODUCTION FROM THIS COPY IS PROHIBITED UNLESS "UNCLASSIFIED"

SECRET

2-1379, MAY 10, 6 PM, (SECTION TWO OF THREE), FROM TEHRAN

RATIFICATION PROCESSES WOULD BE WELCOMED BY IRANIAN PEOPLE. THEY MIGHT WELL CONSIDER THAT ECONOMIC AND SOCIAL PROBLEMS FAR OUTWEIGH WHATEVER SECURITY PROBLEMS MIGHT BE MET BY SUCH GUARANTEE. WHAT WILL HELP IN THIS CONNECTION IS CONVICTION ON PART OF SHAH THAT US REMAINS AS SERIOUS AS IT HAS EVER BEEN ABOUT DEFENDING THIS COUNTRY AGAINST SOVIET ENCROACHMENTS. HIS CONVICTION IN THIS REGARD HAS BEEN SHAKEN BY WHAT HE HAS HEARD IN RECENT MONTHS FROM OTHER THAN US OFFICIAL SOURCES ABOUT PROSPECTIVE US POLICIES. IT WILL PROBABLY BE RESTORED ONLY WITH TIME, PATIENCE, AND CONTINUED SINCERE DEMONSTRATIONS OF GOOD WILL ON OUR PART TOWARD HIM AND HIS REGIME.

BECAUSE THEY DO NOT HAVE SUFFICIENT POLITICAL OR MILITARY SIGNIFICANCE EMB DOES NOT RECOMMEND INCREASED US CONTRIBUTION THOSE CENTO ECON ACTIVITIES LACKING IMPORTANCE IN INDIVIDUAL COUNTRY DEVELOPMENT. BELIEVE TELECOMMUNICATIONS AND VOR PROJECTS ARE SUFFICIENTLY IMPORTANT FOR IRAN'S DEVELOPMENT TO WARRANT ADEQUATE FUNDING. ONLY OTHER PROJECT IMPORTANT TO IRAN IS TURKEY-IRAN RAIL LINK WHICH WE BELIEVE IS NOT OF SUFFICIENTLY HIGH PRIORITY ON ANY GROUNDS TO JUSTIFY LARGE OUTLAY AT TIME WHEN OTHER IRANIAN DEMANDS ON AID FUNDS ARE APT TO GROW VERY LARGE.

9. IN GENERAL TERMS MILITARY POSTURE WHICH WE SHOULD ADVOCATE FOR IRAN SHOULD BE ONE WHICH WOULD ENABLE REGIME MAINTAIN INTERNAL SECURITY, FACE WITH CONFIDENCE ANY MILITARY THREAT FROM EITHER IRAQ OR AFGHANISTAN, AND INSTILL IN MINDS OF SOVIET MILITARY AUTHORITIES DOUBT AS TO THEIR ABILITY SO QUICKLY TO CAPTURE CENTERS OF POWER AND COMMUNICATIONS (PRIMARILY TEHRAN, OF COURSE) AS TO FACE US WITH FAIT ACCOMPLI BEFORE IT HAS TIME TO ACT. IT IS OUR IMPRESSION THAT SUCH POSTURE COULD BE ADOPTED AND MAINTAINED WITH SOME REDUCTION IN PRESENT JCS FORCE OBJECTIVE (PERHAPS 150,000 MEN INSTEAD OF THE CURRENT 208,000) PROVIDED

A) DECREASE IN NUMBER IS ACCOMPLISHED IN GRADUAL AND ORDERLY MANNER SO AS NOT THROW SUDDENLY ON BODY POLITIC LARGE NUMBER IDLE AND DISGRUNTLED SENIOR OFFICERS.

B) REMAINING UNITS ARE REORGANIZED AND TRAINED SO AS INCREASE PROPORTION ELITE FORCES LIKE FIRST INFANTRY BRIGADE

111TH TANK

SECRET

-3- 1379, MAY 10, 6 PM, (SECTION TWO OF THREE), FROM TEHRAN

11TH TANK BATTALION, AND SPECIAL FORCES.

FINALLY, WE BELIEVE THAT SHAH COULD BE PERSUADED WHOLEHEARTEDLY TO ACCEPT SUCH PROGRAM PROVIDED THESE REMAINING UNITS ESPECIALLY AIR FORCE WERE SUFFICIENTLY STREAMLINED AND MODERNIZED SO AS ENABLE THEM TO MAKE MILITARY POSTURE DESCRIBED ABOVE PATENTLY REAL. WE REALIZE THAT SUCH PROGRAM MIGHT COST US MORE MONEY RATHER THAN LESS BUT WITHOUT IT, IT WOULD BE DIFFICULT PERSUADE SHAH DECREASE IN SIZE ARMED FORCES WOULD NOT RENDER IRAN DEFENSELESS IN FACE OF ENEMIES ACTUAL OR POTENTIAL.

10. BELIEVE \$40 MILLION ESTIMATE FOR HARD-CORE PLAN ORG AID REQUIREMENT STILL VALID. REASONING GIVEN ON PP. 90-91 OF GT APRIL 1961 REVISION OF COUNTRY PROGRAM BOOK.

11. IN VIEW OF LARGE AMOUNTS TIED LOANS YET TO BE UTILIZED BELIEVE ONLY WAY TO INSURE TIMELY RECEIPT NEW AIDS IS THROUGH CASH GRANTS. LARGE ADVANCES ON EXISTING AND FUTURE LOANS MIGHT SUFFICE IF THERE WERE CERTAINTY THAT NEW LOANS CAN LEGALLY BE MADE TO IRAN WITHOUT A MAJLIS.

WAILES

WP

SECRET



SECRET

Control: 6167  
Rec'd: MAY 10, 1961  
3:00 P.M.

45  
Action  
NEA  
Info

FROM: TEHRAN

TO: Secretary of State

NO: 1379, MAY 10, 6 P.M. (SECTION THREE OF THREE)

SS  
G  
SP  
L  
EUR  
E  
BFAC  
BIGC  
PX  
IOP  
NSC  
INR  
CIA  
NSA  
RMR

PRIORITY

MUST CALL ATTENTION TO LIKELIHOOD AMINI WILL ASK FOR CASH GRANT FOR GENERAL BUDGETARY SUPPORT IN ADDITION TO AID FOR PLAN ORG AND ARMED FORCES. IF HE SATISFIES TEACHERS HE FACED WITH PROSPECT HAVING GIVE PAY RAISES TO CIVIL SERVICE AND ARMED FORCES SINCE COST-OF-LIVING HAS INCREASED ALMOST 30 PER CENT IN LESS THAN THREE YEARS. EVEN WITH GOOD MANAGEMENT AND LUCK HE CANNOT QUICKLY INCREASE TAX YIELDS AND CUT WASTE. ALSO CANNOT IGNORE POSSIBILITY THAT CAPITAL FLIGHT WILL PUT FURTHER HEAVY PRESSURE ON FOREIGN EXCHANGE RESERVES.

12. TIMING US APPROACH TO THIRD PLAN PROBLEMS DEPENDS IN PART ON PROGRESS GOI DEVELOPING PLAN FRAME. WORK VIRTUALLY CEASED DURING ARAMESH PERIOD, NOW AGAIN UNDER WAY AND PLAN FRAME EXPECTED TO BE READY ONE OR TWO MONTHS. WHEN READY, PLAN ORG OFFICIALS PLAN SEEK INVITATION TO WASHINGTON TO DISCUSS OVER-ALL PLAN OBJECTIVES. QUESTIONS FINANCIAL AID COULD BE CONSIDERED THEN.

RE TECHNICAL ADVICE AND TRAINING PLAN ORG HAS ALREADY INDICATED TO USOM DESIRE FOR US ASSISTANCE IN FEASIBILITY STUDIES INDIVIDUAL PROJECTS OR LARGE SEGMENTS PROGRAM; WORK TO THIS END COULD BEGIN IMMEDIATELY WITHIN PRESENT PERSONNEL CAPABILITIES USOM.

RE INSTITUTIONAL CHANGES, BELIEVE US WHEN GIVING ANY SUBSTANTIAL NEW AID SHOULD SEEK ASSURANCE FROM AMINI GOVT ON TAX REFORMS, MULTI-YEAR FINANCIAL PLANNING. HE APPEARS PREDISPOSED  
/SERIOUSLY

SECRET

REPRODUCTION FROM THIS COPY IS PROHIBITED UNLESS "UNCLASSIFIED"

SECRET

-2- 1379, MAY 10, 6 P.M. (SECTION THREE OF THREE) FROM TEHRAN

SERIOUSLY TO ATTEMPT SUCH REFORMS. WE PARTICULARLY FAVOR  
SEEKING MAJOR EFFORT ON TAXATION BASED ON LAND VALUES, WHICH  
APPEARS BEST WAY MOBILIZE RESOURCES NEEDED FOR FINANCING  
DEVELOPMENT AND OTHER EXPENDITURES.

WAILES

JH

SECRET