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16 MAY
1961

11 May 1961

MEMORANDUM FOR: DDI

SUBJECT : Iran Task Force Paper

1. Attached for your information are the following:
 - a. Draft outline for the Iran (Talbot) Task Force paper
 - b. DDP draft for Part II of the outline
 - c. ONE comments on the DDP draft
 - d. Final CIA draft prepared jointly by ONE and DDP for Part II of the outline

2. As of yesterday, apparently, DDP intended only to receive ONE comments on their draft and not attempt any formal coordination. Signals were switched this morning, however, and two DDP representatives met with a Board Panel and the NE Staff to produce a single contribution for Section II of the outline. The meeting began at 10:00 and was supposed to produce a finished product by 12:00, which was patently impossible. By dint of hard work, Item 4 above was produced at about 2:00 this afternoon for a task force meeting due to begin at 2:30.

3. The history of this effort illustrates how not to prepare an intelligence contribution to a task force paper. I would like to come in at your convenience to discuss this situation, because similar problems are almost certain to rise again.



LOUIS MARENGO

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Copy / of 30 copies, Series A. (1)

IRAN TASK FORCE

THE IRANIAN SITUATION

DRAFT OUTLINE

I. The Problem for the United States

What can the US do to foster a stable, independent Iran free of Soviet domination?

What kind of government in Iran would best serve this US objective?

What are the prospects of evolutionary political change in Iran?

What should be the relationship of the US to the Shah and to other loci of power in Iran?

What should be the US role in and attitude toward defense arrangements with Iran?

Should the US attempt to strengthen or de-emphasize CENTO?

Should the US oppose, condone, or support a neutralist posture on the part of Iran?

What should be the role of US economic aid?

II. Estimate of the Situation (to be derived to the extent feasible from NL: 34-61, 28 February 1961) CIA

A. The Internal Situation

1. Summary of elements in the present situation

Role of the institution of the monarchy, role of the Shah, of the traditional forces (landowners, religious leaders, conservative business elements), military and security forces, and of the reformist elements

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(nationalists, extreme left including Tudeh). The rising unrest.

2. The recent crisis

The teachers' strike and the resulting riots, "contingency planning" by Bakhtiar, appointment of Dr. Ali Amini as Prime Minister.

3. Prospects for an Amini government

Will Amini be able to play a more independent role than recent prime ministers? What will the role of the Shah be? Will he be satisfied with a lesser role? Will the Shah try to re-establish his personal rule if Amini succeeds in stabilizing the situation? What is Amini's relationship to Bakhtiar and the military likely to be? Is Amini likely to pacify at least the moderates among the opposition? What will be his relationship to the conservatives? Will he be willing and able to introduce meaningful reforms? What will be his foreign policy orientation?

4. Likely developments if Amini fails

Would a return to personal rule by the Shah with a weak Prime Minister be feasible? Likelihood of a takeover by Bakhtiar or another conservative leader? Possibility of a nationalist government? What would be the role of

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the Tudeh? What would be the likely end result of any of these developments? A neutralist Iran? A Communist Iran?

B. Iran's Foreign Relations (*To be done by State*)

1. Summary of background

From neutrality to alignment with the West. Commitments to the USSR.

2. CENTO and the bilaterals

What is the military and political importance of Iran's participation in CENTO? What would be the effect of a strengthening, weakening or disappearance of CENTO on Iran? What would be the international effects? Role of the bilaterals?

3. Iran and the USSR

What is the nature of the threat of the USSR to Iran? In the military, political, economic, propaganda and subversive fields? What are the chances of a detente? Are relations likely to deteriorate? Under what circumstances? USSR view of the Amiri government? How would it view the establishment of a dictatorship by a military man such as Bakhtiar?

4. Attitudes of other area states

a. Turkey and Pakistan

b. The Arab states and Israel

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DDIP Draft of Part II of
 Task Force Outline
 Estimate of the Situation

The Internal Situation

Summary of Elements in the Present Situation

In the years since World War II, the institution of the monarchy has been the single polarizing force in Iran which at once has held out the promise of an orderly transition to a new era and served as a barrier to extremist movements. It was public faith in this institution which helped to bring about the downfall of Mossadegh. However, since August 1953 the institution has taken on a personal image, that of the active ruler. Part of the power elite seems no longer willing to uphold this individual as opposed to the institution itself. Those who claim to be plotting against the regime state that they would retain the monarchy but not the person of the ruler, except in a symbolic role. Even the more extreme nationalists seem to believe that the monarchy should be retained, for they visualize the internal instability inherent in an Iranian republic. However, once any serious action against the ruler begins, the first step toward the inevitable destruction of the monarchy may well have been taken.

Effective political power still remains in the hands of the traditional elite - the landowners, religious leaders, conservative merchants, all interrelated. This elite can accommodate a certain amount of change. It can cooperate with the military whose leaders become of increasing importance as they plan to take action. This action they view as the sole alternative to internal chaos. While the military may not move, it is possible that on the occasion of some serious incident, such as the demise of the ruler or a massive leftist demonstration, they would take over the government. This military regime might be able to hold power.

The reformist elements have specific objectives but not a comprehensive program and may be expected to concentrate upon such objectives as free elections, and a more favorable agreement with the consortium rather than a general attack on any interim regime.

The Tudeh Party is not an immediate threat to internal stability. Given a slackening of security controls, its members will become more active in penetrating nationalist groups but it will not come out in the open as it did in 1953 as a combat arm of Soviet policy. The Soviets realize that they made serious errors in overestimating the strength of Tudeh in Iran in 1943-46 and 1953 and may be content to wait.

The Recent Crisis:

Factors leading up to the 5 May crisis were dissatisfaction with the rigged elections of 1960 and 1961, the deteriorating economic situation with resultant inflation and the increasing tempo of nationalist activity. A teacher's strike for higher pay on 2 May precipitated the crisis.

Events immediately leading up to the 5 May crisis began with the 2 May demonstration in which a teacher was killed and several others wounded by the police. On 3 May, a demonstration estimated at between 15 and 30 thousand persons carried the corpse of the "martyred" teacher through the streets of Teheran. On 4 May a similar demonstration was joined by workers. National Front Groups were scheduled to join the demonstrations on 5 May, but these plans were cancelled when Ali Azimi was appointed Prime Minister.

Pressures on the Shah to appoint Azimi began with a meeting between the two on 29 April when Azimi warned the Shah of impending troubles. There is no indication, however, that the Shah was aware of any imminent crisis until the teacher's demonstrations were well underway.

On 3 or 4 May General Tiamur Bakhtiar, former SAVAK Chief, was elected several hours with the Shah. General Hasan Alavi-Kia, Deputy Chief of SAVAK, conferred with the Shah for three hours late 4 May and is supposed to have pressed for the appointment of Ali Azimi. Reportedly extremely upset and ready to flee the country, the Shah offered Azimi the Prime Minister's post late that night. It was accepted the next morning, 5 May, on Azimi's conditions that he be given broad powers.

Prospects for an Amiri Government:Background:

For several years various groups have tried to convince the Shah that he should reign and not rule; that by ruling he draws hostile criticism to himself as the person solely responsible for the shortcomings of the government. They have likewise urged that he transfer the burden of government to a strong Prime Minister who would be responsible, as the constitution provides, for the conduct of government, and resigned if he fails. It is possible that the Shah followed this line of reasoning when he selected Amiri, because it is clear that he was genuinely frightened by the deteriorating situation and realized that a conventional prime minister i.e., one dominated by him, could not establish contact with and accommodate opposition elements at this time.

Amiri has been grooming himself to be prime minister for many years but only in recent years out of public office has he been able to devote full time to accomplish this end. The Amiri image has three facets: 1) the smart, energetic administrator with a special competence in finance and economics; 2) the man who is so rich he can afford to be honest and will go all out against corruption; and 3) the man who is uniquely qualified to act as the bridge between the moderate nationalists and the government. He is certain to project these three facets by trying to take effective steps to control the financial crisis, by trying to make examples of corrupt elements in high places and by attempting to satisfy certain nationalist demands.

The questions of whether he will be able to play a more independent role than recent prime ministers

does not possess a commanding presence, and is not an inspiring speaker. He is not a master politician, and has no organized devoted following, but in the past two years he has systematically made contacts among both nationalist and conservative elements, and obviously made progress in selling himself as a bold administrator whose program coincides with the self-interest of these groups.

He will be a nationalist but not a big N nationalist, i.e., will work with moderate and not extremist nationalist elements. He will probably not lead an attack

on the oil consortium, but will talk behind the scenes to obtain special favors which can be presented publicly as nationalist victories. He may not make significant concessions to the old power elite to win its support.

Given the above, it may be assumed that he will play an independent role as (b)(1)
(b)(3)
circumstances allow.

he may
unwillingly make concessions to the Shah as the latter attempts to reassert his authority, the limit may soon be reached when public opinion would begin to see him as subservient to the Shah. He might then resign.

Other factors to the contrary, Amini's regime tenure may depend, in more or less direct proportion, on the Shah's willingness to withdraw significantly from the day to day conduct of government business. Although the Shah has been frightened in political crises before, experience has shown that after regaining equilibrium he has always succeeded in dominating the prime minister. The fact that Iran is now in equally serious economic difficulty may induce the Shah to allow Dr. Amini, who is a competent economist and financier, the time and the independence of action that the situation requires.

Should the U.S. Government clearly indicate its support for Amini's role as an independent prime minister, as well as for his program of financial and economic disciplines, the Shah would incline to believe that this represented a shift from U.S. support of the status quo and conclude that he himself no longer enjoys the total personal support of the U.S. In this situation he might question the wisdom of trying to establish ascendancy over Amini.

Amini's staying power may well depend in part on his success in winning the support of the military. His chances for doing so seem good, as Amini and senior military officers are in friendly contact.

The Amini government may therefore be considered as an interim regime of perhaps only limited duration. When and if it fails, it will probably be for one of the following reasons: (a) Amini resigns rather than become patently submissive to the Shah, (b) he is dismissed by the Shah, (c) he resigns because he is unable to satisfy nationalist demands.

In summary, if allowed to work without major interference from the Shah, with significant U.S. moral and financial support, and in the absence of substantial internal opposition to himself and his programs, Amini will attempt to promote

meaningful reform, to implement austerity measures, and can be expected to maintain Iran's present foreign policy orientation.

Likely Developments if Amini Falls

If Amini resigns to avoid the stigma of submission to the Shah, it could produce a crisis which might bring him back as head of a more nationalist regime in which the Shah would have a limited role. If he resigns because he is unable to satisfy Nationalist demands, expressed by new strikes and demonstrations, there would be a government crisis of some magnitude and the military might well act to prevent a collapse of public order. If the Shah dismisses Amini, this too might cause a public crisis. In this event, the Shah would probably be faced with a difficult choice between an old line politician like Eghbal and a candidate even more inclined toward the nationalists than Amini.

If the Amini regime fails, it is not felt that the capability of the Tudeh Party would be significantly enhanced.

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IRAN AND THE USSR

The threat of the USSR to Iran lies in its determination to force Iran out of its alliance with the West, and into a posture more amenable to Soviet influence. The diplomatic impasse that has developed between them is reflected in the fact that in the two years that have elapsed since negotiations for a non-aggression pact between the two countries foundered, hostile Soviet propaganda has continued unabated. Likewise, Soviet efforts to commit an Iranian goodwill mission to substantive talks have resulted in an indefinite postponement. It is likely, however, that the Soviet Government will repeat to the Amini regime its desires for a mission to Moscow as well as its recent offer of economic assistance.

It is improbable that the Soviet Government will indulge in sabre rattling and even less probable that it will commit any act of overt military aggression or covert limited war in the current semi-crisis situation in Iran.

Considering the wide range of tactics open to the Soviets for political action in Iran, it is very difficult to predict what direction a stepped up Soviet campaign of subversion would take. Minimally, it would involve an intensification of hostile propaganda, renewed attempts of fragmented Tudeh elements in Tehran to exploit popular demonstrations and a concerted effort to shake confidence in the regime. The chances for a detente in the near future depend in great part on the willingness of the Amini regime to make the concessions the Soviets have been seeking, which in our view is not likely. It is probable that a "feeling out" period will now ensue which will lead either to a slight improvement if a Good Will Mission succeeds, or to a longer term stalemate in relations between the two countries if it doesn't.

The official Soviet view of the Amini Government will probably not differ greatly from its views of the predecessor regime. The National Voice of Iran has maintained its previous tempo and themes and has already asserted that the cabinet changes are no change at all and implied, predictably, that the Amini government is an American creation.

The establishment in the near future of a dictatorship by General Bakhtiar could and probably would provoke a quick and vigorous Soviet reaction. The latter would probably take the form of a concerted Soviet propaganda attack that would follow any coup attempt, in which Bakhtiar is identified as a principal, with allegations that the U.S. Government had sponsored the change because the Shah had been moving toward neutralism. Bakhtiar's long history as Chief SAVAK and particularly his recent visit to the U.S.A., his contact with high levels of the U.S. Government and his resignation following his return to Iran could also be cited as relevant evidence of U.S. machinations.