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Executive Registry

78-3739

30 October 1978

MEMORANDUM FOR: Deputy Director for National Foreign Assessment

FROM: Director of Central Intelligence

SUBJECT: Meeting with Dr. Brzezinski, 27 October 1978

1. Zbig asked me to drop by on Friday afternoon late. He requested a special analysis of the opposition to the Shah. He would like to know things such as:

- a. Who are the various opposition groups?
- b. What does each of them represent?
- c. What would each of their programs be if they were able to come to power?
- d. Who is financing each of them?
- e. Are there any connections between any of these groups and the Iranian military?

2. Overall, he wants to catalog the various alternatives to the Shah that lie ahead should the Shah fall out of power. Basically, he wants to try to demonstrate that it is not a simple question of either the Shah or democracy, but that a move away from the Shah would not be a move towards democracy.

3. I told him that I thought your briefing for the President last Wednesday was most of what we had on this. He felt that that had not gone into as much detail as he desired with respect to financing and specific programs. I told him I doubted that we really had that much more detail. He said maybe the Chief of Station did, particularly now that the Iranian press has been opened up for a few weeks. I assured him we would check and have been checking with the Chief of Station's views on this.

4. I request that you supplement your briefing with whatever additional detail we do have available and focus it on what the alternatives to the Shah are and how we would characterize them.

5. Assuming we establish that he is right that a move away from the Shah would not be towards democracy, he would then like to undertake to disseminate to the world the true undemocratic character of the Shah's opposition. I pointed out to him that I thought

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there would be real problems with the Congress [redacted]

[redacted] I felt so many liberal Members of Congress believe the Shah was so undemocratic that they would not tolerate a program to help keep him in power. Nonetheless, I said that was no bar to our developing the analysis that he wanted [redacted]

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outline [redacted] potential is in the area of informing the Iranians and others as to the character of the Shah's opposition.

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cc: Deputy Director for Operations

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3 November 1978

The Opposition to the Shah

The Shah's opposition is fragmented into many groups. None is well-organized, the various groups do not cooperate in any systematic way and indeed, if they did not have the Shah as a common target, there would be great areas of disagreement among them. No single group or coalition gives any promise of a genuinely democratic government should it come to power; although it might have popularity--at least in the early stages--it would lack the power to impose its will, it would be inexperienced and dependent on the same bureaucracy that has failed the Shah, and it would be a constant target for other ambitious elements, including the military.

The Opposition Muslim Clergy

Most of the demonstrations and riots have been the work of that segment of the population that is strongly influenced by the religious leaders. These demonstrations seem to be based on local grievances and inspired immediately by local religious leaders. Two factions can be identified, although the distinction is somewhat artificial because of constant interaction.

Ayatollah Ruhollah Khomeini, now living in France, is looked to as a guide by most of the demonstrators. He represents the view that the Shah must go and be replaced by an "Islamic Republic". He has presented no specific program but is rich in pious generalities. Concrete measures can be inferred from statements made by other religious leaders. Education would be segregated, women would be veiled to avoid temptation, nothing contrary to Islam would be published or broadcast. This could lead to extensive censorship but the argument of religious leaders would be that censorship is the prohibition of what is wrong and not of what is right.

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Ayatollah Shariatmadari is the most influential opposition clergyman living in Iran. He has sometimes taken a somewhat more moderate line than Khomeini, for example, willingness to tolerate a Shah as a figurehead. He has, however, been moving closer to Khomeini in recent weeks apparently feeling that Khomeini has such a strong following that he cannot risk getting out of step with him. Doctrinally, Shariatmadari's would not be much different from Khomeini's but left to his own devices Shariatmadari might be more willing to compromise.

Both groups are funded in the traditional way, by donations from the pious, especially rich bazaar merchants. There is no known connection with the military but it is likely that both religious leaders have some followers in the rank and file of the armed forces.

The nationalist opposition, generally called the National Front, is a disparate group which traces itself back to former Prime Minister Mohammad Mossadeq's group of the same name in the early 1950s. Its members range from left of center to far-left. They are mostly white collar, middle class, professionals such as doctors, lawyers, teachers and writers. They call for a return to the constitution, although like others, it is only selected features they favor. The nationalists can be divided, somewhat arbitrarily, into a right faction, which would be willing to make a deal with the Shah and expect to win a portion of power in next summer's elections; a center faction which wants to accept the government's plans for election and would like to see the Shah's powers reduced and a leftist faction which wants the Shah overthrown. The leftist faction is in touch with both Ayatollah Khomeini and one of the two terrorist groups. The center and right factions appear to have caved in to the leftist faction, feeling that they could only lose by continuing to advocate a moderate line.

Beyond calling for a return to the constitution and for a parliamentary government, the National Front has produced little that could be called a program. Given the differing ideologies it is unlikely that a realistic program could be produced. A purely National Front government would probably be unable to produce an effective administration. Personal rivalries, divergent philosophies, and inexperience would all contribute to an unstable government.

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Financing is probably drawn mostly from the personal resources of the leaders and their followers. The leftist faction probably is bankrolled by bazaar merchants. The National Front does not operate any organization or publications which would require a large expenditure of funds.

The officer corps generally holds the National Front in low regard. Although some among the military may be sympathetic to one or another of the National Front factions there is no known link with any of the military organizations.

There are two terrorist organizations which seem to have played little part in the disturbances, although two or three attacks on police stations may be attributable to them. Recent anti-US incidents appear to have been the work of unaffiliated religious fundamentalist or radical leftist fringe groups. There has been, however, very little reporting on either organization in recent months.

The "People's Strugglers" has drawn its members from those who are religiously inclined. They seem to have had a Marxist leadership originally and perhaps still do. This accounts for the government's description of the terrorists as "Islamic Marxists." The People's Strugglers is the group that has been responsible for assassination of US nationals in the past.

The People's Sacrifice Guerillas is a straight forward Marxist terrorist group that has targeted only Iranian officials.

Little is known about these two groups. They have cooperated in the past but have also had some serious differences over ideology and tactics. Both groups have been quiescent for nearly two years following the loss of several of their leaders in clashes with the security forces. Membership of the organizations is estimated at 2500-3000, however, and there should have been little difficulty in finding alternate leadership. The long quiet period might be a matter of policy. The People's Strugglers are in touch with an element of the National Front and has been urged by some National Front leaders to avoid violence for the time being.

Both groups seem to have received help in the past--training, money and weapons--from the PLO, the Libyans, and perhaps Iraq and China, but there is no current information at all on these relationships.

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The terrorists appear to have no political program except that of eliminating the Shah's regime.

The Tudeh Party is the communist organization in Iran. In its entire 37 year history it has been a faithful and reliable tool of Soviet policy in the country. The party has been nearly unreported for more than a decade but conventional estimates put the number of party members at 1000-2000 with perhaps 15,000-20,000 sympathizers. Although the party has been outlawed since 1949 when an alleged party member tried to kill the Shah it operated freely until 1955 when it was smashed by the security forces.

The Central Committee leadership is in the Soviet bloc, Moscow, Bulgaria, East Germany. Little is known of its activities except for the occasional statements and party programs that it issues. A clandestine radio station speaking for the Party was located in Bulgaria for many years is operating now from the Soviet city of Baku where it first began activities in the 1950's.

Details on Party financing are not known but funds are probably supplied by the Communist countries supplemented by dues levied on individual members.

Tudeh party policies and programs have always followed the Moscow line and have mirrored every shift in Soviet policy. The one time when this did not occur--when a faction wanted to adhere to the more hardline Chinese views on violent revolution--a split occurred and the Chinese faction was expelled from the party.

There is no known connection between the Tudeh party and the military. In 1955, however, a 600-man Tudeh organization was discovered and broken up. It included one-third of the instructors at the military academy, the prime minister's personal security officer, the counter-espionage chief of the Police Department a switchboard operator in the royal palace. Since that time the military have been under constant scrutiny.

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3 November 1978

THE IRANIAN NATIONAL FRONT

The National Front was formed originally in 1949 by a coalition of nine Iranian politicians each of whom contributed his own prestige and supporters to the cause of ousting the British from the oil fields. Because of the popular appeal of this issue, the National Front almost immediately came to dominate the political scene. Mohammad Mossadeq, a member of the coalition, became prime minister in 1951, following the assassination of the previous prime minister, and the National Front became the major force in parliament. For the next two years parliament was nearly paralyzed. Although the National Front was in the minority it was able to tie up parliament by filibustering or boycotting meetings.

When the British were expelled from Iran in 1951 the main reason for the coalition disappeared and its various members fell to fighting among themselves and in 1953 when the Shah's supporters moved against Mossadeq, some of the National Front swung to the monarch's side. Since that time the National Front has existed tenuously with parts of it splitting off only to re-combine later. It has been primarily a cadre party with little mass membership but whenever political conditions have permitted, large numbers of sympathizers have turned out enthusiastically to listen to the National Front leaders.

The major spokesmen for the National Front, Karim Sanjabi, Mehdi Bazargan and Shahpur Bakhtiar were associates of Mossadeq. They tend to be in the right and moderate wings of the party. Newer leaders such as Mohammad Beheshti, and Mohammad Tavasoli, were not in evidence in Mossadeq's day. They are in the radical wing of the National Front.

The National Front has not put forward a program other than calling for a return to the constitution, although exactly what is meant by this is subject to individual interpretation. At minimum it probably means a separation of

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executive, legislative and judicial powers with the Shah's role greatly reduced. But the constitution also calls for a Shah of the Pahlavi dynasty and stipulates that the Shah is the commander in chief of the armed forces, provisions which the more radical National Frontists would reject. Ideologically the front ranges from democratic socialists to far leftists but just short of communism. These differences could provide serious problems in a National Front dominated government.

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Provided to Brzezinski 4 Nov.

SUBJECT: The Question of Possible Soviet Role in Anti-Shah Movement in Iran

There is no hard evidence that the USSR or any other foreign power is involved in fomenting or encouraging the current anti-government campaign in Iran.

However, it is a matter of record that the Soviets have successfully recruited high-level Iranian military officers, several of whom were discovered and arrested within the past year. These are doubtless not all of the Soviet agents/agent of influence who are in place in Iran.

[Redacted]

It is possible the Soviets have manipulated these agents to bring about whatever level of destabilization which they perceive in their interest.

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Iranian officials including the Shah believe that the Soviets are behind recent internal strife in Iran.

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evidence such as placards, red flags and slogans had been found which proved that communist elements are working with religious groups in fomenting the disorder. According to [Redacted] the pro-Soviet Communist (Tudeh) party of Iran has played some role in recent demonstrations in Iran, particularly at the universities. The Iranians have also ordered military units on the Soviet border to be alert for penetrations of Iranian airspace by Soviet helicopters which, in one instance, the Iranians suspect were discharging weapons.

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Should the US business community be encouraged to remain in place in Iran?

Book value of US non-oil direct investment in Iran totaled \$217 million at year end 1977, \$90 million of which was in the manufacturing sector. US oil companies no longer have an ownership stake in Iran, although they operate the major oil fields under contract to the National Iranian Oil Company.

US companies are unlikely to pull out physically from Iran as a result of the current strife. US assets could not be easily withdrawn since nearly all are involved in joint-ventures with Iranian partners. American corporations more likely would quietly pull out their personnel and/or their dependents if conditions worsen. The company name and domestic organization would be left intact in the hope that losses could be minimized when conditions improved.

Planned US investment in Iran is probably dead for the present. Ford had intended to invest in Iran and GM had agreed to substantially increase its interests in the country. These and other US companies for the present are apt to maintain a wait-and-see attitude.

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How could the World Bank and the IMF help solve Iran's economic problem?

The World Bank and the International Monetary Fund (IMF) could both serve in an advisory role to the Iranian government.

- The World Bank provides loans for, and advises on, specific developmental projects such as dams, irrigation schemes, road building, power grids, etc.
- The Fund deals with the broad economic conditions of the country in question and carries out consultations with host governments, usually on ways to solve balance-of-payment problems.

The IMF, as an international and supposedly "neutral" organization, would be the logical choice to play the chief advisory role to the Iranian government. The Fund can provide experts on taxation, planning, budgets, banking, and other general economic areas.

The World Bank also has such experts, but it tends to focus on specific projects in less developed countries.

Tehran has rejected planning suggestions and advice from international institutions in the past and would probably be particularly adverse to specific recommendations on allocation of resources -- e.g. between military or civilian needs -- because of the foreign policy and domestic political implications. For their part, the Fund and World Bank also tend to shy away from direct policy inputs, preferring to give or withhold their blessing on government-derived plans. The Iranians might welcome consultations on less politically sensitive and more specific areas, however, such as an improvement of their planning and budgeting organization or on ways to improve Iranian agriculture.

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