

# **ANGLO-IRANIAN OIL CRISIS FILES**

**BP / BRITISH PETROLEUM / ANGLO-IRANIAN OIL COMPANY**

**DEPARTMENT OF STATE FILES**

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# **BP - British Petroleum (and other appellations) CIA - British Government Files**

1353 pages of CIA, British Government, and State Department files covering the interest of the once British Government controlled enterprise subsequently known as BP - British Petroleum. In 1908 BP - British Petroleum was founded as the Anglo-Persian Oil Company.

The files chiefly covers the British (AIOC/BP)-Iranian oil dispute of the 1940's and 50's, and the United State's involvement in its settlement and regime change in Iran.

## **BP - British Petroleum - Anglo-Persian Oil Company History**

In May 1901, British businessman William Knox D'Arcy entered into an agreement with the Shah of Iran for the exploration of oil. The 1901 concession for the exploration of oil resources in South Persia was entered into between the Persian Government and Mr. D'Arcy on the 28th May, 1901. It included the provision of the exclusive right for 60 years for the exploration of petroleum throughout the Persian Empire, with the exception of five provinces in Northern Persia. The Persian Government was to receive £20,000 in cash, £20,000 in paid upshares, and annually a sum equal to sixteen percent of the Company's profits.

D'Arcy placed his entire fortune into the search for oil, but after almost seven years, there was no sign of commercial exploitable petroleum. The venture and D'Arcy's money was nearing an end. A telegram was sent to the chief geologist, George Bernard Reynolds, to shut down operations. Reynolds delayed following the orders due to a strong "rotten egg" smell that engulfed the drilling camp. A few days later, oil was shooting high into the Iranian sky. Oil was discovered by D'Arcy's venture on May 26, 1908. According to the official BP/British Petroleum history, upon hearing the news D'Arcy said, "If this is true, all our troubles are over."

In 1908, the Anglo-Persian Oil Company (Later the Anglo-Iranian Oil Company, then British Petroleum) was created with its main asset, D'Arcy's oil rights. In 1914, APOC had accumulated large oil reserves, greater than demand at the time. Other oil companies had the lock on the industrial petroleum market. The automobile age oil thirst had not yet appeared. The lack of revenue drove the company close to bankruptcy.

Winston Churchill, who was First Lord of the Admiralty at the time, believed that the British Navy should switch from being powered by coal to oil. Churchill sensed coming years of war. He appealed to Parliament

that Britain should secure a protected supply of oil. In 1914, the British government subscribed to the Company a total of £2,200,000, becoming the majority share holder with 56% of the Company's shares.

In 1917, APOC bought the German motor oil company named British Petroleum. In 1935, the Company was renamed Anglo-Iranian Oil Company, after Persia changed its name to Iran. Iranian leaders over the years sought to modify the terms of the APOC/AIOC oil concession, which many in Iran saw as exploitative. A 1933 re-negotiated concession was later found to be unsatisfactory to the Persian government. After years of negotiations, the opposing sides were not able to reach an agreement.

In March of 1951, the Iranian government, elected by the Iranian parliament, of nationalist Prime Minister Mohammed Mossadegh (also spelled Mosaddegh, Mosaddeq, Mossadeq, or Musaddiq), nationalized the British owned Anglo-Iranian Oil Company. The AIOC at the time was providing 90 percent of the petroleum used in Europe. Mossadeq transformed the AIOC operations in Iran into the National Iranian Oil Company.

The January 7, 1952 issue of Time Magazine named Mossadeq as Man of the Year for 1951.

The British government was infuriated by the takeover of its oil company. The British government was able to organize a successful boycott of Iranian oil. Both nations were thus denied revenue from the abundant Iranian oil supply. The U.S. Secretary of State at the time, Dean Acheson, 17 years later wrote in his book, "Present at the Creation: My Years in the State Department," that "Never had so few, lost so much, so stupidly and so fast."

In October 1951, British elections lead to the Conservative Party taking power, returning Winston Churchill to the position of Prime Minister. After the earlier loss of the India colony, Churchill was committed to not seeing any more dissembling of the Empire.

BP/British Petroleum's current official history completely omits the years 1952 and 1953.

The British government began seeking ways, including military action, to end the rule of the Mossadegh government. When Mossadegh learned of the British intentions he shut down the British Embassy and deported British citizens from Iran. The British government turned to U.S. President Harry Truman. Truman was against military intervention or giving support to a coup. It has been reported that Truman told the British government that the CIA had never overthrown a government and that he did not want to establish such a precedent.

After President Eisenhower took office in 1953, the British government conveyed its concern that control of Iran could fall into communist hands. The United States and Britain feared the links Mossadegh had to the Iranian communist Tudeh Party. In August 1953, the United States and Britain began planning a coup to remove Mossadeq from power.

The CIA operation in Iran was codenamed TPAJAX. The plan was coordinated by the CIA's Special Activities Division political action officer in Iran, Kermit Roosevelt, the grandson of President Theodore Roosevelt. The covert action combined propaganda dissemination, encouraged acts of provocation, demonstrations, bribery, employed agents of influence, "false flag" operatives, dissident military leaders, and paid protestors. The goal was to lapse Iran into chaos.

On August 16, 1953, The Shah sent Iranian Imperial Guard Colonel Nematollah Nassiri to arrest Mosaddegh. Instead, Nassiri was arrested by forces loyal to Mosaddegh. The next day, the Shah left the country, taking refuge in Rome. On August 19, the CIA arranged for a mob to march on Mossadegh's home. Pro-Shah Iranian army forces arrested Mossadeq. The senior army general chosen by the CIA to lead the coup, Fazlollah Zahedi, gave a broadcast to the nation declaring that he was the lawful prime minister by the order of the Shah. The Shah soon after returned to Iran.

Mossadegh was tried by a military tribunal for treason. He was convicted and sentenced to three years of solitary confinement, followed by life confined to his home village, where he remained until his death in 1967. A number of Mossadegh's supporters were taken into custody, imprisoned and tortured. Mossadegh's closest associate, Minister of Foreign Affairs Hossein Fatemi, was executed on October 29, 1953 by order of the Shah's military court. Dozens of military officers and student leaders were executed by military tribunals. After the Shah returned to Iran, to remain in control, he governed in an increasingly authoritarian manner.

Mossadegh's National Iranian Oil Company became an international consortium, and AIOC resumed operations in Iran as one of its members.

The AIOC renamed itself the British Petroleum Company in 1954. After Margaret Thatcher became Prime Minister, she endorsed privatizing many British government owned assets. In several stages from 1979 to 1987, the British government sold all the shares of British Petroleum it owned. In 1998, British Petroleum merged with Amoco, formerly the Standard Oil of Indiana, becoming BP Amoco plc. In 2000, BP Amoco acquired Arco (Atlantic Richfield Co.) and Burmah Castrol plc. In 2001, the company formally renamed itself as BP plc.

## **CONTENTS**

**SECTION 1 - CIA FILES**

**SECTION 2 - BRITISH GOVERNMENT FILES**

**SECTION 3 - U.S. DEPARTMENT OF STATES FILES**

**Section 4 - NSC REPORT**

# CIA FILES

322 pages of CIA files. The files mostly date from 1947 to 1954. According to CIA staff historian Nick Cullather, who worked in the Agency during 1992 and 1993, files dealing with on the ground covert action of Operation TPAJAX were destroyed or lost by the Agency. The files presented in this research set are comprised of National Intelligence Estimates, reports from the Office of Reports and Estimates, and Special Estimates.

Also included among the CIA files is a once Top Secret draft history written by the Central Intelligence Agency's history staff in 1998. The agency still considers 88 pages of the 139 page report to be too sensitive to release, even 57 years after the events the report covers. The report titled "Zendabad, Shah!: The Central Intelligence Agency and the Fall of Iranian Prime Minister Mohammed Mossadeq, August 1953," was released in a redacted form after a lawsuit was filed for materials relating to Iran in 1953. At first it was denied in its entirety, then upon review, sections already marked Unclassified were released along with a single section previously marked Secret. The document is potentially of great historical value because it was prepared by a trained CIA historian, with the benefit of access to still classified supporting documentation and many years of historical perspective.

The set includes a text transcription of a book review from the CIA's internal journal "Studies in Intelligence." This 2004 article is a review of "All the Shah's Men: An American Coup and the Roots of Middle East Terror Intelligence in Recent Public Literature" by Stephen Kinzer. The review was written by CIA staff historian David S. Robarge.

## **BRITISH GOVERNMENT FILES**

973 pages of British Prime Minister's Cabinet Papers. Files mostly date from 1946 to 1954, covering the Anglo-Iranian oil crisis. Composed of papers kept by the Cabinet Office including ministers' memorandums, cabinet conclusions, and cabinet meeting notes.

The Cabinet Office provides the secretariat for the Cabinet and its committees. The papers include minutes called "conclusions." Conclusions document opinions and ideas discussed at cabinet meetings. Memoranda are kept by the Cabinet Office and are used for policy issues dealing with specific events. The memorandums usually include an outline of the issue, its background and significance, possible solutions, and a precise recommendation for action.

## **UNITED STATES DEPARTMENT OF STATE FILES**

50 pages of State Department files dating from 1951 to 1953. Highlights include:

A memo from Secretary of State Dean Acheson on the information that should be disseminated to the Iranian people as part of its "psychological strategy program."

A report on the initial findings of a working group consisting of representatives from the State Department, Department of Defense, the CIA, and the Joint Chiefs of Staff on plans for "the specific military, economic, diplomatic, and psychological measures which should be taken to support a non-communist Iranian Government or to prevent all or part of Iran or adjacent areas from falling under communist domination."

A memo by Secretary of State John Dulles mentioning that it is sometimes possible for the Department to inspire editorials in U.S. media. Dulles writes this would be useful in case, "Embassy should desire certain points of view brought out for benefit American public or particular emphasis laid upon points which have not received full understanding and publicity. Additionally, VOA (Voice of America) might, pick up such editorials or articles and play them, on Persian program without any indication U.S. official inspiration."

## **Nation Security Council (NSC) Report**

A 1952 eight-page report from the National Security Council titled, "A Report to the National Security Council by the Executive Secretary on United States Policy Regarding the Present Situation in Iran."

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8:42 a.m.

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PLS PASS IBDNY.

Iranian press and public apparently unaware storm criticism of Iranian attitude re oil which has appeared in US press, particularly since Mosadeq's Natl Press Club speech. Emb has considered it unwise make this knowledge available through its USA news report. We believe, however, it might be helpful VOA cld next several days outline in friendly and restrained manner various critical editorials. It is believed this cld be done in such way as convey idea that US generally sympathetic with Iranian aspirations for full econ and polit independence but inclined think Iranians have allowed themselves to be swept by emotions into position which puts them in light unfair to selves and renders it extremely difficult for their Amer friends to aid them without appearing to approve of their somewhat rash actions and rather unreasoning attitude.

Excerpts from series critical editorials might be sweetened to extent by interjection selections from editorials or statements made by prominent US officials showing understanding of Iranian position for urging Brit also show more flexibility. We deem it equally helpful for VOA programs, whenever appropriate, to indicate desires people US to help Iranian people in every possible way and to make friendly ref to Shah as their progressive leader.

HENDERSON

DU:ED

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FROM: Tehran

TO: Secretary of State

NO: 2870, January 30, 4 p.m.

1. Dept will notice from Tabriz 66 January 27, 67 January 28  
Meshed 28 January 28 and Isfahan 12 January 24 that in  
compliance with instructions by Min Int Tehran all for info  
and cultural centers outside Tehran including USIE offices  
being ordered closed.

2. It wld appear that this measure aimed primarily against  
branches Brit council but it is being applied also to Sov  
and Amer cultural and info offices outside Tehran. Altho  
GOVGEN in Isfahan has personally indicated he wishes USIE  
continue its good work there we have no (rpt no) reason  
believe that an exception will be made re that office. In  
our opinion PRIMIN Mosadeq who is actively in charge Ministry  
of Int is determined at this juncture to carry out decision  
of govt made originally more than 2 years ago that "cultural  
relation societies will be established only in Tehran" and  
"cannot open any branches or have any activities in the pro-  
vinces." It is believed he is already pledged to close offices  
of Brit council and it wld be polit impossible for him to do  
so in present atmosphere without applying law equally to Amers  
and Russians. He is at present under fire from both left and  
right opposition for not (rpt not) having closed US Consulates.

3. On number occasions in past Russians have been ordered to  
close their VOKS office in Tabriz. They have either ignored  
these orders or have closed temporarily reopening again after  
period of rest. Irans apparently hesitate to take firm  
measures against Russians altho at one time they went so far  
as to cut off electricity from Voks office in Tabriz. Brit  
council offices will undoubtedly close and Voks may shut down  
temporarily. Question arises as to what we shld do. Our  
recommendations are as fols"

(A) We shall informally inquire thru Mins who most value USIE  
activities, that is, Mins of Educ, Health and Agric, whether  
in their opinion govt is really serious in its demand that  
USIE provincial offices shld be closed and also whether it wld  
serve any useful purpose to take matter up with Mosadeq.

(B) If in opinion these Mins some useful purpose might be  
served in discussing matter with PRIMIN we shall go direct to

him.

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-2- #2870, January 30, 4 p.m. from Tehran.

him.

(C) In case in opinion of these Mins it wld be preferable to close these offices at least temporarily. We shall do so quietly with minimum amt publicity. There will of course be some publicity but we can point out these offices were established with cooperation Iran authorities and in view present policies Iran Govt it was decided it wld be preferable to suspend our activities at least for time being.

4. If I thought it wld serve any useful purpose I wld have no (rpt no) objection going at once to PRIMIN with regard this matter. If we find out however from exploratory convs with mins friendly to USIE that PRIMIN's mind is fixed it wld seem useless approach him at present. Furthermore, I do not (rpt not) like putting ourselves in position of arguing case for Russia and Brit. In case PRIMIN seems determined it seems to be it wld be preferable for us quietly to suspend operations with hope that after elections have been concluded and present state natl hysteria somewhat subsided we may be able quietly and unostentatiously to resume operations.

5. We shall take no (rpt no) further steps at this time re opening USIE office in Shiraz or elsewhere. It is our intention in case we do suspend activities in 3 cities mentioned above to transfer as much as possible of info activities to friendly Iran Govt institutions. Some of this work, of course, can be handled from Tehran. Therefore, the USIE office here shld have added to its staff Amer USIE personnel at present in provinces.

Dept will be kept informed re developments.

HENDERSON

AB:RVW

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**Department of State**

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IIA media giving moderate, factual treatment developments Iran GOVT crisis, avoiding (REPT avoiding):

- 1) all unofficial comment,
- 2) speculation on stability, composition, policies of new GOVT
- 3) indication of connection between Mossadegh's resignation; and Anglo-Iranian oil controversy,
- 4) speculation that new GOVT might open way for oil settlement, and
- 5) discussions of probable more pro-Western orientation of new GOVT.

In order not ~~to~~ embarrass new GOVT every effort being made keep output completely neutral in tone.

EMB's comments and continuing suggestions RE guidance this matter urgently requested.

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JUL 18 1952 P.M.

Drafted by: *JFA*  
NEA/P: JFAmofy:ph 7/18/52

Telegraphic transmission and classification approved by: Shepard Jones

Clearances: Cleared in substance:

GTI - Mr. Ferguson  
I/POL - Mr. Yeager  
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Origin

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FOL is IIA policy guidance issued media today RE IRAN POLIT developments:

(FYI begins: For present we show minimal US interest in POLIT developments in Iran and particularly in maneuvers concerning oil or exploitation of oil controversy. Ends FYI.) Minimize Navab statement re legal case aspects of oil. It is not (RPT not) useful. Avoid statements that <sup>WLD</sup> would indicate US concern over fate of Iran or will bail Iran out in a showdown. Support with factual coverage and moderate, selected comment Iran GOVT efforts to quell discred and GOVT exposés of Tudeh COMMIE machinations.

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Telegraphic transmission and classification approved by:

E. P. Montgomery *Edon*

Clearances: Cleared in substance with:  
NEA/P - Mr. Amory IPO - Mr. Damon *Edon*

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U.S. PUBLIC OPINION ON IRAN

CONTENTS

Iran in the Public Eye

Significance of Iran on World Scene

Attitudes Toward Iranian Personalities  
The Shah  
Mossadegh  
Kashani

Attitudes Toward Oil Dispute  
Importance Attached to the Dispute  
Attitudes Toward U.S. Policy in  
Oil Dispute  
Popular Opinion

Criticisms of U.S. Policy

Copies to: P - Mr. Phillips  
NEA/P - Mr. Sanger  
NEA/P - Mr. Steiner  
PA - Mr. Boughton

Prepared in Division of Public Studies  
November 10, 1952

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## U.S. PUBLIC OPINION ON IRAN

November 10, 1952

### Iran in the Public Eye

Until fairly recently, public attention in the United States has rarely been directed toward affairs in Iran. In recent decades, Europe, the Far East and Latin America have drawn much more interest than the strange and little-known Near and Middle East. Iran's role in World War II received publicity at the time and in the spring of 1946 the presence of Soviet troops in Iran, as debated in the UN Security Council, attracted major attention. The Security Council question was the first great post-war crisis involving potential or actual Communist aggression. It attracted attention as the first move by the West to arrest the tide of Communist expansion. In this context, Iran per se was less important than the basic principle involved.

Between 1946 and 1951, when the Anglo-Iranian oil dispute broke, Iran had not occasioned much public attention, in comparison with other areas in the forefront of world politics. Since the spring of 1951, however, public interest, as measured in news attention, press and radio discussion, etc., has been active and sustained. The successive developments in the oil dispute have usually received prominent and serious attention. While the amount of attention has naturally varied according to the relative newsworthiness of events, interest has remained, on the whole, on a fairly high level.

A recent national opinion survey indicates that Iran's international problems have made a dent upon the man in the street. This survey asked respondents how important it was for the United States "to cooperate closely" with five given countries. Iran was rated third in order of importance, ahead of Israel and Yugoslavia, and behind France and Western Germany. In fact, almost as many said it was very important to cooperate with Iran (42%) as in respect to France (45%).

### Significance of Iran on World Scene

The prime significance of Iran as a foreign policy problem is considered to rest in her strategic proximity to the Soviet Union and in her rich oil resources. To a lesser extent, Iran receives prominent attention as an area in need of economic development and as a focal point in the world-wide movement of nationalism.

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The possibility of Soviet control of Iran has been the major element present in practically all public discussion concerning that country. Ever since the close of World War II, commentators have seen Iran as one of the two or three world positions against which Soviet pressure is steadily directed. Iran's rich oil deposits have also been often stressed, although as the Anglo-Iranian oil dispute has continued, the importance of Iran's oil has been more and more discounted.

Attitudes Toward Iranian Personalities:

The Shah: In contrast to the "flamboyant" personality of Mossadeqh, the Shah at no time has made a very vivid impression on American observers. On the occasion of his six-week visit to the U.S. at the end of 1950, he drew only light, though on the whole friendly, press and radio comment. Then as now, the young King, in the view of most commentators, appeared likeable and well-intentioned. His peak position in the public esteem was probably reached during the summer of 1952, when the initiation of the royal land reform program caused the Shah to be widely and favorably compared with his neighbor, the deposed Farouk. For a time, some hope was even expressed that he might assume personal leadership in Iran, possibly establishing a military dictatorship in the fashion of Egypt's Naguib. But as editors saw the Iranian situation going from bad to worse, they very soon "wrote off" the Shah as a force to be reckoned with, and many now believe that his days are numbered.

Mossadeqh: Premier Mohammed Mossadeqh, on the other hand, has achieved a fame among the American public that is equaled by few other faces on the contemporary international scene. Actually, in spite of, or perhaps because of his "exasperating" diplomatic tactics and odd foibles, "Mossey" or "The Weeper" has deeply intrigued American observers, most of whom at first regarded the old man in the frayed dressing-gown as a figure of comic relief. But at the beginning of 1952, Time regretfully announced its choice of Mossadeqh as the "Man of the Year", explaining, "because his rapid advance from obscurity was attended by the greatest stir." He "increased the danger of a general war, impoverished his country and brought it and some neighbor lands to the brink of disaster."

In the wake of events since January, observers have shown increasing impatience with Mossadeqh's "intransigence" and with his "blackmail" threats, and the belief that he is "playing fast and loose with the destiny of his people" is extremely widespread. Nevertheless, most of those commenting adhere to the conclusion that any foreseeable alternative to Mossadeqh could only be worse.



Kashani: The "fabulous" Mullah Ayatollah Kashani, would-be-unifier of the entire Moslem world and unofficial ruler of Iran's political street gangs, is dreaded as just such an eventuality. His election as speaker of the lower house of the Iranian Parliament evoked widespread references to that "violent anti-Westerner", and his utterances since then have done little to amend his sinister reputation. In the majority view, the "ambitious" Mullah would not hesitate to collaborate with the National Front to further his aims.

### Attitudes Toward Oil Dispute

#### Importance Attached to Dispute

When the Anglo-Iranian oil dispute first hit the front pages in the spring of 1951, American editors and commentators took a very serious view of the situation. Initially, a grave threat was seen in the possibility that the West might lose access to Iran's oil deposits. Iran's oil output was widely believed to be vital to both the economic well-being and military potential of Western Europe. The possibility of the Soviets gaining access to or control of the oil also caused serious concern.

Subsequently, comment has revealed much less anxiety on this aspect of the problem. Commentators often noted that physical factors would seriously hinder, if not prevent, the Soviets from effectively exploiting the oil resources. Moreover, after a few months, it was generally realized that other oil-producing areas could easily replace, to a large extent, the oil formerly obtained in Iran.

Throughout the oil controversy, a grave threat, in the view of U.S. commentators, was the possibility of an economic and political upheaval, and of a Communist-oriented regime coming to power. For the most part, a Red Army invasion of Iran has not seemed likely to U.S. observers. But they have believed that there continues to exist a real possibility of an internal Communist coup which would result in Iran becoming a satellite of Moscow.

#### Attitudes Toward U.S. Policy in Oil Dispute

From the outset U.S. commentators took the view that the United States could not stay out of the Anglo-Iranian dispute, in view of the importance of the matter, and of our responsibilities in the Near East. At first, the role of a "mediator" as between London and Tehran was widely supported. Editors and

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other spokesmen urged that the government utilize every opportunity to assist the two parties to reach a solution.

On the merits of the problem, opinion throughout the controversy has been somewhat mixed. It was widely accepted that the Iranians had the right to nationalize their oil; indeed, U.S. observers in recent years have expressed a basic sympathy for nationalistic movements which seek greater local autonomy in political and economic matters. Moreover, initially, the British received considerable criticism for their alleged "ineptness" in not taking adequate measures to forestall the oil controversy.

As the months of controversy and negotiation dragged on, comment tended to become more sympathetic to the United Kingdom side and more impatient with the Iranian position. Commentators firmly upheld the principle of adequate compensation for the British interest, and the successive British offers usually were regarded as "fair" and "just". Similarly, Iranian policy, as developed under the "temperamental" Mossadegh, has more and more displeased editors and commentators. After eighteen months, the impression is widespread that Mossadegh's policy is simply one of "blackmail", resting on a snug assumption that the Western powers cannot allow Iran's position to deteriorate further.

Against this background, the tendency has been to support U.S. policy which is seen as generally in tune with the United Kingdom position. The joint U.S.-UK offers in recent months received wide support and Mossadegh's "summary" rejection of these offers brought considerable criticism of his attitude.

In recent months American commentators have come to regard prospects of an oil settlement as virtually hopeless. Consequently they have examined other possibilities of preventing a complete economic and political disaster in Iran.

Considerable support is evident for large-scale U.S. economic aid to Iran, as a "last-ditch" measure. Commentators have been resentful at Mossadegh's "blackmail" tactics. But some of them would nevertheless favor extending him help if the situation became more desperate. At the same time opposition would also be apparent, particularly if the aid looked like a "stop-gap" or a "bribe" measure.

Recent discussion has also indicated that opinion would welcome an arrangement for the operation of Iran's oil refineries by United States companies. While American commentators have in the past preferred a U.S. approach to Iran along lines of cooperation with the UK, they now see the situation so deadlocked that some U.S. action, independently of the UK, may be necessary.

Popular Opinion

Early in the oil dispute, few among the general public were aware of the problem, and among those the dominant reaction was that the U.S. "should stay out of it." In May 1951 a Gallup poll found that 32% of a national cross-section had some knowledge of the oil problem. Of this "aware" group, one-half (17% of the total) believed that the U.S. should not become involved, and the remainder were very much divided as to what role the U.S. should play.

Six months later, in November 1951, Elmo Roper found that twice as many Americans--61% of a national cross-section--claimed some basic knowledge of the Iranian situation, i.e., were aware of the fact that Iran's oil resources had been nationalized. This "knowledgeable" group were asked what policy the U.S. should follow, with these results:

34% favored U.S. mediation  
21 said, the U.S. should stay out of it  
2 favored supporting the UK  
1 favored supporting Iran  
3 had no opinion  
61%

Criticisms of U.S. Policy

Despite wide public support for specific U.S. steps taken in various stages of the oil dispute, criticism and dissatisfaction over U.S. policy toward Iran have persistently been put forward. Much of the criticism and dissatisfaction reflects a feeling of frustration and unhappiness over overall developments in the Arab-Moslem world. During the past year or two a variety of observers have analyzed the "inadequacy", "tragic failure", "too little and too late" aspects of our policies in the Near and Middle East. Commentators have often linked Iran with Egypt, North Africa and other Moslem areas where U.S. policy has allegedly "failed".

Specific criticisms of U.S. policy toward Iran, however, have not been numerous. Former Ambassador Grady's criticism, following his retirement, that U.S. aid to Iran had been inadequate, received considerable publicity but not much comment. Other criticisms, for the most part, have been sporadic and directed at details--for example, the criticism of the "heavy-handed" manner of presenting the U.S. \$10 million aid offer to Iran.

Most of the criticism directed at U.S. policy in respect to Iran--as in respect to other Near Eastern areas--appears to reflect simply a post hoc, ergo propter hoc type of reasoning. As in respect to China and other places where things have "gone wrong", there is a natural propensity for opinion spokesmen to conclude that the policies have been at fault. Some in extreme terms charge that "we have had no policy"; more moderate observers merely observe that the policies evidently have been "inadequate". But in any event few point out with confidence what policies would have worked in the past or would work today.

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Authority MM 959286  
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File  
PolicyMECHANISMMeasures which the United States Government Might  
Take in Support of a Successor Government to MosadeqAssumption -- A coup against Mosadeq has firmly established a  
successor government we wish to support.Problem -- What measures might the United States Government take to  
support the successor government?I. PSYCHOLOGICAL MEASURESPUBLIC

1. It would be literally fatal to any non-communist successor to Mosadeq if the Iranian public gained an impression that the new premier was a "foreign tool". The U.S. Government should confine any comment upon a change in government in Iran to a repetition of our traditional unwillingness to interfere in the internal affairs of a free country and our willingness to work with the government in power. The U.S. Government should give no indication that it considers a successor to Mosadeq to be ready to serve U.S. interests or that the British had a hand in bringing him to power. Naturally, there should be no expression of regret that Mosadeq has departed from the political scene.

2. The U.S. Government should avoid any statement that the oil question is involved in a change of government in Iran. It is important that neither the U.S. nor U.K. Governments should rejoice publicly over expectations of a more reasonable Iranian attitude towards solution of the oil problem.

3. To show that the U.S. is not antagonistic to the successor government, an official comment could be made that we are, as always, interested in helping any free country to build its strength against communist subversion and will work with the present government of Iran to that end, if so requested by the Iranians.

4. It is important that U.S. Embassy officials be most circumspect

TOP SECRET SECURITY INFORMATION

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in initial contacts with members of a new Iranian Government.

5. A visit to Tehran by the Secretary of State, should he be passing through the Middle East at a time when a new Iranian Government has become firmly established, would have important effect and he might wish to consider such a visit in the light of the situation existing at the time.

PRIVATE

1. Concealing the foreign hand to the maximum extent possible, both the Shah and the successor to Mosadeq should be informed at an early date that the U.S. is eager to assist in any way feasible the success of the new government.

2. Both the Shah and the new premier should be informed through private non-American channels that the U.S. and U.K. realize that for the new government to raise the question of an oil settlement before it is firmly established is far too dangerous a matter to be considered. Naturally, private assurances that the oil dispute will be settled on reasonable terms may be sought, but it would be disastrous for a new government to be forced immediately and publicly to attend to the oil dispute which engenders such fanatic emotions in Iran.

3. Recognizing the importance of a propaganda machine in supporting the new government and repressing opposition, the U.S. might covertly assist in subsidizing some pro-government newspapers and could openly make radio equipment and technical advice available to a new government's effective operation of Radio Tehran.

II. MILITARY MEASURES

PUBLIC

1. Any ostentatious increase in U.S. military aid to a new Iranian Government would be likely to create public antagonism in Iran both to the U.S. and the new government, since Iranians are so sensitive to fears that their country is being prepared to serve as a foreign military base. Certainly any displays of foreign armed might, such as a visit by a foreign naval force or flights of foreign aircraft, would be disastrous to the establishment of a new government.

2. In consultation with a new government, arrangements might be made for the U.S. Government to pay the costs of U.S. military advisory missions presently representing a financial burden to the Iranian Government.

PRIVATE

1. Privately the new government could be assured of U.S. willingness

TOP SECRET SECURITY INFORMATION

Authority MM 959286  
 By W/11 NARA Date 7/9/71

TOP SECRET SECURITY INFORMATION

-3-

to provide military aid to any reasonable extent desired. A particular point might be made of providing military items such as trucks and communication equipment which have civilian uses.

2. Since it is quite likely that a coup against the Mosadeq Government will result in serious urban disturbances and possibly outbreaks resembling civil war in the provinces, the new government will probably face an initial problem of restoring order. Riot-quelling weapons, small arms, and money should be available in case the U.S. Government desires to furnish such equipment clandestinely to any Iranian forces.

### III. ECONOMIC MEASURES

1. Budgetary support will be an important and immediate need of any successor to Mosadeq. At first, foreign budgetary aid should be given as privately as possible without requiring public agreements or commitments on the part of a new Iranian Government. A covert operation might meet this problem for the first month particularly in payment of security forces, a maximum figure (based on last year's Iranian budget) of \$5 million a month. Grant budgetary aid should not be forced upon a new Iranian Government with requirements for formal commitments or acceptance of a large community of Americans to supervise disbursements.

Appendix I describes in detail Iran's yearly budgetary deficit (\$45 million if the MIIC calls enough off to cover its own expenses). A basic assumption to this estimate is that a new government will not be in a position to continue Mosadeq's clandestine printing of new currency.

2. Note issue is an explosive political problem in Iran. Mosadeq has officially denied the fact known to the Embassy that his Government has printed 1.5 billion rials illegally. A new government, exposing this fact, could brand Mosadeq as a liar and malefactor. It would not be difficult in Iran to add a rumor that Mosadeq and his associates had profited personally from the illegal and secretive expansion of the note issue. Such an exposure might, however, create panic in Iranian financial circles and would effectively prevent the new government from taking Mosadeq's course of inflationary financing.

A public offer by the U.S. Government to cover the illegally expanded Iranian note issue would have a dramatic and extremely useful political, financial and psychological impact in Iran. (This would involve about \$30 million) Perhaps no other move could so effectively and immediately demonstrate U.S. support of the new government. It would allow full play of the new government's propaganda to show up Mosadeq as a liar, cheat and thief. It is a step which would require no expenditure of money by the Iranians and no foreign supervision of disposition of the funds. At the same time, in the peculiar atmosphere of Iran, it would be considered an important and beneficial type of foreign aid.

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Privately, in this manner, it might be agreed that the gold offered by the U.S. Government would remain in the U.S. as backing for Iranian currency to be used at some appropriate later date for economic development in Iran, since 100 percent backing of Iran's currency is not a fiscal necessity.

3. Land-Lease and Surplus Property deliveries to Iran created a debt of nearly \$30 million. It is obvious that the Iranians cannot pay this without oil income and there is serious question as to their intentions ever to pay. A gesture of goodwill towards a new government should include an announcement that Iran's debt would be written off either completely or perhaps against some expenditures in Iran, i.e. economic development, student exchange, etc.

4. Trade, except for oil exports, naturally moves from Iran toward the Soviet bloc. This movement is accelerated when non-communist nations are unable to offer equivalent trade opportunities. For example, the communist system of state trade permits the conclusion of trade arrangements for political rather than commercial reasons and also permits barter trade which creates Iran's foreign exchange problems. Both the Japanese and the Germans can have profitable and voluminous trade relations with Iran. This trade could also be on barter basis. The establishment of German and Japanese diplomatic and economic missions in Iran would help a great deal in this regard. Further encouragement for trade between Iran and other Western nations, including the U.S., might result from a minimum of temporary technical and financial assistance. For example, a market for aviation might be found in the U.S. if this government were prepared to make a small investment to get it started.

5. Oil income is normally the largest source of revenue for Iran. Although the oil dispute should not be thrust upon the new government in its infancy, the British might be encouraged to allow certain measures to be taken to keep the Iranian oil industry in some minimum operation on the presumption that the new Iranian Government would reach some mutually satisfactory settlement of the dispute with the British.

6. TCA. Present plans call for reducing the TCA Program in Iran to \$14 million in new funds. The present level of expenditures, which involves both FY '52 and FY '53 appropriations, is about \$3 million a month or \$35 million a year. TCA hopes that its reduced program will be supplemented by additional material aid in an amount sufficient to bring the '54 program up to the current level of expenditures. If the Point Four Program were reduced without additional material aid at a time when a new government is struggling for position in Iran, it would be considered evidence of U.S. disinterest which might not only weaken the new government but could quite possibly lead to the cancellation of the Point Four Agreement and expulsion of that source of U.S. influence.

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7. Economic Development. Any new government of Iran must lay claim to a program to develop the country economically. To support such a program the U.S. should be in a position to offer immediately at least \$15 million to help the Iranians complete dams or other projects of a long list of worthy subjects developed by American and other advisors since the War. Appendix II describes three separate irrigation projects, which together could be developed with \$45 million over a three-year period.

The Export-Import Bank has long had earmarked a \$25 million loan for economic development in Iran, and it is probable that this loan could be advanced quickly with Departmental encouragement. It must be frankly admitted, however, that Iran's ability to repay any such loan or provide the real costs of the projects involved without oil income is limited.

Iranian Airways. The Iranian Airways which at present is faltering for lack of money and equipment and which is dominated by a known Soviet agent could be restored to effective operation by a U.S. private concern supported unobtrusively by the U.S. Government.

**IV. RELATIONS WITH THE UNITED KINGDOM**

1. Any British statements welcoming a successor to Mosadeq or otherwise indicating that the successor will serve U.K. interests, will probably serve as death warrants for the new premier.

2. If the U.K. restricts U.S. action vis-a-vis a new Iranian Government on the plea that the oil dispute must first be settled on terms satisfactory to the British, the problem of supporting a new government will become almost insurmountable.

3. Neither the U.S. nor the U.K. can hope to obtain public economic concessions or political rights in Iran, and this fact should be mutually understood between the U.S. and U.K. before embarking upon any adventures in internal Iranian politics.

**V. RELATIONS WITH THE USSR**

1. The Soviets would undoubtedly use all means at their disposal to oppose any government which promised to rule Iran with a firmer hand than Mosadeq has used. The latter's opposition has constantly accused him of softness toward the Tudeh, which organization has recently devoted much effort to explaining to its members why Mosadeq should be supported in his feud with the Shah, obviously fearing severe restrictive measures against it should a new Prime Minister appear.

2. Once he was out of office, Mosadeq would automatically become a Tudeh martyr and the party would throw its full weight behind those elements seeking his restoration. Should Mosadeq himself disappear

**TOP SECRET SECURITY INFORMATION**

TOP SECRET SECURITY INFORMATION

- 6 -

from the scene, the Tudeh could conceivably seize control of the nationalist movement in his name and make a concerted drive to seize power for itself.

3. It is to be expected that Soviet agents would actively aid the Tudeh, including furnishing of arms clandestinely, but that Russian armed forces would not enter Iran because of the danger of a resultant all-out war. For the same reason Western forces could not be used on Iranian soil to aid the new government without running the danger that the Soviets would then invoke the 1921 treaty allowing for the introduction of Soviet troops into Iran under certain conditions. That these conditions as stipulated would not exist, would obviously not deter Soviet action.

4. Aside from providing covert assistance to government forces, the U.S. approach would consist of a vigorous propaganda offensive pointing up a) the well-known and easily documented Russian orientation of Tudeh policy, b) the ways in which the Russians lend assistance to Tudeh, and c) the complete opportunism of communist policy as evidenced by its former violent attacks on Moslems as an imperialist agent.

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DEPARTMENT OF STATE  
Washington, D. C.

March 20, 1953

MEMORANDUM FOR MR. JAMES S. LEE, JR.  
EXECUTIVE SECRETARY, NATIONAL SECURITY COUNCIL

SUBJECT: First Progress Report on Paragraph 5-a of  
NSC 136/1, "U.S. Policy Regarding the Present  
Situation in Iran"

NSC 136/1 was approved as governmental policy on  
November 20, 1952. It is requested that this progress report  
as of March 11, 1953, be circulated to the members of the  
Council for their information.

Introduction

1. Paragraph 5-a of NSC 136/1 reads as follows:

"In the event of either an attempted or an actual  
communist seizure of power in one or more of the provinces  
of Iran or in Tehran, the United States should support a  
non-communist Iranian Government, including participation  
in the military support of such a government if necessary  
and useful.\* Preparations for such an eventuality should  
include;

"a. Plans for the specific military, economic,  
diplomatic, and psychological measures which should  
be taken to support a non-communist Iranian Govern-  
ment or to prevent all or part of Iran or adjacent  
areas from falling under communist domination.

\* \* \* \* \*

"\*If it is found necessary for the United States to  
provide military forces in this area, implementation will  
require either a substantial augmentation of over-all  
United States forces or a reduction of present United  
States military commitments elsewhere."

2. In accordance with the foregoing, a Working Group  
consisting of representatives from the Departments of State  
and Defense, CIA and the JCS was formed to develop plans for  
the specific measures indicated.

By WDF Date 2/29/00
Authority AND 959285

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3. Although many of the specific plans required are still in the process of preparation, the Working Group submits herewith a Progress Report as of March 11, 1953, for the information of the members of the Council.

4. The Working Group desires to point out that in addition to the two conditions envisioned in paragraph 5-a of NSC 136/1, there is also the possibility that a communist seizure of power in Iran may take place imperceptibly over a considerable period of time. Under this contingency, it would be extremely difficult to identify and demonstrate to our allies that specific countermeasures were required to prevent communist infiltration from reaching the point where it would be able to significantly influence the policies of the Iranian Government. In such circumstances, it might be desirable to implement certain of the plans discussed in the attached Report, prior to an identifiable attempted or actual communist seizure of power.

5. Because of the sensitive nature of the information contained in this Progress Report, it is requested that special security precautions be taken in its handling and that access be limited strictly to individuals requiring this information in the performance of their official duties.

Measures Being Taken to Implement Paragraph 5-a of NSC 136/1

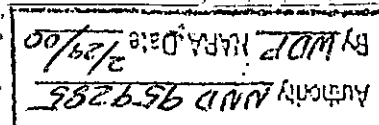
CONDITION I

1. Measures to be taken to support a non-communist Iranian Government in the event of an attempted communist seizure of power:

a. Military: Predicated on the assumption that the Iranian Government makes an appeal to the U.S. for direct military assistance, the JCS have recognized three feasible U.S. military courses of action, namely:

(1) To conduct a show of force by periodic flights of carrier aircraft, or aircraft from land bases outside of Iran, over key centers. Recommendations concerning possible employment of U.S. naval and SAC units have been requested from CINCNELM and CGSAC, respectively. To date these recommendations have not been received.

(2) To assist the legal Iranian Army with logistic support by augmenting the present policy of arms aid. Since there is no way of foretelling what assistance might be needed or requested by the Iranians, meaningful plans cannot be prepared in advance. However, the Chief of Staff, U.S. Army, could draw up the necessary plans very quickly when the necessary specific information became available.



TOP SECRET  
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(3) Furnish additional arms aid to appropriate Middle East countries so as to eventually enable them to possess the strength to secure their frontiers against effective communist infiltration. The Joint Chiefs of Staff keep this matter under continuous review.

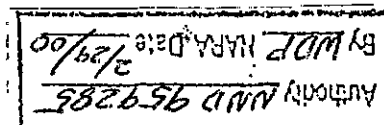
b. Economic: It is doubtful that any increase in the present level of MDAP and Point Four programs (\$66.6 and \$20.8 millions, respectively) would be justified if the Iranian situation became more unstable. If economic conditions in Iran continue to deteriorate as a result of the continued instability of the government and its inability to market oil, it is possible that a situation might arise where it would be in the U.S. interest to give the National Front Government direct financial assistance should such a request be received. The Department of State has recommended that a contingency fund of \$45 million be set aside for this purpose, and the matter is currently under consideration by the Bureau of the Budget. This action would be consistent with NSC 136/1, but would have to be justified in the light of the situation existing at the time the request is made.

c. Diplomatic: An attempted communist seizure of power would probably be designed to exploit the increasing economic and political difficulties facing Iran. Thus U.S. diplomatic planning in such a situation requires continued efforts on the part of our Ambassador in Tehran to negotiate a settlement of the oil controversy between Mosadeq and the U.K. and in the event of an attempted coup, to urge positive action, including the prompt use of security forces, upon such Iranian authorities as may be capable of such action with a view to preventing a communist seizure of power.

d. Psychological: The PSB on January 15, 1953, approved a "Psychological Strategy Program for the Middle East" (D-22) which includes within this broader framework guidance for psychological operations in Iran. When prepared, plans for specific psychological measures in the event of an attempted communist coup in Iran will be consistent with this program and with the approved PSB policies contained in "A Strategic Concept for a National Psychological Program with Particular Reference to 'Cold War' Operations under NSC 10/5" (D-31).

e. Special Political Operations: Current special political operations in Iran, which are directed toward counteracting and reducing Tudeh influence, would be continued and, if circumstances permit, intensified in the event of an attempted communist coup. These operations are designed to:

(1) Influence specific political, military and religious leaders to speak out strongly against the Tudeh threat.



TOP SECRET  
SECURITY INFORMATION

- (2) Induce certain political and military leaders to institute administrative and security actions to curb Tudeh activities (demonstrations, strikes, etc.).
- (3) Maintain anti-Tudeh propaganda.
- (4) Instigate physical attacks upon Tudeh facilities and demonstrations.
- (5) Obtain the publication of anti-Tudeh material in the press, and in pamphlets, books, posters, etc.
- (6) Influence the choice of a successor to Mosadeq in the event of his resignation or death.
- (7) Maintain liaison with potential resistance groups, in particular elements of certain strong tribal elements in southern Iran.

(It should be noted that: (a) CIA's detailed plan for covert operations in Iran during 1953 was approved by the PSB on January 8, 1953, and (b) certain of the special political operations listed under Condition II, below, could, if circumstances warranted, be implemented under Condition I.)

CONDITION II

2. Measures to be taken to prevent all or a part of Iran or adjacent areas from falling under communist domination in the event of an actual communist seizure of power in one or more of the provinces of Iran or in Tehran:

a. Military: In the event of a Tudeh coup in Iran, the JCS have recognized three feasible U.S. military courses of action, namely:

- (1) Furnish additional arms aid to appropriate Middle East countries so as to eventually enable them to possess the strength to secure their frontiers against effective communist infiltration. The Joint Chiefs of Staff keep this matter under continuous review.
- (2) Deploy appropriate Air Force units, on the order of 1-1/2 wings plus support units, to southern Turkey with a mission of assisting Middle East governments in preventing the spread of communist power to their countries. The Chief of Staff, U.S. Air Force, has been requested to recommend the composition of the Air Force organization to be deployed to southern Turkey under this contingency.

(3) Deploy U.S. ground Division, reinforced, and need

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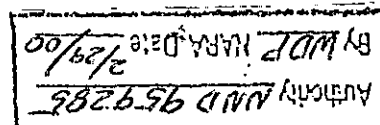
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SECURITY INFORMATION

naval forces to the vicinity of Basra with a mission of assisting Middle East governments in preventing the spread of communist power to their countries. This would be accomplished by the physical presence of U.S. military power, demonstrations of strength and as a last resort, when authorized by proper authority, combat operations. CINCNELM has been requested to make appropriate recommendation with regard to this course of action but his reply has not yet been received. Our present state of preparedness is such that the 82nd Airborne Division, the 2nd Marine Division or an infantry division in Europe could be moved on short notice provided the necessary shipping were made available. The movement of any one of these divisions would take approximately 60 days. The logistic support required to maintain the deployment of these forces could be accomplished only at the expense of critical supplies now destined for Korea. Similarly, any force deployments to the Middle East would necessitate a substantial upward revision of U.S. force ceilings or a reduction of our commitments elsewhere.

b. Economic: The U.S. Government would provide such economic assistance as required to sustain and strengthen whatever non-communist Iranian Government remained after the communist coup. Specific plans for this eventuality cannot be prepared in advance, but it is likely that requirements for such aid would follow the general pattern, though on a reduced scale, of the economic assistance being given the ROK Government. The early appointment of an over-all coordinator for economic aid would, on the basis of Korean experience, greatly increase the effectiveness of any specific economic measures which might be undertaken in such a contingency.

c. Diplomatic: (1) The United States Government will not recognize a communist government of Iran and will publicly support anti-communist Iranian elements in Iran or abroad. Such support might involve the recognition of an Iranian Government in exile. Since the Shah might be a useful rallying point for such a Government, arrangements to facilitate his escape from Tehran in an emergency are under consideration. In addition, there will probably always be some prominent Iranian public figures outside Iran (such as the Iranian Ambassador to the United States) who could participate in such a movement. For political and security reasons, no advance planning in this regard can be attempted with any Iranian leaders, including the Shah.

(2) Any anti-communist Iranian Government will under such circumstances undoubtedly appeal to the United Nations for



TOP SECRET  
SECURITY INFORMATION

diplomatic and military support. This appeal should be exploited in the United Nations to demonstrate the aggressive character of Soviet communism. However, major policy decisions would be required before active military support could be given by the United Nations.

(3) Unless compelling circumstances prevent it, or other satisfactory arrangements can be made, the Saudi Arabian Government will be asked for permission to use Dhahran as a transit point in connection with contemplated U.S. covert operations.

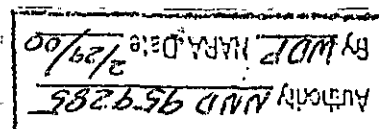
(4) It is assumed that Turkey, Iraq and Pakistan would each feel threatened by a communist government in Iran and could, therefore, be expected to show sympathy for anti-communist Iranian elements. Diplomatic planning is directed toward insuring the greatest possible measure of cooperation of these countries in support of the non-communist Iranian Government. It should be recognized that the extent of cooperation provided by those countries would, of course, be influenced by their appreciation of Soviet reactions to any measures which they might initiate.

(5) The active cooperation of the British Government is of major importance in any plans which may be developed to meet this contingency. Every effort will be made through diplomatic means to secure this cooperation, but the failure to secure U.K. support will not in itself prevent the U.S. from taking such measures as are possible to achieve our national objectives.

d. Psychological: No specific psychological measures have yet been planned for implementation in Iran in the event of an actual communist seizure of power.

e. Special Political Operations: (1) At the present time CIA has a stockpile of small arms, ammunition and demolition materiel under USAF cover, Wheelus Field, Tripoli. The stockpile is in quantity designed to supply a 10,000-man guerrilla force for six months without re-supply. In other increments there is sufficient materiel to equip basically a 4000-man guerrilla force. (Locales of storage are New Jersey, Ismailia Suez Canal Zone, and Tripoli.) CIA is now considering the feasibility of adding essential food stuffs and clothing to existing or other stockpiles. An estimate of such requirements is in the process of preparation.

(2) These supplies could, within 3 to 4 weeks, be transported by air and sea to certain strong tribal





TOP SECRET  
SECURITY INFORMATION

elements in southern Iran (in particular the Qashqai tribe) who might, in the event of a Tudeh coup, be prepared to conduct resistance activity against such a Communist government. However, for political and security reasons, no attempt has been made to conduct advanced planning of this sort with Iranian officials.

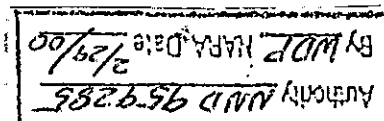
(3) CIA has an agreement with the Qashqai tribal leaders in southern Iran to establish a clandestine safe haven base from which guerrilla and intelligence operations could be conducted utilizing the manpower of these elements (estimated 20,000). Four members of one group have been given radio communications training by CIA. Conditions in South Iran, attitude of the Iranian Army and neighboring tribes, status of an Iranian rump government or government in exile, the political attitudes of the tribe in question, and degree of our support in time of Tudeh control have a bearing, however, on the tribal will and ability to conduct resistance activity. To date CIA has trained and equipped a total of approximately 10 indigenous clandestine radio operators to be located throughout Iran and who can be called upon to maintain communications with CIA when desired. Others are being trained.

(4) Reception points in the Tehran and Tabriz area and in South Iran where supplies and personnel can be clandestinely introduced into Iran are in the process of being established. A certain quantity of communications equipment, cash and gold has been cached within Iran, and a considerable amount of cash is available in Tehran.

(5) CIA planning includes the creation of eight 3-men teams to assist in supply, training and operation of Iranian resistance elements.

(6) Representatives of CIA and the British Intelligence Service met during the latter part of February to consider joint activities in Iran in the event of a Tudeh coup. The report of this meeting has not yet been received, but the discussions included the following topics:

- (a) Potential resistance groups.
- (b) Conditions under which assistance will be offered.
- (c) Extent and nature of assistance.
- (d) Supply channels to resistance groups.



TOP SECRET  
SECURITY INFORMATION

- (e) Maintenance and establishment of liaison and communications.
- (f) Establishment of advance supply bases outside of Iran.

RESPONSIBILITIES FOR FUTURE PLANNING

3. In the preparation of the plans for specific military, economic, diplomatic and psychological measures required by paragraph 5-a of NSC 136/1, the working Group has agreed that responsibilities for future action in this regard will be as follows:

a. State: (1) Recommendations as to possible levels of direct financial assistance to Iran under Conditions I and II.

(2) Plans for the Shah's escape from Tehran in an emergency.

(3) Plans for the handling and exploitation in U.N. of an Iranian appeal for diplomatic and military support.

(4) Negotiations with the Saudi Arabian Government for the use of Dhahran as a transit point for U.S. supplies to Iran.

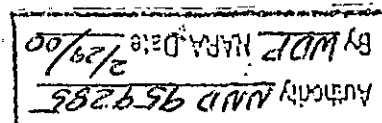
(5) Plans for discussions at the appropriate time with Turkey, Iraq, and Pakistan re joint action in support of the Iranian Government under Conditions I and II.

(6) In coordination with the JCS, plans for early political-military discussions with the British Government re joint action in support of the Iranian Government under Conditions I and II.

b. Defense (assisted by the JCS): (1) Plans for a show of force by periodic flights of carrier or land-based aircraft over key centers in Iran, under Condition I.

(2) Recommendations as to possible levels of increased logistic support through augmentation of arms aid to Iran under Conditions I and II.

(3) Recommendations as to the possible levels of additional arms aid to appropriate Middle East countries under Conditions I and II.



TOP SECRET  
SECURITY INFORMATION

(4) Plans for the deployment of 1-1/2 Air Force wings to southern Turkey with the mission of assisting Middle East governments in preventing the spread of communist power to their countries, under Condition II.

(5) Plans for the deployment of one Division (reinforced) with necessary supporting air and naval forces to the vicinity of Basra with the mission of assisting Middle East governments in preventing the spread of communist power to their countries.

(6) In coordination with State, plans for early military discussions with the British military authorities re joint action in support of the Iranian Government under Conditions I and II.

c. CIA: (1) Intensify, and if possible expand, their current special political operations, directed toward counteracting and reducing Tudeh influence in Iran.

(2) Take steps to move appropriate quantities of para-military equipment to bases as close to Iran as possible.

(3) Continue to increase its capability to conduct para-military operations in Iran under Condition II.

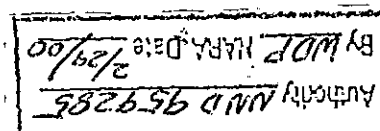
(4) Conduct joint planning with the MAAG mission in Iran for para-military operations in Iran under Condition II.

(5) As considered desirable in the light of U.S. national objectives in Iran, continue joint planning with the British clandestine services for coordinated action under Condition II.

(6) Plans for transporting arms and materiel to Iran under Conditions I and II.

d. PSB: PSB will be requested to supervise the preparation of plans for specific psychological measures in Iran and in the Middle East under Conditions I and II.

/s/ Walter B. Smith  
Under Secretary



OUTGOING AIRGRAM

Department of State

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CLASSIFICATION

American Embassy TEHRAN

A-326, June 26, 1953

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Authority UND 85-213  
By BC 7/9/92  
NARA date

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3285

It is sometimes possible for Department to inspire editorials or articles in U. S. publications which can be useful in case Embassy should desire certain points of view brought out for benefit American public or particular emphasis laid upon points which have not received full understanding and publicity. Additionally, VOA might pick up such editorials or articles and play them on Persian program without any indication U. S. official inspiration.

When Embassy thinks such measures required, Department will seek to place appropriate stories, although it would not be wise take such measures except on problems of substantial policy interest. Ambassador concurs.

DULLES

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*(RHS)*

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NEA:GTI:TAcker/JHStutesman:br

Cleared in draft: IFI/N-Mr. Stearns TA  
IPO-Mr. Damon TA  
P--Mr. Schwinn TA

S/S-CR

JUN 26 1953 P.M.

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**In July 1953, "Clandestine Radio Azerbaijan at Baku", which had been broadcasting reports about preparation for a coup for several months, described "the intrigues of the American and British imperialists and the subversive actions of the Shah," as "part of a wide plan that is being carried out all over the country." Activities included uprisings, distribution by the army of arms to tribal groups, meetings with tribal leaders, staged demonstrations, and tribal conferences organized by the U.S. embassy.**

Clandestine Radio Azerbaijan (at Palu) has been plugging the "military coup" line for several months. A few references to this activity follow:

1 May 1953 At present the American Ambassador at Tehran is engaged in a fresh double cross. With the aid of such spies and traitors as Ala, Zahedi, Haerizadeh and Mir Ashrafi and of bogus religious leaders such as Behbehani. These elements want to make a military coup to liquidate the Mossadeq govt and establish a new govt. Among those involved are those German fascists now in the service of the Americans.

7 May 1953 The murder of Afshar Tus was one of a continuing series of plans which the Americans and British are making with the son of Reza Khan. The chief instigators of these plans are the American Ambassador and the son of Reza Khan. In the past these plans have included the Qavam incident, the Bakhtiari incident, etc.

15 May 1953 The Persian monarchy was established by the imperialists and its continued existence serves their purposes. Thus, the Shah and the American imperialists are trying to stifle the voice of the people through a military coup.

7 July 1953 All the intrigues of the American and British imperialists and the subversive actions of the Shah for staging a military coup are related. All these actions are part of a wide plan that is being carried out all over the country. It has involved the Afshar Tus affair, the Bakhtiari uprising, distribution by the army of arms to the Kuh-i-Giluyeh tribes, meetings between army heads and tribal leaders at Kermanshah, meetings in Khorasan, staged demonstrations at Meshed, arms given out at Yazd, tribal conferences by the tribal section of the U.S. Embassy, etc.

APPROVED FOR RELEASE  
Date 6/2/53

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DRAFT 8/10/53  
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*42 = Messages 8/27/53*

42-46  
R

MEMORANDUM

SUBJECT: Proposed Course of Action with Respect to Iran

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POLITICAL SITUATION:

During the past six months, developments in Iran indicate a trend toward an authoritarian, reformist government.

Political power has been further consolidated in the hands of Prime Minister Mosadeq. The power of the Majlis has steadily declined, and Mosadeq has launched a nationwide popular referendum to give him authority to dissolve the Chamber. The Shah has been reduced to a symbolic representative of the institution of the Throne and defender of the Muslim Shiah faith. Mosadeq's principal political opponents among the traditional governing groups have been routed. The Government has gained more effective control of the army which constitutes the most important single deterrent to the communists. The Tudeh Party has re-emerged after a period of quiescence as a strengthened contestant for political ~~part~~ power.

COMMENT:

Prime Minister Mosadeq is presently in complete control of the political situation in Iran. The referendum regarding

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-2-

the dissolution of the Majlis, which commenced in Teheran on August 3, resulted in a 99.93% vote in favor of dissolution. It will be continued in the rest of Iran on August 10 and will probably be equally decisive. Mosadeq will thereafter be able to set the date for elections for a new Majlis which, when held, will probably further consolidate Mosadeq's power. If, for some reason such as death or normal parliamentary procedure, Mosadeq should be replaced as Prime Minister, it is more than likely a successor would be selected who would be in sympathy with Mosadeq's basic objectives. It is unlikely that a coup d'etat by Mosadeq's opponents among the former governing groups or by the Tudeh Party would be attempted because neither is sufficiently strong or well-organized to attempt a coup. Furthermore, the Iranian Government is itself sufficiently alert and strong to anticipate and stamp out an attempted coup. The danger in Iran at the present time is that Mosadeq, having partially alienated the former governing groups and many of his own colleagues such as Kashani, may rely to an increasing extent on the Tudeh Party for political support. During this process, the Tudeh Party will have greater opportunities

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-3-

opportunities to infiltrate the various organs of government and may, during some future political crisis while Mosadeq is Prime Minister, be in a position to demand representation in his government. Meanwhile, in any event, Mosadeq's toleration of Tudeh activities and acquiescence in Tudeh political support increases the scope and prestige of the communists in Iran.

ECONOMIC SITUATION:

During the past six months the Iranian economic and financial situation has continued to deteriorate, although the Iranian Government continues able to finance current expenditures. Iran's foreign trade is approximately in balance. Inflationary pressures have increased but without apparent harm to any important segment of the population.

COMMENT:

It now appears probable that the Iranian Government can meet its fiscal needs, at least through March 1954, by measures such as (1) borrowing from the Bank Melli and other government banks, (2) issuing additional currency, (3) borrowing from the IMF, or (4) reducing its contemplated expenditures. This

expectation

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-4-

expectation is based on the observation that the government is increasingly freeing itself from the political and legal restraints governing its fiscal and monetary policies, Iran's foreign trade is in balance and items other than "essential" are coming in because of (1) tightened controls over the allocation of scarce foreign exchange resources, (2) clearing payments agreements with Western Germany, France, and Italy and the barter agreement with the U.S.S.R. and (3) Point IV's ability to supply certain items such as sugar, which would normally require foreign exchange. Additional foreign exchange could probably be obtained from the IMF or from the gold reserve covering the currency. The Government's inflationary policies have on the whole been beneficial in stimulating domestic commerce, preventing significant unemployment and forcing increases in wages as well as in rents and profits. Indications are that the currency issue will be further increased but confidence in the currency remains fairly high and it does not now appear that run-away inflation is in prospect. In light of the foregoing, it does not appear that the economic and financial situation in Iran is one which is causing Mosadeq

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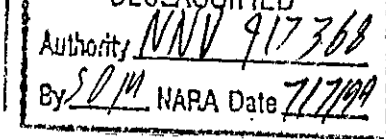
undue alarm. He apparently feels capable of meeting the minimum needs of the people from the resources of the Iranian Government other than oil.

LAST NEGOTIATIONS WITH IRAN:

Between December 1952 and February 1953, the United States and the United Kingdom made a concerted effort to reach agreement with the Iranian Government with respect to the oil controversy. This effort culminated in the U.S.-U.K. proposals of February 20, 1953 which provided for (a) determination through the International Court of Justice of compensation due the AIOC "for the loss of its enterprise in Iran" and of the validity of Iranian claims against the AIOC; (b) the establishment of a marketing organization of an international character to purchase Iranian oil; and (c) the purchase by the United States Government, immediately following agreement upon methods for determining compensation, of \$133,000,000 worth of oil and oil products. These proposals were rejected by Prime Minister Mosadeq on March 20, 1953. Subsequently, on May 28, Mosadeq wrote President Eisenhower that "the Iranian nation hopes that ... the obstacles placed in the way of sale of Iranian oil can be removed, and that

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TOP SECRET

-6-

if the American Government is not able to effect a removal of such obstacles, it can render effective economic assistance to enable Iran to utilize her other resources." This communication was answered by President Eisenhower who explained why, in the circumstances, the Government of the United States is not presently in a position to extend more aid to Iran or to purchase Iranian oil. It was observed, among other matters, that it would not be fair to the American taxpayers for the United States Government to extend any considerable amount of economic aid to Iran so long as Iran could have access to funds derived from the sale of its oil and oil products if a reasonable agreement were reached with regard to compensation whereby the large-scale marketing of Iranian oil would be resumed.

COMMENT:

In February the United States and the United Kingdom made [an] extremely reasonable and fair proposals to Mosadeq to solve the oil controversy. These proposals provided for arbitration in the ICJ of the claims of both parties but were worded in such a way that Iran would not have been saddled with an impossible debt. They also made it possible for an

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Authority NNV 917368  
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-7-

international marketing company to be formed, consisting of British, Dutch, and American companies, which would purchase and sell Iranian oil. The proposals also provided for an advance of \$123,000,000 by the United States Government to Iran against future oil deliveries. This sum would have provided immediate financial relief to the Iranian Government. They also provided that 25% of the gross proceeds of the sale of oil would be set aside in escrow to be utilized in payment of the compensation to be determined by the ICJ. It was with great difficulty that the United Kingdom was persuaded to agree in all details of these proposals. Both in the past and in the future the lengths to which the United Kingdom may go in agreeing to an oil settlement are limited by reactions in England and in the Middle East. If the terms of an oil agreement with Iran appeared to be too liberal, the Conservative Government in London would subject itself to strong political opposition. Furthermore, capitulation to Iran would probably affect the relationship between British oil companies and other Middle Eastern oil producing countries such as Iraq. The Iranian Government rejected the February proposals

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proposals largely for political reasons. Mosadeq and nationalization of British oil, including the question of compensation, have become synonymous to such an extent that, unless the settlement were clearly favorable to Iran, Mosadeq would not be able to come to an agreement. Furthermore, the non-settlement of the dispute provides Mosadeq with a means whereby he can appeal to Iranians on political grounds and continue to count on their support.

OTHER SOLUTIONS TO OIL DISPUTE: 1) Lump-Sum Settlement

On various occasions during the past two years, reference has been made to the possibility of a lump-sum settlement between the United Kingdom and Iran. Although Prime Minister Mosadeq has from time to time vaguely mentioned the possibility of agreement on compensation by this means, the United Kingdom is firmly opposed. The reasons for U.K. opposition are: (1) The essence of the Truman-Churchill proposals of August 1952 was the prior acceptance of the principle of compensation awarded through impartial arbitration. To abandon this principle, following years of negotiation with the Iranian Government in terms of arbitration would undermine any possibility that Mosadeq would come around to arbitration and would

Authority	NNV 917368
By	S/M NARA Date 7/17/99

TOP SECRET

-9-

set an undesirable precedent in the event other Middle Eastern countries were tempted unilaterally to cancel existing oil concessions; (2) The abandonment of impartial arbitration would set in train a process of bargaining involving claims and counterclaims which would lead to no result and would probably worsen relations between the United Kingdom and Iran, prejudicing possible future negotiations. As late as March 1953 the British Foreign Secretary reiterated to the Department that the United Kingdom would be unwilling to consider or to discuss a lump-sum settlement with Prime Minister Mosadeq. In any event, even if the United Kingdom Government were willing to discuss a lump-sum settlement with Iran, it seems likely that Mosadeq would eventually reject it for the same reasons that he finally refused to refer the compensation question to the ICJ.

2) Moratorium:

On various occasions during the past two years, reference has also been made to other means of settlement of the oil dispute, including the possibility of a "moratorium," that is a setting aside of the question of compensation for a period of time,

TOP SECRET

-10-

of time, coupled with the simultaneous arrangements to produce and market Iranian oil. Although this possibility is appealing in that it would temporarily remove the main question from the area of conflict and would permit the receipt by Iran of revenue from its oil resources, it is extremely doubtful if the United Kingdom would be willing to proceed on this basis because it would mean that the compensation question would probably be deferred indefinitely. Basically, it would subject the United Kingdom Government to strong political criticism at home and might affect the status of other oil concessions in the Middle East.

3) Purchase by U.S. of U.K. Equity in <sup>L</sup>AIOC:

Another solution, to which reference has been made, is a lump-sum offer to the United Kingdom for the purchase of the United Kingdom equity in the AIOC interests in Iran in the belief that the United States could thereafter, unhampered by previous negotiations, make a settlement with Iran. Although it is possible that the substitution of the United States for the United Kingdom would simplify and might ease negotiations with Iran, the same political reasons which motivated Mosadeq in rejecting

TOP SECRET



Authority	NNV 917368
By	S. D. M. NARA Date 7/17/99

TOP SECRET

-11-

in rejecting the February proposals would also apply to future United States proposals. Furthermore, the United Kingdom would probably refuse such an offer from the United States because it would be damaging to their political standing at home, their prestige in the Middle East, and the possibility of a settlement with some future Iranian Government favorable to the United Kingdom.

SALE OF IRANIAN OIL:

Following the nationalization of the AIOC in March 1951, the Iranian Government has made several efforts independently to market existing stocks of Iranian refined products and crude oil. Sales have <sup>been</sup> made to such countries as Italy and Japan in small quantities. In each case the AIOC brought suit in the courts of the respective countries and in each case the courts upheld the title of the NIOC. It would logically seem to follow that the Iranian Government or the NIOC would be able to sell further quantities of oil. This has not, however, been the case. The reason for non-purchase of Iranian oil by independent oil companies has probably been because of price factors and because these companies would

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By <u>SDM</u> NARA Date <u>7/7/99</u>

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-12-

thereby prejudice their relationships with and purchases from the British, Dutch, and American oil companies. It has been said that the United States Government has discouraged the free world purchase of Iranian oil. The record indicates, however, that the United States Government has neither encouraged nor discouraged the purchase of Iranian oil but has indicated to American independent oil companies and to foreign governments that the question of purchase was one for each to decide. It would accordingly be possible for purchases to be made by these companies if it was commercially feasible to do so. The fact that few purchases are made, although under some uncertainty, would seem to indicate that the purchase of Iranian oil is not sufficiently advantageous from a commercial point of view.

RECENT DEVELOPMENT:

During recent weeks there have been hints and indications through the Iranian Ambassador in Washington that Prime Minister Mosadeq was interested in the possibility of a settlement of the question of compensation along the lines of the arrangement reached between Mexico and the United Kingdom

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Authority	NNV 917 368
By	S/M NARA Date 7/17/99

TOP SECRET

-13-

Kingdom in 1947. As Mosadeq's interest was not expressed officially to either the United Kingdom or the United States Governments, it is not clear whether Mosadeq's interest is genuine or merely for some political advantage which Mosadeq hopes to achieve internationally or in Iran. On general principles, it would be desirable to investigate the extent of Mosadeq's interest and the possibility of a settlement of the question of compensation along the lines of the Mexican-United Kingdom arrangement. In view of the fact that the Iranian Ambassador made known Mosadeq's interest to an unofficial American, it would be possible to conduct the investigation through him or directly with Prime Minister Mosadeq in Iran. It is believed, however, that it would be desirable first to discuss Mosadeq's recent approach with the United Kingdom Government to obtain their reaction and approval because, in the final analysis, acceptance of such a proposal rests with it.

CONCLUSIONS:

1) Iran will be governed for the foreseeable future by Mosadeq or a successor who will pursue generally similar policies.

2) Iran

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2) Iran seems able for the time being to function economically and financially without income from its oil resources.

3) The U.K. will continue for the foreseeable future to be unwilling to settle the oil dispute on terms which would cause strong political criticism in England or would upset existing oil concessions with the Middle Eastern countries.

4) The United States should continue for the foreseeable future to maintain a friendly and firm position in relation with both Iran and the U.K. with the objective, in a changing international situation and a local situation in Iran, of bringing both together on the terms of an oil settlement.

RECOMMENDATIONS:

In the light of the foregoing developments, it is recommended that the following steps be taken at the present time:

1) Consultation with the United Kingdom Government to determine its current appraisal of the political and economic situation in Iran;

2) Further

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By S/D NAPA Date 7/7/49

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2) Further exploration with the U.K. Government of the possibilities of a settlement of the oil dispute by the following means:

- a) Arbitration;
- b) Lump-sum settlement;
- c) Moratorium;
- d) Purchase by U.S. of U.K. equity in AIOC;

3) In the event the United Kingdom Government is unwilling to take any of the steps envisaged under 2) above, agreement by the United Kingdom Government that an unofficial American proceed to ascertain whether Mosadeq is genuinely interested in a settlement along the lines of the Mexican proposal.

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AIR POUCH

PRIORITY

FOREIGN SERVICE DESPATCH

SECURITY INFORMATION  
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(Security Classification)

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FROM : AMEMBASSY, TEHRAN

264  
DESP. NO.

TO : THE DEPARTMENT OF STATE, WASHINGTON.

November 7, 1953

REF :

NOV - 7 1953

58 For Dept. Use Only	ACTION <i>Not</i>	DEPT.
	REC'D	OTHER
	11-13	CIA-7 FOA-10
		DC/R-1 EVR-5 OLI-6 E-4 NEA-4 P-4 I-4 IRS-3 ICS

SUBJECT: Use of Material in American Publications Concerning Iranian Situation.

It has seemed to the Embassy that it is vital for the Zahedi Government to adopt a planned program of public information concerning the situation of the international oil industry, the position of Iran therein, and to be able to relate the present American emergency financial aid to the need for a prompt settlement of the oil dispute with Great Britain. Certain suggestions and proposals are being elaborated jointly by the Embassy and USIA which could be helpful to the Zahedi Government, which has asked for such suggestions in the informational campaign upon which it is embarking.

After some thought on the subject the Embassy believes it would be extremely useful for a publication well known in Iran to carry either an editorial or an article which would cover the points mentioned above and which could be utilized to very good effect in Iran. The Embassy therefore has drafted the attached statement entitled "Dilemma in Iran" which it would like to suggest to the Department could be utilized as soon as possible as the basis for an editorial or article in either one of the three American publications having most influence in Iran; namely, New York Times, Time Magazine and Newsweek. In view of the article's length, it might possibly be most advantageously used in the Sunday Editorial Supplement of the New York Times.

*Loy W. Henderson*  
Loy W. Henderson  
American Ambassador

Enclosure  
Statement entitled  
"Dilemma in Iran"

ANSWER - IPS

NOV 9 1953

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RMMelbourne/gld  
REPORTER

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The action office must return this permanent record copy to DC/R files with an endorsement of action taken.

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JAN 13 1954  
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DILEMMA IN IRAN

Of the sectors of the world giving headaches to our country's policy-makers few are as conspicuous as Iran. Willy Dr. Mosadeq, who nationalized the Iranian oil industry, expelled British oil interests and broke relations with Great Britain, before his overthrow nearly three months ago, attempted a policy of open blackmail against the free world. He took the position that there was no alternative to his regime except communism; that the United States, therefore, must decide whether or not: (1) his regime because of lack of funds was to fall and be replaced by a communist regime or (2) the United States would support his regime financially over an indefinite period of time.

By taking such a position he placed our Government in a dilemma. On one hand the taking over by Iran of communist would represent a serious threat to world peace; on the other hand the American tax-ridden public would certainly not tolerate the indefinite extension of American financial support to a government which, if it desired, could immediately obtain the funds necessary for its maintenance from the utilization of its own national resources.

The American Government attempted to solve this difficult problem by trying to persuade the two parties concerned to reach an agreement with regard to Iranian oil which on the one hand would assure the integrity of Iran and on the other would be in accord with principles of international intercourse which must be preserved if a free world is to survive. Dr. Mosadeq, unfortunately, refused to enter into such an agreement and continued as a right to demand American financial assistance in lieu of oil income.

When representatives of the free world would point out to Dr. Mosadeq that he was leading Iran in the direction of communism, he was accustomed to reply, "So much the worse for you."

Like politicians in other countries who bear great responsibility for the loss of the independence of their people, Mosadeq seemed to believe that he could cooperate with the communists to his own advantage and that whenever he desired, that cooperation could come to an end. He permitted the communist elements in Iran considerable latitude in stimulating hatreds between various groups of Iranians and in stirring up hostility against the countries of the free world. In the latter days of Mosadeq's regime it would appear that it was being transformed into a vehicle in which the communists would be able to hitchhike into power. By the early part of last August it had become clear that instead of Mosadeq using the communists for his purposes, they were using him for their purposes.

When the Iranian people finally realized the situation, under the leadership of those loyal to the Shah and to Iranian institutions, the forces opposed to alliance with or domination by the communists arose in wrath and enforced the firman of the Shah replacing Mosadeq by Zahedi. Thereafter the United States,

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aware of the chaotic financial and economic situation which General Zahedi inherited and which in great measure had been concealed from the Iranian people, decided to allocate on an emergency basis the sum of \$45,000,000 to help Iran with its serious immediate problems. This emergency aid has given the Zahedi regime a breathing spell in which to consider sensible possibilities for attaining a settlement of the oil problem, which would result in the resumption of the flow of substantial quantities of Iranian oil into the world markets.

The problems which Mosadeq has left for the new government in Iran to solve are numerous and difficult. Not only is the treasury empty and the budget out of balance, but the property of the state which Mosadeq's Government failed to keep in repair is in a deplorable condition. The upkeep of the railways for instance has been neglected. It is only with difficulty, therefore, that on some of the trunk lines trains are able to move at half their normal speed. Roads have fallen into disrepair. Public buildings are leaking and in some instances crumbling. The great Abadan refinery which in 1951 was refining more oil than all the other refineries of Europe, Asia and Africa combined has been idle for more than two years. Many thousands of its employees as well as employees of the oil fields themselves are still unemployed. In order to minimize discontent the Government has been paying their salaries from its budget. Iran, which was once one of the world's great exporters of oil, has lost its oil markets. Iranian oil has been replaced by oil from other Middle Eastern countries, who have taken advantage of the presence of effective and experienced oil production and distribution organizations to increase their production by leaps and bounds. Similarly, many refineries in Europe and Asia have replaced the refinery at Abadan. One of the most difficult problems for the new Government of Iran is that of finding ways and means of restoring Iranian oil exports.

With the advent of the Zahedi Government, there was the prospect of a more sensible and sober Iranian approach to the problem of the production and distribution of its great oil resources. Nevertheless from news reports being received from Tehran it appears that the familiar difficulty of obtaining speedy concrete action remains. The \$45,000,000 which our Government contrived with some difficulty in obtaining from its unallocated foreign assistance funds, will be exhausted within a few months in an effort to maintain the country's budget and economy on an even keel. Combined with this is the news that certain demagogic self-styled nationalists, who have no understanding or apparent interest in the complexities of the extraction, refining and distribution of oil, are beginning to criticize the Zahedi regime's first hesitant steps toward solving a problem which literally embodies the life-blood of Iran.

It is our understanding that American officials in Washington and Tehran are seriously concerned because so many public spirited and patriotic Iranian citizens do not seem to have a full appreciation of the time factor with which Iran is confronted. There seems to be a failure on the part of many of them to realize how necessary it is for them to stand behind their Government in a



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(Classification)

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determined attempt to solve the most important problems of the country before the emergency aid which the United States has extended to Iran is exhausted. There seems to be a lack of understanding that although the American people have a deep interest in the welfare of the Iranian people and are anxious that Iran maintain its independence, they would however object to the extension by the American Government of additional aid to Iran unless Iran displays a willingness to enter into a mutually fair and reasonable agreement which would make it possible for the Iranian Government again to derive revenues from Iranian oil. It is hoped that the Iranian people as a whole will realize that only through a speedy settlement of the oil problem will the country have stability and again move along the road towards prosperity.

If the Iranian public could once understand how their country was being bypassed in the economic development of the Middle East, that the world does not need Iranian crude or refined oil resources to the extent of paying special benefits for them, and that its friend the United States and its other well-wishers would hardly be in a position to help Iran further in the absence of evidence that Iran was not doing all possible to help itself, a great and indispensable step would have been taken toward resolving the dilemma of Iran.

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SECURITY CLASSIFICATION

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FORM DS-507  
3-5-47

REQUEST FOR DECLASSIFICATION OR DOWNGRADING

DEPARTMENT OF STATE

SECTION A

TO: 1. ORIGINATING OR ACTION DIVISION AMEMBASSY TEHRAN-NEA/P	<del>SECRET</del>	EXTENSION 2282	BUILDING N.S.	ROOM NO. 3268
2. REQUESTER'S NAME Elwood B. Acker	DIVISION NEA/P	EXTENSION 2282	BUILDING N.S.	ROOM NO. 3268
3. DIVISION OF RECORD: DC/R, REF, PD, etc.				

SECTION B

ATTACHED  
THE FOLLOWING DESCRIBED DOCUMENT APPEARS TO NO LONGER WARRANT ITS SECURITY CLASSIFICATION

TYPE OF DOCUMENT

Attachment No. 1 to Despatch 264

TO: Department	DATE 11/7/53
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FROM: Tehran
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SUBJECT:  
Use of Material in American Publications Concerning Iranian Situation

PRESENT CLASSIFICATION  
CONFIDENTIAL SECURITY INFORMATION

SECTION C

THE CHIEF OF THE DIVISION TO WHICH THIS FORM IS ADDRESSED OR A PERSON DESIGNATED BY HIM WILL REVIEW THE SUBJECT DOCUMENT AND INDICATE THE DESIRED CLASSIFICATION.

RETAIN PRESENT CLASSIFICATION <input type="checkbox"/>	CHANGE TO:
	<input type="checkbox"/> TOP SECRET* <input type="checkbox"/> SECRET <input type="checkbox"/> CONFIDENTIAL <input type="checkbox"/> RESTRICTED <input checked="" type="checkbox"/> UNCLASSIFIED <i>*(If reclassified to a higher classification explain on reverse side).</i>

BY AUTHORITY OF: <i>Richard W. Acker</i>	DATE 11-20-53	OFFICE NEA/P
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SECTION D

- INSTRUCTIONS—(1) The requesting division will complete lines (1) and (2) of Section A and all of Section B of this form in duplicate.
- (2) Both copies of this form, with one copy of the document or documents to be downgraded or declassified, will be forwarded to the action or originating division concerned with the document attached where practicable.
- (3) The action or originating division will, if the contents warrant, declassify or downgrade the document by completing Section C of this form in duplicate and routing both copies to the division responsible for maintaining the official record copy.
- (4) The division that is the custodian of the record copy, upon receipt of this form, will file the original of Form DS-507, change the classification on the record copy of the document involved, and forward the duplicate copy of this form to the division initiating the request.
- (5) The division which initiated the request will note the action taken, make the necessary changes in classification of documents in its possession, and then route the duplicate of Form DS-507 to the Chief, Division of Security and Investigations (CSI).
- (6) In cases where the originating or action division wishes to initiate the declassification, the entire form will be completed and routed to the division maintaining the official record copy.

SECURITY CLASSIFICATION

~~CONFIDENTIAL SECURITY INFORMATION~~

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Source material from Federal Bureau of Investigation (FBI), Central Intelligence Agency (CIA), National Security Agency (NSA), Defense Intelligence Agency (DIA), Secret Service, National Security Council, Department of Defense, Joint Chiefs of Staff, Department of Justice, National Archive Records and Administration, and Presidential Libraries.

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