

SECURITY INFORMATION

CENTRAL INTELLIGENCE AGENCY

21 August 1953

SUBJECT: SE-49: THE CURRENT OUTLOOK IN IRAN

ESTIMATE

1. The alignment of forces in the present crisis and the character of the new government in Iran are not yet clear enough to permit a firm estimate of future developments. On the basis of present indications, however, we believe that the new government will consolidate its control over the country.

2. The security forces appear to be responding to the appeal of the Shah's authority, and the relatively few confirmed pro-Mossadeq men within the top command have apparently either accepted the change or been removed. Mossadeq himself has surrendered, and it is unlikely that the relatively small organized groups which supported him to the end will be able to stir up any further serious resistance. The tribes, many of which appear to have backed the Shah against Mossadeq, have thus far remained quiet.

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3. The new government will probably enjoy a wide degree of support, at least initially. Despite the enormous popularity and prestige which Mossadeq won through his achievement of oil nationalization, he failed to develop a strong organized body of loyal followers. As time went on he lost the support of most of the important political figures in Iran, including Kashani and other leading members of the original National Front. His popular appeal had also weakened, in part because of his failure to solve the oil question, but more because of his increasingly violent attacks on the Shah and his open collaboration with Tudeh. He became a virtual dictator, who was able to survive mainly because of his control of the machinery of government, his own indomitable personality, and Tudeh's assistance. At the end it appears that the mob turned against him, playing an important and possibly critical role in his downfall. Although many Iranians will regret the downfall of Mossadeq and will thus provide a source of future opposition to the new regime, most of them will probably acquiesce at least temporarily in the change.

4. The new government will be strongly opposed by the Communist Tudeh Party, whose support of Mossadeq in recent months was motivated in large part by the desire to prevent the "counter-revolutionary" forces around the Shah from regaining the ascendancy. However, Tudeh is not now capable of effectively battling the security forces, which will almost certainly take strong action against it. In addition,

the resurgence of anti-Communist, pro-Shah sentiment in the last few days may have caused Tudeh to lose some of its ability to marshal popular support. Even if Tudeh feels compelled to make an all-out effort, we consider Soviet military intervention in its support to be extremely unlikely.

5. In consolidating its control, the new regime will have the difficult task of establishing and maintaining a working alliance among the various groups which collaborated in Mossadeq's downfall. Although General Zahedi will probably seek to be a strong premier, his early announcements have laid great stress on the re-establishment of constitutional government under the Shah. In any event, he will have to work out compromises on patronage and policy among such divergent groups as the military leadership, violent and unreliable ultranationalists like Kashani and Baghai, and old guard conservative landowners. Moreover, the Shah has never backed any of his previous prime ministers consistently, and Zahedi may have difficulty in retaining his active support.

6. Zahedi, in attempting to formulate policy, will certainly be affected by the foregoing considerations. In addition, he will seek to avoid suspicion that he is betraying Iranian nationalism and he will have to guard himself against accusations that he is a puppet of British or US interests.

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- a. It will almost certainly seek a resolution of the oil dispute and be easier than Mossadeq to deal with. However, both on grounds of principle and for fear of ultranationalist objection, it will probably refuse to accept the settlement terms advanced by the British last spring and will almost certainly reject any restoration of British control or influence over oil operations within Iran.

- b. It will almost certainly expect an easing of the US attitude toward Iran now that Mossadeq has been deposed. Although it will wish to avoid any appearance of subservience to the US, it will probably seek additional US economic development aid and may request emergency financial assistance to help meet current budgetary deficits, which now amount to about \$ million a month. It may also seek additional military aid, although it would probably refuse any defense commitment to the US.

- c. It will probably maintain a vigorous anti-Communist attitude at home. This may result in the disruption of current negotiations with the USSR.

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- d. Although it will probably seek to initiate an economic reform and development program, little progress is likely in the absence of an oil settlement or substantially increased US aid.