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CENTRAL INTELLIGENCE AGENCY  
**INFORMATION REPORT**

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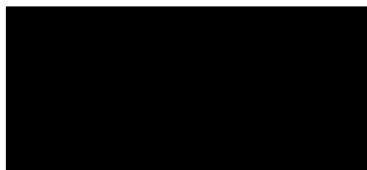
COUNTRY Iran

SUBJECT Strengthening of the Army  
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1. Conferences between General Fazollah Zahedi and officers of the Persian General Staff have led to a decision to increase the number of the army's effectives by nine divisions and five brigades. This will give a total of eighteen divisions.
2. Zahedi is proceeding on the same plan for the developing Iranian military strength that he presented (in 1941) to the then ruling, Reza Shah. Zahedi is now again appealing to the instructing officers of that period.
3. As part of this plan, Corps General Morteza (Murtosa) Yazdan-Panah, will be called back to Iran from the United States. Yazdan-Panah served with the former Shah when both were merely cossacks SIC. He joined with Reza Shah in the seizure of Teheran. He was a division commander in Teheran and general adjutant of the Shah. After serving as chief of mission in the United States, he was War Minister in the Mossadegh Cabinet. He withdrew from this post on 1 Aug 52.
4. The proposed army increases will give the Iranian Army back the influence it lost when Mossadegh insisted on incorporating some of its units in the gendarmerie. By this stroke, Zahedi protects his rear in domestic politics. At the same time, he makes himself a more valuable potential ally, if he decides to form a bloc with Pakistan and Turkey.
5. Zahedi is also making offers of reconciliation to Ayatollah Kashani. Though there have already been contacts between them, Kashani is not yet entirely ready to accept Zahedi's proposals. He still insists it was not fair to silence his broadcast on the oil question. He still wants to send it out, even now, as a tape recording.

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