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SECURITY INFORMATION

CENTRAL INTELLIGENCE AGENCY
OFFICE OF NATIONAL ESTIMATES

3 October 1952

SUBJECT: SE-33: PROSPECTS FOR SURVIVAL OF MOSSADEQ REGIME
IN IRAN (for Board Consideration)

THE OIL ISSUE

1. The Anglo-Iranian dispute remains the focal point of current political ferment and instability in Iran. Mossadeq's National Front regime rode to power on the issue of nationalization of oil and remains in power in large part because it has successfully defied the UK. An early settlement of the oil dispute is unlikely. Mossadeq would almost certainly be overthrown if he concluded an agreement with the UK which he could not successfully represent as a decisive victory for Iran. In view of the intense anti-British sentiment in Iran, any agreement which Mossadeq could accept would require far greater concessions than the British have given any indication of offering. Mossadeq will, therefore, probably continue his efforts to persuade the US either

- (a) to bring pressure on the British to agree to his terms or
- (b) to facilitate the sale of Iranian oil in the absence of a

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settlement with the AIOC.

THE ECONOMIC SITUATION

2. The loss of oil revenues has had a restrictive effect but has not done serious or lasting damage to the Iranian economy. The great majority of the people have not yet been and are not likely soon to be affected by economic developments which include moderate price increases, curtailment of urban business activity and reduced imports. The financial position of the government, however, has been seriously affected. Loss of oil revenues will require further substantial budgetary cuts and/or extensive borrowing and currency devaluation. Kossadeq has the authority and the resources to avert a fiscal breakdown for some time, but the measures he must adopt, though authoritarian, will gradually restrict the resources and activities of the central government and contribute to economic deterioration.

BALANCE OF POLITICAL POWER

3. The forces unleashed by the issue of oil nationalization have produced permanent and far-reaching changes in the traditional political balance of power in Iran. The Shah has virtually no power for independent action. The old ruling

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landowning class has also lost political initiative and much of its power. Although the Army can probably still maintain security in most situations likely to occur, its leadership has been demoralized by recent events, is becoming more subservient to the National Front, and appears to be losing its capability for independent action. The National Front is thus the predominant political force in Iran. The principal immediate threat to Mossadeq comes from dissenting factions within the heterogeneous National Front. Chief among these is that led by the Mullah Kashani, fanatical Moslem leader. His agitation among peasants for agrarian and social reform is creating unrest which Mossadeq may be unable to control. His extreme intransigence on the oil issue and uncompromising demands for the expulsion of all Western influence from Iran adds to Mossadeq's difficulties in finding markets for Iranian oil. Meanwhile, the Tudeh Party has bettered its position considerably, but is believed incapable by itself of overthrowing the government by force or subversion. It will, however, probably support Kashani because of its fear that Mossadeq might succeed in achieving an oil settlement and because if Kashani were in power he would speed up the arrival of the moment propitious for a Tudeh take-over.

- 3 -

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RUMORS OF COUP

4. As in the period prior to Mossadeq's resignation in July 1952, there are numerous reports that Mossadeq is losing support and that various groups are plotting his overthrow. Almost all available reports point to Kashani's participation, but they disagree as to: whether Kashani is to be the leader or the tool of such an attempt; the relationship between Kashani and the Tudeh; the extent of Kashani's support within the National Front; and the position of the Army and the Shah. The possibility also exists that Mossadeq and Kashani themselves may be circulating rumors of a break between them or a coup in order to frighten the US and UK into yielding on the oil dispute.

PROBABLE OUTCOME OF A COUP

5. Anti-Mossadeq forces can choose from among the following methods of seizing power:

(a) Constitutional means: The Majlis is scheduled to reconvene on 9 October. It appears unlikely that Kashani could persuade the Majlis to vote to oust Mossadeq in view of the absence of any issue which could serve as a basis for attacking Mossadeq, the resources at Mossadeq's disposal for controlling the deliberations of the Majlis and Mossadeq's record as champion of nationalist aspirations.

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(b) **Military Coup:** A military coup against Mossadeq is not likely to succeed because Mossadeq has had the opportunity to eliminate elements in the Army hostile to him, and none of the Army personnel reported as currently being involved in plots against Mossadeq are believed to have the prestige or influence to obtain the necessary support from the Army.

(c) **Mob Violence:** A contest in the streets between the forces supporting Mossadeq and Kashani would be bitter and destructive. The lineup of forces would depend in large part on the specific issues involved at the time the rioting broke out. On balance, we believe that Mossadeq could rally greater forces than Kashani. The lineup would probably be as follows:

1. Mossadeq: the bulk of the National Front rank and file in the cities; Dr. Baghai's Iranian Workers' Party with its organized street fighting forces; the Somka (pro-Nazi) Party, providing the Tudeh supported Kashani; and the Army and part of the Police force, providing they were given specific and direct orders before the attempt to take over the government had gone too far.

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2. Kashani: his followers in the National Front; the Bazaar mobs and the bands of ruffians organized by his son; the Fedayan terrorist organization of Moslem extremists; the Tudeh and its various subsidiaries; and possibly some support from the tribes if the Army sided with Mossadeq.

(d) Assassination: Assassination of Mossadeq would probably result in the accession to power of Kashani because: (a) it is improbable that any moderate National Front leader would be able to resist the combined forces of Kashani and the Tudeh Party; and (b) Mossadeq's assassination would increase anti-Western sentiment and further weaken the position of the conservative opposition.

LIKELIHOOD OF A COUP

6. Although we believe that Mossadeq, if he escapes assassination, can probably resist all efforts to overthrow him, we do not believe there is sufficient evidence to estimate the likelihood of an attempt against him, the composition and intentions of the group which might make such an attempt, or the means they might employ.

CONSEQUENCES OF A KASHANI TAKEOVER

7. If Kashani should gain supreme power in Iran, by whatever means, the following developments would probably take place:

- 6 -

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- (a) Rapid deterioration of the efficiency of the government and weakening of the security forces.
- (b) The confusion of the economic situation by the promulgation of reforms which the government could not administer.
- (c) The ejection of Western representatives and influences.
- (d) Complete breakdown of negotiations with the UK on the oil dispute.

As a consequence of the above developments, the situation would become ripe for the assumption of power by the Tudeh with minimum Soviet assistance within a year.

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