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IRAN

Mossadeq slowly consolidating position. No serious overt opposition but maneuvering cautiously.

Kashani has withdrawn into shell.

Dissatisfaction army circles and rumors military coup possible but Mossadeq probably able block this and purge of army continuing with Chief of Staff taking Mossadeq's orders.

Tudeh not yet ready to attempt coup but 4 to 6 thousand Tudeh followers gave orderly demonstration in memory of Stalin.

Mossadeq has requested withdrawal Point-4 personnel from South Caspian area fearing Communist pressure.

Differences with Shah unresolved but he being slowly undermined. Prince Abdr Reza left for India and Queen about to leave.

Tribal leaders restive and new army commanders sent to Bakhtiari area.

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IRAN (CONTINUED)

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Oil conversations dead-locked and Mossadeq about to formally reject last British offer and announce breakdown of talks. This partially political maneuver by Mossadeq to strengthen position

Iran appears to be in situation of slow disintegration but with Mossadeq likely to control things for some time.

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