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NSC BRIEFING

25 September 1956

BACKGROUND -- IRAN

- I. In Iran, the Shah continues to be firmly in control of the government and he apparently does not intend to give up this leading role.
 - A. The Shah, however, is both indecisive and easily influenced by his court favorites. As a result he postpones hard decisions, and frequently makes conflicting ones.
 - B. At present, the Shah is enjoying moderate prestige, as a result of two actions.
 - 1. First, he handled his state visit to Moscow this summer with adroitness.
 - 2. Second, he is now openly supporting a series of overdue reforms in the Ministry of Justice--including a crack-down on land speculation.
 - 3. Whether the Shah can maintain his support of this reform program, in the face of rising opposition from vested interests, remains to be seen.

II. Although ~~latent~~ ^{LATENT} discontent in Iran is widespread, ~~it is latent and~~ ^{ORGANIZED} political opposition has been virtually eliminated.

- A. Tehran and most of the major centers in Iran have been under martial law since the Shah's return to power in 1953 and the opposition nationalist movement has been suppressed.
 - 1. This group, the National Resistance Movement (NRM), is now split and unorganized.

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2. A measure of its weakness is the slight attention attracted by the release from prison of the ~~ARM~~ ^(MOVEMENT'S OLD) hero, former Prime Minister Mossadeq, who has quietly retired to his estates.

3. Mossadeq is not likely to resume an influential position in nationalist circles.

B. The Communist Party (Tudeh) has been smashed and is now ineffective as a political force.

1. A small cadre of hard-core party members still exists, but is now deemed incapable of action.

2. Iran's security forces are continuing their campaign against this Tudeh hard-core.

3. The security forces have also scored some successes against Soviet intelligence organizations operating in Iran.

III. In spite of the renewed flow of oil revenues, Iran's ~~economic~~ ^(IMPROVED INTERNAL SECURITY AND) ~~situation continues to be poor,~~ ^(FACES SERIOUS PROBLEMS) ~~little has been accomplished to improve the~~ ^{AND,} ~~economic status~~ ^{WELFARE} of the Iranian people.

A. Although Iran has ~~now~~ ^(SINCE OCTOBER 1954) received more than \$183 million dollars in oil revenues, very little has filtered down to the countryside.

B. The long-range Seven Year Development Plan expects to spend more than \$900 million for economic and social improvements.

1. However, this plan is moving very slowly.

2. Inefficient and inexperienced personnel, personal and inter-agency rivalry, as well as ~~corruption,~~ ^(THE AGE-OLD PROBLEM OF) are contributing to the delay.

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3. In consequence, the average Iranian sees no evidence of better living standards, and widespread rumors of official corruption are readily believed.

C. The Iranian government's inability to provide immediate and visible economic improvement for the population is the THE PRESENT ATMOSPHERE OF LATENT DISCONTENT major reason for popular distrust.

1. ~~This issue will be exploited by~~ both the Nationalist and Communist opposition In the event of a crisis,

COULD BE EXPECTED TO REGAIN SOME OF THEIR LOST STRENGTH BY EXPLOITING THESE ECONOMIC ISSUES

D. UNDER THESE CIRCUMSTANCES, WE ANTICIPATE THAT THE SHAH WILL SOON RENEW HIS APPEALS TO THE US FOR FUNDS AND MILITARY AID

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NSC BRIEFING

26 September 1956

IRAN

- I. The US policy with respect to Iran is scheduled for review in the near future, and we are presently engaged in the preparation of a National Intelligence Estimate on the outlook for Iran.
 - A. This Estimate will be completed early in November.
 - B. I should like, therefore, to postpone our intelligence briefing on Iran until that time.

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