

SECURITY INFORMATION

AUG 19 1953

CENTRAL INTELLIGENCE AGENCY

OFFICE OF NATIONAL ESTIMATES

19 August 1953

SUBJECT: SE-49: THE CURRENT OUTLOOK IN IRAN
(Staff Draft for Board Consideration)

ESTIMATE

1. The unsuccessful attempt to remove Mossadeq from power on 15-16 August, culminating in the flight of the Shah, has reconfirmed Mossadeq's political control over Iran. However, he still faces the same basic political and economic problems which have contributed to the growing political instability in Iran in the past, and the prospects for an alternative non-Communist regime have been reduced.

2. Mossadeq's strengthened position makes it extremely unlikely that he will be forced from office before the end of 1953 or soon thereafter. His prestige has revived and his most important opponents are in jail or in hiding. If he follows through with his announced plans for new Majlis elections, as

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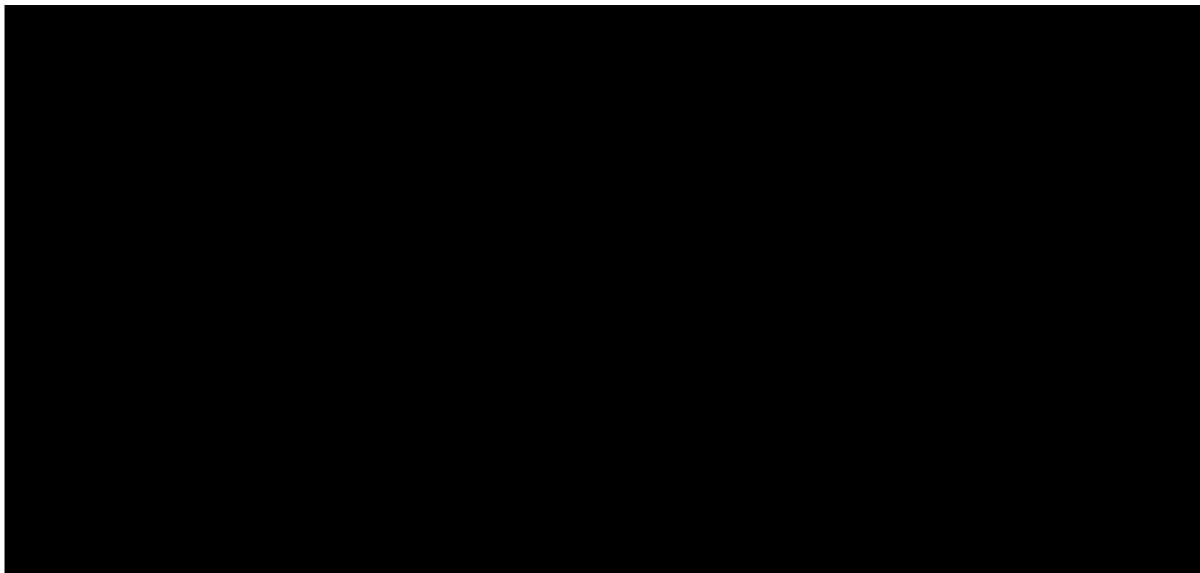
appears likely, he will almost certainly obtain a majority. Moreover, the flight of the Shah has greatly reduced the ability of his numerous non-Communist opponents to make another comeback, by depriving them of a center of opposition on Iranian soil and by making it far more difficult, if not impossible, for them to use the prestige and constitutional authority of the monarchy to secure the necessary cooperation of the security forces and the public. Any future effort to remove Mossadeq would almost certainly have to be an out-and-out coup, without legal sanction. Finally, Mossadeq's financial and economic problems are unlikely to become acute in the near future; crops are good, the export situation is favorable, and Mossadeq will probably continue to be able to meet his current financial deficits through resort to the printing press.

3. Nevertheless, Mossadeq will almost certainly encounter continuing difficulties. The important elements opposing him have been suppressed rather than eliminated. Although he is likely to resort increasingly to intimidation and force, he will probably be little more successful than in the past in developing a group of supporters who can be depended upon to stand by him and in preventing the re-emergence of criticism and obstructionism in the Majlis and the bureaucracy and in the country at large. Moreover, his probable continued failure to satisfy the popular hopes for

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economic and social betterment aroused by oil nationalization, will eventually threaten Mossadeq with mounting financial difficulties and a serious increase in popular discontent.

4. We consider it unlikely that Mossadeq will make any significant progress toward solution of the oil problem:



b. In the absence of a settlement, Iran will almost certainly remain unsuccessful in selling significant amounts of oil to non-Bloc customers. Although small sales to independents and speculators will probably continue, the major companies which dominate the world oil market are reluctant to clash with Anglo-Iranian Oil Company on this issue, have ample supplies of their own, and would probably feel compelled to resist any attempts by independents to dump large amounts of cut-rate Iranian oil on the market.

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c. Finally, little help is likely to come from the Soviet Bloc. The Bloc has neither need nor political incentive to purchase large amounts of Iranian oil. Return of the \$21 million in gold and credits owed Iran by the USSR would provide only a temporary alleviation of the Iranian Government's financial troubles.

5. Thus, the ultimate beneficiary of the failure to unseat Mossadeq may prove to^{be} the Tudeh Party, which has long regarded the neutralization of the "counterrevolutionary" forces around the Shah as a primary objective and which is at present the only remaining major contender for Mossadeq's power. We do not consider the Tudeh threat to be imminent. Despite its recent gains in ability to mobilize mob pressure and in aggressiveness, Tudeh is probably not yet ready to make a bid for power. In addition, the defeat of his non-Communist opponents will probably make Mossadeq less tolerant of Tudeh activities than he has been in the past. However, so long as the present instability and uncertainty in Iran continue, Tudeh's capabilities for an eventual showdown with Mossadeq will continue to grow. In the event of Mossadeq's death, Tudeh would almost certainly seek to capitalize on the confusion which would result.

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6. Mossadeq may link the attempt to remove him with the recent hardening of US policy toward his government, as Tudeh has already begun to do in its propoganda. Even if Mossadeq convinces himself that the US was involved in the attempt, however, he is unlikely to break with the US. He has consistently believed that if he held on long enough and thus proved that he was the man to deal with, fear of Communism would eventually force the US to come to his assistance. With his control reconfirmed and his opposition weakened, Mossadeq probably feels that his concept is now more valid than ever. Although he may well criticize and seek to embarrass the US, his main object will probably be that of convincing the US that it should assist him in obtaining oil markets and provide him with emergency financial aid without insisting on concessions to the British or other conditions he was unwilling to accept.

7. Continued US refusal to provide Mossadeq with assistance on his own terms would probably result in a worsening of US-Iranian relations, particularly since Tudeh and probably some of Mossadeq's own followers would be attempting to stir up popular feeling against the US. Nevertheless, Mossadeq would probably seek to leave the way open for a rapprochement with the US, in part because of persistent hope that the US might still be brought around to his way of thinking and even more because of his need

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for some sort of counterweight to Soviet pressure. For similar reasons, Mossadeq, while eager to make the most of current Soviet willingness to increase trade and negotiate outstanding issues between the two countries, will almost certainly refuse to make concessions which would seriously increase the danger of Soviet domination over Iran.

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