

NSC BRIEFING

30 December 1953

THE SITUATION IN IRAN

I. Resumption of diplomatic relations between Iran and Britain.

- A. First break in three-year impasse between two countries paves way for a new attempt to settle oil problem.
- B. Formal resumption of relations on 23 December was followed by arrival in Tehran on 21 December of British charge Dennis Wright and his staff of 15.

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II. Anticipated developments in oil negotiations

- A. After oil talks actually begin, a minimum of several months of negotiating are expected.

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D. Iranian foreign minister Entezam told Ambassador Henderson that Iran would not agree to any one company holding more than 35 percent, and no single country 50 percent or more, of the shares in any consortium.

- E. Other points of difference will appear as both sides prepare for actual talks. Differences will include compensation due AIOC, use and control of foreign technicians, and refined versus crude oil production.
- F. It will probably be months before any agreement can be reached. Still no assurance of ultimate agreement.

III. Internal problems facing Zahedi.

- A. In trying to establish confidence in his regime, Prime Minister Zahedi must win public support for his oil negotiations.

- B. He must convince public that he will protect Iran's rights in coming oil talks. Since his government has just sentenced to prison former prime minister Mossadeq, father of oil nationalization, Zahedi will find it difficult to prove that he is not a British tool.
- C. Old Majlis and Senate have been dissolved and elections for new Majlis are scheduled to take place before end of January. Elections for Majlis and Senate will take place on separate days, but each must be completed within 24 hours. Previously elections lasted many months and often were never completed.

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D. Shah and prime minister reportedly have agreed on list of candidates whom they will support covertly. Organizations allegedly have already been set up to manipulate elections in government's favor.

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E. If a parliament amenable to government can be elected and be available to approve prime minister's actions, stigma of military dictatorship will be removed from Zahedi regime.

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- F. In elections Zahedi will face both Communist and non-Communist opposition. It is likely that electoral cooperation will be established between Tudeh and some non-Communist groups in an attempt to elect anti-Zahedi deputies.
- G. Communists will not run as Communists since Tudeh continues to be banned.
- H. Main disruptive influence in new Majlis, as in previous ones, will be opportunistic character of many deputies and pressure of special interests.

IV. Friction between shah and Zahedi.

- A. Continued possibility of serious friction arising between shah and Zahedi remains a threat to governmental stability.

- B. Although earlier disagreements between two apparently were resolved, shah's intervention on Mossadeq's behalf raises possibility of new friction.
- C. Shah, by announcing his forgiveness of Mossadeq's offenses against throne, apparently hoped to win public favor and disassociate himself from court's sentence. An unfavorable reaction would accordingly be directed against Zahedi rather than shah.
- D. Zahedi reportedly strongly opposed shah's intervention before sentence was passed.

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- E. Mossadeq's continued presence within country will constantly remind his adherents of his potential availability and invite action to free him. His presence will be a continuing concern of government.
- F. Mossadeq's appeal for review of his sentence was granted. Proceedings will start 2 January and may take several weeks. Although appeal court is competent to change lower courts' sentence in any direction, it is likely that decision will be sustained unless shah again intervenes. A further appeal is possible if the shah should authorize an extraordinary court to pass on the case.

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Next few months will be crucial for Iran's future. Success or failure of pro-Western Zahedi government hangs on its ability to make substantial economic and social progress even after present \$45 million emergency financial aid furnished by the US runs out in March or April.

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BACKGROUND

Iranian Oil Production

- I. Annual production prior to nationalization
(21 March 51) - about 33,000,000 tons of
crude/year (242 million barrels in 1950
last year full production)--about 80
percent was refined, mostly exported;
about 20 percent was crude, mostly exported
- II. Total production since nationalization:
Probably about 2,500,000 tons -- exported
about 135,000 tons, mostly crude; domestic
sales about 2,000,000 tons.
- III. Oil revenues produced 12 percent of Iran's
budget and 30 percent of country's total
income.

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IV. After a settlement is reached, Iranian production will resume slowly and will probably not reach full capacity for three years. Oil experts believe that slowly rising Iranian production can be accommodated on world markets with only small cutbacks elsewhere.

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BACKGROUND

New Iranian elections

I. Elections for a new Majlis and Senate
will be held before end of January.

A. Government intends elections will be held simultaneously in all districts and be completed within a 24-hour period, with Majlis and Senate elections on separate days.

B. This would contrast with customary procedure where elections have dragged on for months.

1. Elections to last Majlis were never completed.

2. After 81 out of 136 deputies had been chosen, Mossadeq government suspended elections in 30 districts where vote was going against its supporters.

II. Of 136 Majlis deputies to be elected, 12 are from Tehran and 124 from provincial districts.

- A. Deputies need not reside in districts which elect them.
- B. Each deputy is elected for two years; term dates from day three-fourths of deputies are in Tehran.
- C. Simple majority (69 deputies) constitutes a quorum.

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III. Senate has 60 members; regular term is six years.

A. Half of Senate is elected; other half appointed by shah..

B. Half of the Senators elected and half of those appointed must be from Tehran; remainder must come from provinces.

C. Senators must be residents of districts from which they are appointed or elected.

IV. Population of Iran is estimated at 18 million. Tehran's population is estimated at 850,000.

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BACKGROUND

Sidelights

- I. Iranian electoral law on Majlis candidates:
"Candidates must be completely honest by reputation."
- II. More than 3,000 candidates are anticipated to file for the 136 seats.
- III. New Tudeh slogan at time of arrival of British charge: "Chargé d'affaires go home!"
- IV. Between the time of Zahedi's assumption of power and 13 November, reports show that 3,000 Tudeh and pro-Mossadeq sympathizers had been arrested. Of these about half appear to have been released.

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V. Many of those arrested have been exiled without trial to prisons in Luristan in west-central Iran and to the Persian Gulf island of Khark. Facilities at these two places were strained by the sudden influx of prisoners and strenuous efforts are being made to build the necessary quarters and requisition supplies.

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BACKGROUND
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Status of Communist penetration of Iranian
military establishments

- I. In April 1953 a commission of high-ranking Iranian officers estimated 1,600 Tudeh members in armed forces, 900 in the Army, 300 in the Air Force and 200 each in the Military College and Military High School.
- II. Iranian army intelligence has long shown awareness of Tudeh activity in army and is familiar with Tudeh army officers organization and has identified various individuals involved.
- III. Iranian G-2, Colonel Pakravan, has been in charge of ferreting out Tudeh in the Army. Several hundred army officers, non-coms and soldiers have been arrested.

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In G-2's office four officers out of a total of sixty, and 20 non-coms out of a total of 25 to 30 have been removed for suspected Tudeh sympathies. Of those arrested around 250 non-commissioned officers have reportedly been summarily dismissed from the service after their arrest, others have been exiled. At least sixty officers who were under arrest presented a problem because the documentary proof of their complicity in the Tudeh party was "mysteriously missing" from G-2 files.

IV. Attention was drawn particularly to Tudeh infiltration of the Air Force on 22 September when Communist sympathizers succeeded in temporarily sabotaging 13 planes.

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- V. The Iranian Chief of Staff, in October, asked the Chief of Staff of the US Army Mission for a list of Communists known by ARMISH to be in the Iranian army. He said that he could not locate his own list.
- VI. In early November 1953 Iranian G-2 remarked that only a small proportion of Party members or sympathizers in the army have been known or apprehended. In later statements he has been more optimistic, although there is no convincing evidence that the situation has changed markedly.
- VII. It probably is true that current Iranian army efforts to remove Communist sympathizers are more widespread and more successful than during Mossadeq's regime.

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However, the army has neither the
knowledge, the experience, nor the
organization to do an effective job.

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