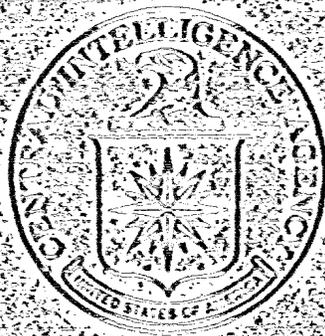


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NATIONAL INTELLIGENCE ESTIMATE

IRAN'S POSITION IN THE
EAST-WEST CONFLICT



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NIE-6

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The intelligence organizations of the Departments of State, the Army, the Navy, the Air Force, and the Joint Staff participated in the preparation of this estimate. All members of the Intelligence Advisory Committee concurred in this estimate on 2 April.

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IRAN'S POSITION IN THE EAST-WEST CONFLICT

THE PROBLEM

To estimate the position of Iran in the East-West conflict.*

CONCLUSIONS

1. US security interests in Iran have during the past six months been progressively undermined by political and economic developments that have: (a) weakened the present regime; (b) induced the government to adopt policies favorable to the USSR (and hence unfavorable to the West); and (c) increased the influence of ultranationalist elements, which have already compelled the government to adopt policies unfavorable to the West and may force the adoption of additional measures against Western interests.

2. For the future, US security interests in Iran are threatened by:

a. The ever-present Soviet military capability to launch an attack on Iran with little or no warning, and Iran's incapability of defending itself against such an attack.

b. The possibility that the Iranian Government's policy of restricting Western interests in Iran may be further extended, perhaps to the point of eliminating Western interests.

c. The possibility that disorders in the oil field area, whether or not Communist-

inspired, may restrict or cut off supplies of Iranian oil to the West.

d. The political and economic instability of Iran (particularly as aggravated by subversion), which might result in the breakdown or paralysis of government control and might lead to the collapse of the present regime and the establishment of a completely anti-Western or even a Soviet-dominated government.

3. With respect to these threats, we believe that:

a. Unless the Kremlin considers general war to be imminent, the USSR is unlikely under present conditions to take the risk of international complications involved in overt military action in Iran. The Kremlin must estimate that there would be at least an even chance that the US would oppose any overt military action by the USSR in Iran.

b. The Iranian Government probably will impose further restrictions on Western interests, but is unlikely to eliminate these interests completely.

c. Although there has recently been unrest among some of the oil workers, dis-

* The importance of Iranian oil to Western Europe, and by implication to the US, has been assessed in NIE-14, *The Importance of Iranian and Middle East Oil to Western Europe Under Peacetime Conditions*. The military effect of the loss of Iran on the defensibility of the rest of the Middle East and its psychological effect on countries of the Near East will be discussed in NIE-26, *Key Problems in the Near and Middle East Affecting US Security Interests*.

orders on a scale that would seriously reduce supplies of oil to the West are improbable so long as the government retains effective control of the security forces.

d. Although there is insufficient evidence to indicate that recent events in Iran have seriously shaken the government's ability to maintain its authority, there is nevertheless a continuing danger of a breakdown of government control and possibly of a political collapse, which in turn would provide an opportunity for Communist seizure of power, with or without overt Soviet assistance. If the present trend continues—leading to actual nationalization of the Anglo-Iranian oil concession, exclusion of the West from effective participation in Iran's economic and financial recovery, further political

assassinations, increased weakness in government and in the control of Army and security forces, and greater exploitation of unrest and intensification through Soviet subversive activities—then Iran is likely in time to become a second Czechoslovakia.

4. Increased Western economic and military assistance, if accepted by the Iranian Government, would in the short term strengthen the present regime and might in the long run increase Iran's basic political and economic stability. Such assistance would have to be regarded as a long range, continuing investment. It could not be expected to result in a firm or permanent alignment of Iran with the West, or increase significantly Iran's small defensive capability against the USSR.

DISCUSSION

Iran's Present Position

1. Iran's strongest existing connections are with the West. Iran is presently dependent on the Western Powers for markets, money, equipment, and technical advice, and Western commercial interests (primarily British) play a major role in the Iranian economy. The Anglo-Iranian Oil Company alone accounts for an estimated 6 to 8 percent of Iran's national income, provides approximately a quarter of the Iranian Treasury's total receipts, and contributes materially to Iran's foreign exchange through purchase of rials for local use. Most Iranians are better disposed toward the West than toward the USSR. The Iranian Government is a recipient of US military assistance and has US military advisers for its army and gendarmerie. It has consistently supported the US in the UN.

2. This relationship with the West, however, is seriously threatened. Iran is extremely

vulnerable to Soviet attack. In addition, the country's political, economic, and social instability exposes it to subversive and disruptive pressures. The government's recent tendency to cooperate with the USSR may facilitate Soviet subversive activity. Finally, the current eruption of anti-Western feeling in Iran threatens Western interests with expulsion.

Iran's Vulnerability to Soviet Attack

3. Iran is incapable of effectively resisting a Soviet invasion. Its armed forces are not only small but also weak in materiel, leadership, and tactical organization. The USSR could seize key points in Iran with airborne troops and in any event could quickly occupy the most important areas of the country by overland invasion. Rapid Soviet overland advances could be temporarily delayed if effective use were made of demolitions on bridges, tunnels, and other transportation facilities

along the invasion routes. Some guerrilla resistance could be carried on if government leaders were able to escape to selected southern mountain areas, but the effectiveness of such resistance would be limited.

4. There is no present prospect of a marked improvement in Iran's military capabilities. Although the US military missions have helped considerably to increase Iran's ability to maintain internal security, it will be a long time before the deficiencies of the Iranian armed forces in leadership, organization, and training can be overcome and before these forces can make effective use of modern Western equipment.

5. Although the USSR is capable of invading Iran at any time without warning, the Kremlin may consider the achievement of control over Iran not sufficiently urgent to warrant open employment of military force. The Kremlin may further consider that Iran's own defensive capabilities will remain negligible, and that Iran's ability to resist subversion will decline, and that consequently the advantages of an early attack on Iran would be incommensurate with the risk of international complications involved. The Kremlin must estimate that there would be at least an even chance that the US would oppose any overt military action by the USSR in Iran. If, however, the British were to send their armed forces into Iran to protect their nationals in the oil well area, the Soviets might take action based on their interpretation of Article 6 of the Treaty of 1921.

Iran's Vulnerability to Subversion

6. Internally, Iran is subject to a variety of strains and stresses.

a. The Iranian economy is backward, inefficient, and saddled with extensive absentee ownership. To raise the traditionally low living standard of the bulk of the population to a satisfactory level would require a long-term development program considerably more ambitious than any thus far initiated. In addition, the weaknesses of the economic system make it subject to periodic dislocations. For example, crop failure in 1949 produced wide-

spread unemployment and hardship, and bad management has resulted at present in another of Iran's recurrent financial crises.

b. The central government has failed to gain the full support of the tribes, an only partially assimilated and potentially recalcitrant element which constitutes about 25 percent of the population. Tehran's neglect of provincial interests and its use of extortion and force in exercising its authority have engendered continuing resentment in the hinterland, notably in the northern border province of Azerbaijan.

c. Iran is politically unstable. Although Iran is formally a constitutional monarchy with popular representation, effective control of the governmental machinery still rests in the hands of a small ruling group whose conduct of affairs has been marked by factionalism, intrigue, and failure to respond to the country's needs and aspirations. Iran has few strong leaders. The Shah occupies a special position by virtue of his command of the army, his constitutional prerogatives, and the prestige of the Crown. Ultimate power, however, still rests largely with the few hundred landlords, tribal leaders, merchants, army officers, and clergy who dominate the social and economic life of the country and supply the membership of Parliament. Motivated by individual and class interests, the various factions in Parliament have engaged in a continuing contest with the executive in recent years. Attempts to initiate political and social reform have been effectively frustrated, despite the fact that growing popular desire for better living conditions has led every government since 1941 to endorse political decentralization, expanded health and education facilities, higher wages, and improved production methods. The Seven Year Development Program, from which much was hoped, was first broached in 1946 but is still stalled in the preliminary stages. Meanwhile, the lack of cohesion within Parliament has made it a ready vehicle for obstructionism and special pleading.

d. This state of affairs has had an unsettling political and social effect which makes the position of the old ruling group increasingly

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insecure. This group has thus far retained its traditional pre-eminence, and the vast majority of the population, despite its grumbling, remains politically apathetic. Nevertheless, there is a growing feeling of insecurity and dissatisfaction, notably among students, white collar workers, and industrial laborers. This feeling can find expression only through extremist movements. The USSR has worked assiduously to exploit popular insecurity and dissatisfaction in Iran, not only through its support of the subversive Tudeh Party but also through special efforts to revive the separatist spirit in Azerbaijan and to rouse the traditionally restive Kurdish tribes, who had a short-lived "people's republic" of their own in 1946. The only other force attempting to exploit this popular discontent is the reactionary ultra-nationalist element which blames Iran's troubles on foreign domination of Iran's economy and foreign influences on Iran's way of life. These ultra-nationalists do not at present constitute a large organized group; there are only a handful of National Front deputies in Parliament. Nevertheless, the popular appeal of their nationalist agitation and the violence of their terrorist fringe has enabled them to exercise, both before and after Premier Razmara's assassination, an influence out of all proportion to their numerical strength.

7. The assassination of Premier Razmara by a religious fanatic on 7 March and the subsequent threat of terrorism have increased Iran's internal tensions and provided new opportunities for factional conflict and subversion. Although Razmara failed to gain any real support from the Majlis for his attempts to provide strong leadership, he was a stabilizing influence, particularly with the army, and his death points up Iran's shortage of strong leaders. His forcible removal from the scene, together with the hesitancy displayed by the Shah in the face of ultra-nationalist efforts to capitalize on the situation, tends to undermine the government's authority and to encourage the Tudeh Party and other groups to advance their special interests. Ultra-nationalists, without assuming major executive responsibility, may be able to impose their will on the government on a variety of issues.

8. The government's ability to maintain its authority depends primarily on its control of the security forces. This control over the security forces may be critically shaken if the present crisis is prolonged and exacerbated by further violence and mob pressure or if the economic situation is allowed to deteriorate to such an extent that minimum relief from hardship is not provided. At present, however, the government retains control over the army and gendarmerie, and so long as it continues to do so the pro-Soviet forces will probably not be able to gain power without actual armed intervention by the USSR. Martial law is now in effect in Terhan and the oil area.

a. The Communist-dominated Tudeh Party, though it has apparently succeeded in building up a unified underground organization and has shown various signs of renewed vitality in recent months, remains a conspiratorial organization whose membership is drawn mainly from the small intellectual and industrial classes. It has accomplished little toward arousing the peasantry, which constitutes the vast majority of the population, and evidently has not succeeded in effectively penetrating the army and gendarmerie or in building up the reserves of arms and equipment necessary for a successful coup d'etat. The Tudeh Party may eventually be capable of seriously interfering, through strikes and sabotage, with the supply of Iranian oil to the West. At present, however, disorders on a scale which would seriously reduce this supply are improbable so long as the government retains effective control of the security forces.

b. The USSR's agitation in Azerbaijan and the other northern provinces has apparently heightened fear of a Soviet invasion rather than generated a desire for revolt; despite their grievances against the central government and their landlords, the people of these provinces would generally oppose the return of the Russians or their Iranian disciples.

c. Although there have been periodic reports of an imminent Kurdish revolt, there is no firm evidence that the USSR has succeeded in transforming traditional Kurdish hatred of the authorities into an active revolutionary spirit and in securing the cooperation of the

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Kurdish tribes. Even if the Kurds did revolt, they would probably be ineffective outside their own tribal areas.

d. The present capabilities of other elements in Iran for directly challenging the government's authority are also limited. The ultra-nationalists, though they have successfully exploited popular sentiment to get their way on the explosive oil issue and have gained political influence in the process, do not now have the organized strength to establish continuing political control over the government or to defy the security forces. The non-Kurdish tribes could present a serious threat only if they were able to submerge their differences and act in unison. Individual tribal uprisings, however, could be put down so long as the security forces remained loyal. In any event, it is doubtful that any of the tribes could operate beyond its own territory unless a breakdown of the central government had taken place.

9. The USSR might conceivably launch an invasion of Iran with guerrilla forces under the lead of the exiled Barzani Kurds and Aberbaljan Democrats. These exiled elements are few in number, however, and would not be militarily effective unless supported by large numbers of Soviet "volunteers."

10. Development of greater internal stability in Iran will at best require a number of years. Expanded US economic and technical assistance might bolster the position of those Iranian leaders who have been advocating internal reform. In terms of material improvement, however, such US assistance would have to be looked upon as a long-range investment. Progress would undoubtedly continue to be hampered by Iranian lack of skill, by graft and political maneuvering, by resistance to change by both the vested interests and the population at large, and by lack of perseverance. There is a real danger that Western advisers, as in the past, will either become overwhelmed by the complexities of the situation or, by their zealotry, incur the opposition of the Iranians. Nevertheless, Western aid and guidance, if accepted by the Iranians, would contribute to the development of greater internal stability.

Iran's Probable Course of Action

11. Iran's foreign policy is currently unsettled. Between the end of World War II and mid-1950 the Iranian Government moved closer to the West, in part because of its desire for economic assistance, but mainly because of the menacing attitude of the USSR. The USSR attempted unsuccessfully to discourage Iranian association with the West by frontier incidents, threatening notes, and propaganda utterances accusing Iran of allowing the US to organize bases for aggression on its soil and reminding the Iranians of the USSR's "right" to move in against such bases under the 1921 Soviet-Iranian Treaty of Friendship. The Iranian Government made repeated pleas for US economic and military support, and the Shah and the late Premier Razmara (then Chief of Staff) asserted that Iran was committed to the West. Nevertheless, Iran has retained a basic preference for isolation and neutrality and a strong attachment to its traditional and previously successful policy of preserving Iran's precarious independence by playing the great powers off against each other and distributing Iran's favors impartially so as to prevent any one power from gaining a dominant influence. These sentiments have been reinforced by resentment of past Anglo-Russian interference in Iranian affairs. The Russian Communists are generally hated and feared like their Czarist predecessors. The UK, though no longer generally feared, has remained an object of widespread mistrust and—through its interest in the Anglo-Iranian Oil Company and the once Iranian-controlled island of Bahrain—a favorite target of Iranian xenophobia. Within recent months strong pressures for the curtailment of Western privileges and a return to the old policy have emerged, particularly in view of: (a) annoyance with the fact that US economic assistance has fallen short of Iranian expectations; (b) growing doubts about US willingness and ability to protect Iran; (c) resentment of the Anglo-Iranian Oil Company's refusal to make more than limited changes in its concession agreement with Iran; (d) irritation with Western attempts to push internal changes; and (e) the Soviet Union's reversion to a more friendly attitude

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toward Iran—a move which stimulated an Iranian hope of staying on good terms with the USSR. During the fall of 1950 Iran increased its dealings with the USSR, notably through conclusion of a trade agreement. The trend toward nationalism and neutrality, earlier manifested in the cancellation of VOA and BBC rebroadcast facilities, restriction of travel by foreign nationals in Iran, and obstinate bargaining over the terms of the pending \$25 million Export-Import Bank loan, has now culminated in overwhelming approval by both houses of Parliament of a resolution for nationalization of the oil industry.

12. It is unlikely that the present movement away from the West would lead Iran to align itself with the USSR. The vehemence of current feeling against the British is a manifestation of Iran's basic resentment of foreign influence rather than an expression of pro-Soviet sentiment; the number of Iranians who actively support the USSR is very small. Soviet sympathizers who have infiltrated the ultra-nationalist faction will probably try to steer Iran closer to the USSR if the ultra-nationalists should succeed in solidifying their current position of vantage. It is probable, however, that other pressure groups would unite to prevent the alignment of Iran with the USSR. The great majority of Iranians, and particularly the present regime, are unlikely to be won over by a friendly Soviet policy even if such a policy were long continued. The favorable impression which the USSR created by its recent actions has already begun to wear off, in view of the limited usefulness of the trade pact, the failure of the Soviet-Iranian border commission to produce concrete results, and the USSR's continuing role as a hard bargainer on such matters as Iran's gold claims.

13. It is also unlikely that Iran will completely eliminate Western interests. Although the small group of ultra-nationalist deputies in Parliament has succeeded in exploiting popular feeling against the British and has been able to seize the initiative in the period following Premier Razmara's assassination, most of the governing group would probably wish to retain some Western support as a counter-balance to Soviet pressures.

Despite Parliament's overwhelming endorsement of the principle of oil nationalization, it is not certain that the Anglo-Iranian Oil Company will in fact be obliged to cease its operations in Iran in the near future, not only because of the magnitude of the economic, legal, and technical problems involved but also because of the self-interested opposition of many members of the ruling class.

14. There is little doubt, however, that Iran has embarked on a course involving a loosening of its connections with the West and a guarded extension of its dealings with the USSR. Although the British may be able to patch up their relations with Iran on the oil question, ultimate expropriation of the oil company has at least been brought closer, and the curtailment of the few other commercial advantages which the UK still enjoys in Iran will undoubtedly continue. The Shah and some other leaders will probably continue to try to obtain Western economic and military aid, but Parliament's willingness to accept such aid is far from certain. In any event, the Iranian Government can be expected to insist that US help be provided on Iranian terms, to refuse any overt commitment to the West, and perhaps to waver in its support of the US in the UN. Although the Iranian Government will probably not cancel the US military missions, it may well further curtail the freedom of action of mission officers and other US and UK officials. Meanwhile, Iran will probably be willing to develop additional commercial and cultural ties with the USSR, though it will attempt to control the extension of Soviet influence. Iran would probably not go so far as to grant the USSR an oil concession or to agree to establishment of a joint Irano-Soviet oil company.

15. In the event of war, Iran's policy would probably be as follows:

a. If Iran were attacked, the Iranians would offer some resistance, meanwhile calling for US and UN aid.

b. If an isolated Soviet or Satellite attack took place against some other country, Iran would remain neutral or, at most, support the UN without contributing armed forces. Although Iran is unlikely to restrict the supply

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of oil to the West, it would not allow the use of Iranian territory for air bases.

c. If a general war in which Iran was not initially attacked took place, Iran would probably attempt to remain neutral. There is a remote possibility that Iran might attempt to avoid provocation of the USSR by curtailing the supply of oil to the West, though the financial loss involved would militate against such a move.

16. The extent to which Iran's association with the West can be strengthened is problematical. A satisfactory British-Iranian settlement on the oil issue is a prerequisite to improvement of Iran's relations with the West. An expanded US economic assistance program would tend to strengthen the position of those who have looked to the West for help. A more explicit US pledge of military support, either unilaterally or through a US-backed regional security organization, might quiet the present

fears of the Shah concerning the remoteness of Western support. The assassination of Premier Razmara, however, has not only removed a leading advocate of a pro-Western alignment but has greatly strengthened the position of the ultra-nationalist leaders. The success of further US gestures would be rendered questionable by Iran's underlying dislike and fear of foreign influence and by its awareness of its extreme vulnerability to Soviet attack. Most Iranian opinion would probably remain skeptical about the degree, permanency, and unselfishness of US interest in strengthening the country. Even given a more favorable attitude toward the US, most influential Iranians would probably oppose any attempt to align Iran firmly with the West on the ground that such an arrangement would be unduly provocative to the USSR and at variance with the tradition of maintaining an independent position with respect to the great powers.

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