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11 May 1961

ONE - DDP Synthesis for

Note for the Board:

PART II of outline

/ The attached has gone forward to the Iran task force as the "CIA Draft, Superseding the Previous CIA Contribution" and responsive to those portions of the Iran paper which CIA was requested to write. This draft now represents an agreed DDP-ONE paper worked out on 11 May between the Board Panel, NE staff, and DD/P representatives.

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I. BASIC ELEMENTS IN THE PRESENT SITUATION

1. The final meaning of the events which led up to the fall of Sharif Emami's government and the Shah's appointment of Ali Amini is not yet clear. These developments must, however, be viewed in the context of long-term trends in Iran, which were assessed in the recent NIE 34-61, Prospects for Iran, 28 February 1961. The relevant portions follow:

"....Iran is still largely traditionalist in its social and political structure, with authority concentrated almost exclusively in the hands of the Shah, who relies for support on the army, the security forces, the large landowners, tribal chieftains, the old line leaders of commerce and finance, and the senior bureaucracy. The "establishment" and many of its policies are unpopular with most intellectuals and with much of the growing middle class. It is out-of-step with the dynamic political ideas and movements which are afoot in other parts of Asia and Africa. The nationalist forces remain unwilling to cooperate to any significant degree with the present "establishment" but as yet lack the power to supplant it and probably even the ability to run the country in its stead. (Para. 17)

"....profound political and social change in one form or another is virtually inevitable; this, we believe, is the most important estimate to stress in regard to Iran. It is possible that the change will be evolutionary with the Shah making concessions to the urban groups and bringing some of the more moderate nationalists into the governmental and administrative apparatus. The nature of Iranian politics and the personal characteristics of the Shah, however, appear to make gradual evolution unlikely. (Para. 18)

"The Iranian Communist Party (the Tudeh) remains neutralized under the constant surveillance and harassment of SAVAK.

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Practically all its leaders are in jail or in exile. In these circumstances, Moscow is apparently relying more on direct propaganda and political pressure to promote its objectives in Iran than on the internal activities of the Tudeh. We do not believe that for some time to come the Tudeh will be able to exert much influence on the Iranian scene. The possibility will remain that it may over the longer term be able to manipulate nationalist groups. In the event of a sustained political disturbance, the party probably would be able to reconstitute itself." (Para. 15)

In the present situation, the Tudeh will probably become more active in penetrating nationalist groups but it will not come out in the open as it did in 1953. The Soviets realize that they made serious errors in overestimating the strength of Tudeh in Iran in 1945-1946 and 1953 and will probably direct it initially to merge itself in the general agitation against the status quo.

II. THE RECENT CRISIS

2. The growing political unrest of the urban middle class has been manifested openly in the past year. The first set of elections for the 20th Majlis held in August 1960 were cancelled by the Shah in response to widespread dissatisfaction over the blatant rigging. Despite strong professions of his good intentions in regard to permitting a relatively free second round of elections,

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the January-February 1961 elections were as thoroughly controlled by him as those in August. This resulted in popular demonstrations in some provincial centers and in Teheran and the arrest of a considerable number of students and some nationalist leaders. A teacher's strike for higher pay on 2 May precipitated the recent crisis.

3. In the demonstrations that followed, a teacher was killed and several others wounded by the police. On 3 May, a demonstration estimated at between 15 and 30 thousand persons carried the corpse of the "martyred" teacher through the streets of Teheran. On 4 May a similar demonstration was joined by workers. National Front Groups were scheduled to join the demonstrations on 5 May, but these plans were cancelled when Ali Amini was appointed Prime Minister.

4. On 3 or 4 May General Tiemur Bakhtiar, former SAVAK Chief, was closeted several hours with the Shah. General Hasan Alavi-Nia, Deputy Chief of SAVAK, conferred with the Shah for three hours late 4 May and is supposed to have pressed for the appointment of Ali Amini. Reportedly extremely upset and ready to flee the country, the Shah offered Amini the Prime Minister's post late that night. It was accepted the next morning, 5 May, on Amini's conditions that he be given broad powers.

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III. PROSPECTS FOR AN AMINI GOVERNMENT

Background:

5. For several years various groups have tried to convince the Shah that he should reign and not rule; that by ruling he draws hostile criticism to himself as the person solely responsible for the shortcomings of the government. They have likewise urged that he transfer the burden of government to a strong Prime Minister who would be responsible, as the constitution provides, for the conduct of government, and replaced if he fails. It is possible that the Shah followed this line of reasoning when he selected Amini, because it is clear that he was genuinely frightened by the deteriorating situation and realized that a "conventional" prime minister i.e., one dominated by him, could not establish contact with and accommodate opposition elements at this time.

6. Amini has been grooming himself to be prime minister for many years but only in recent years out of public office has he been able to devote full time to accomplish this end. The image of himself which Amini has fostered has three facets:

- 1) the smart, energetic administrator with a special competence in finance and economics;
- 2) the man who is so rich he can afford

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to be honest and will go all out against corruption; and
 3) the man who is uniquely qualified to act as the bridge between the moderate nationalists and the government. He is certain to project these three facets by trying to take effective steps to control the financial crisis, by trying to make examples of corrupt elements in high places and by attempting to satisfy certain nationalist demands.

7. Amini [REDACTED]

(b)(1)
 (b)(3)

[REDACTED] does not possess a commanding presence, and is not an inspiring speaker. He is not a master politician, and has no organized devoted following, but in the past two years he has systematically made contacts among both nationalist and conservative elements, and obviously made progress in selling himself as a bold administrator whose program coincides with the self-interest of these groups.

8. He will work with moderate but not with extremist nationalist elements. He will probably not lead an attack on the oil consortium, but will talk behind the scenes to obtain special favors which can be presented publicly as nationalist victories. He will be reluctant to make significant concessions to the old power elite to win its support.

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~~SECRET~~(b)(1)
(b)(3)

9. Amini [] likely [] will make a more serious effort than his predecessors to play an independent role as prime minister. In the event of a deadlock with the Shah, he might resign in the hopes of maintaining his political stature for a later return to power.

(b)(1)
(b)(3)

10. Amini's tenure will probably depend to a large degree on the Shah's willingness to withdraw from the day to day conduct of government business. Although the Shah has been frightened in political crises before, and relaxed his control of the government, experience has shown that after regaining equilibrium he has always succeeded in dominating the prime minister. Since Mossadegh, none have been able to stand up to the prestige of the throne and the Shah's skill at manipulating factions and leaders. The fact that Iran is now in serious economic difficulty may induce the Shah to allow Dr. Amini, who is a competent economist and financier, initial independence of action in these fields.

11. Amini's position will also be influenced by his success or failure in winning the support of the military. Amini is known to have had friendly contact with a number of senior officers. Apart from this, there are several groups within the military who have for some time been contemplating an effort to

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change the governmental structure, although not necessarily to eliminate the Shah. In addition, many of the junior and middle grade officers are probably sympathetic to the kind of reform government represented by Amini. However, many of the upper echelons of the military have acquired a vested interest in the status quo and are apt to be hostile to Amini to the extent he tries to introduce drastic reforms.

12. Nationalist groups, which have been increasingly active politically in the past year, are unlikely to identify their cause directly with that of Amini. However, the more moderate of them at least will probably be prepared to cooperate with them as long as they retain hope that he will implement part of their objectives. Should they become convinced that he is not moving rapidly enough, they are likely to oppose him as well as the Shah.

13. US policy toward the new Iranian government will have an important effect on future developments. Should the Shah become convinced that the US is strongly supporting Amini as an independent prime minister to the detriment of his own position, his reaction would be sharp.

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14. It is impossible to estimate precisely the form this would take. The Shah [redacted] [redacted] is constantly haunted by the fear that the US might abandon him for one reason or another and has been particularly uneasy over the new US administrative attitude toward him. It is possible that he might move rapidly to disengage Iran from its close ties with the US. We believe it more likely that for some time at least he would accept the situation. However, he is unlikely for very long willingly to permit to Amini a position of primacy in dealing with the United States.

(b)(1)
(b)(3)

15. As far as Amini's continuation in office is concerned, the Shah faces a difficult problem. He has now taken a significant step toward liberalization of the government. To try to cancel it by replacing Amini with Iqbal or some other old line politician would merely increase the unrest which brought Amini to power. It might also provoke a move by military elements to take control of a deteriorating situation. If, on the other hand, the Amini government were to move sharply left or to be replaced by a more radical nationalist one, this too might provoke a military and conservative reaction. Neither development would make for stability in Iran.

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