

## Iran

The Central Intelligence Agency's secret history of its covert operation to overthrow Iran's government in 1953 offers an inside look at how the agency stumbled into success, despite a series of mishaps that derailed its original plans.

Written in 1954 by one of the coup's chief planners, the history details how United States and British officials plotted the military coup that returned the shah of Iran to power and toppled Iran's elected prime minister, an ardent nationalist.

The document shows that:

- Britain, fearful of Iran's plans to nationalize its oil industry, came up with the idea for the coup in 1952 and pressed the United States to mount a joint operation to remove the prime minister.
- The C.I.A. and S.I.S., the British intelligence service, handpicked Gen. Fazlollah Zahedi to succeed Prime Minister Mohammed Mossadegh and covertly funneled \$5 million to General Zahedi's regime two days after the coup prevailed.
- Iranians working for the C.I.A. and posing as Communists harassed religious leaders and staged the bombing of one cleric's home in a campaign to turn the country's Islamic religious community against Mossadegh's government.
- The shah's cowardice nearly killed the C.I.A. operation. Fearful of risking his throne, the Shah repeatedly refused to sign C.I.A.-written royal decrees to change the government. The agency arranged for the shah's twin sister, Princess Ashraf Pahlevi, and Gen. H. Norman Schwarzkopf, the father of the Desert Storm commander, to act as intermediaries to try to keep him from wilting under pressure. He still fled the country just before the coup succeeded.

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## **E. World War II and Its Aftermath** [Print section](#)

Following Germany's invasion of the USSR in June 1941, Britain and the Soviet Union became allies. Both turned their attention to Iran. In addition to their suspicions about the role of German technicians in Iran, Britain and the USSR saw the newly opened Trans-Iranian Railroad as an attractive route for transporting supplies from the Persian Gulf to the Soviet Caucasus region. However, Iran's neutrality ruled out this option. In August 1941, after Reza Shah again refused to expel all German nationals, Britain and the USSR invaded Iran. They swiftly defeated the Iranian army, arrested Reza Shah and sent him into exile, and took control of Iran's communications and coveted railroad. In 1942 the United States, an ally of Britain and the USSR during the war, sent a military force to Iran to help maintain and operate sections of the railroad.

The British and Soviet authorities allowed Reza Shah's system of political and press repression to collapse and constitutional government to evolve with minimal interference. They permitted Reza Shah's son, Mohammad Reza Shah Pahlavi, to succeed to the throne after he promised to reign as a constitutional monarch. In January 1942 the two occupying powers signed an agreement with Iran to respect Iran's independence and to withdraw their troops from the country within six months of the war's end. A U.S.-sponsored agreement at the 1943 Tehran Conference reaffirmed this commitment. In late 1945, however, the USSR refused to announce a timetable for its withdrawal from Iran's northwestern provinces of East Azerbaijan and West Azerbaijan, where Soviet-supported autonomy movements had developed. Although the USSR withdrew its troops in May 1946, tensions continued for several months. The dispute, which became known as the Azerbaijan crisis, was the first case to be brought before the Security Council of the United Nations. This episode is considered one of the precipitating events of the emerging Cold War, the postwar rivalry between the United States and its allies and the USSR and its allies.

Meanwhile, Iran's political system became increasingly open. Political parties soon developed, and the 1944 Majlis elections were the first genuinely competitive elections in more than 20 years. Reformist parties were determined to prevent a return to authoritarian rule by the monarchy, while parties opposed to economic and social reforms tended to ally themselves with the shah. Foreign intervention remained a sensitive issue for all parties. Reformists accused conservative politicians of collaborating with foreigners to preserve their privileges. With foreign troops withdrawn and the Azerbaijan crisis resolved, British control of Iran's oil fields became the central issue regarding foreign intervention. The Anglo-Iranian Oil Company (AIOC), which was owned by the British government, continued to produce and market all Iranian oil under the terms of the 1901 concession. The AIOC provided a modest royalty payment, which was only a fraction of its annual profits, to the government of Iran. As early as the 1930s, some Iranians began advocating the nationalization of the country's oil fields; after 1946, this effort developed into a major popular movement.

## **F. Mosaddeq and Oil Nationalization** [Print section](#)

In the mid-1940s Mohammad Mosaddeq, an Iranian statesman and a member of the Majlis, emerged as the leader of the oil nationalization movement. This movement sought to transfer control over the oil industry from foreign-run companies to the Iranian government. Throughout his political career, Mosaddeq consistently advocated three goals: to free Iran of foreign intervention, to ensure that the shah remained a democratic monarch and not a dictator, and to implement social reforms. He believed ending foreign interference was a prerequisite for success in other areas, and he was convinced that as long as the AIOC controlled Iran's most important natural resource, foreign influence was inevitable. Beginning in 1945 he led a successful campaign to deny the Soviet Union an oil concession in northern Iran. Although he resisted joining political parties, Mosaddeq agreed in 1949 to head the National Front, a coalition of several parties that supported oil nationalization. Within a year the National Front had members in cities and towns throughout the country and had become adept at organizing mass political rallies.

Conservative political groups, backed by the shah, opposed nationalizing the AIOC, partly because they believed such a course would cause irreparable harm to relations with Britain and partly because they distrusted Mosaddeq's populism. However, as the nationalization movement grew, fewer and fewer politicians openly challenged Mosaddeq on the oil issue. In an effort to forestall nationalization, the shah appointed military officer Ali Razmara as prime minister in 1950. This move increased the scale of demonstrations in favor of nationalization and against a government that increasingly was denounced as a puppet of foreign interests. Razmara was assassinated in 1951 after only a few months in office, and the more militant supporters of nationalization applauded his death. Sensing the popular mood, the Majlis passed a bill nationalizing the AIOC, then took the unprecedented step of appointing Mosaddeq prime minister over the shah's objections.

In response to these events, Britain enforced a blockade on oil exports from Iran, a move that deprived Iran of foreign exchange. Although Iran had not relied on oil revenues prior to 1951, Mosaddeq's development budget anticipated this income; its absence severely hindered efforts to stimulate the economy and implement social reforms. Attempts to secure foreign financial assistance proved unsuccessful because most countries and international financial institutions feared offending Britain. The escalating crisis also discouraged private investment inside Iran. Mosaddeq, like many other Iranian political leaders, hoped the United States would intervene to resolve the crisis. Initially, the United States tried to mediate a compromise. By 1952 it had persuaded Britain to accept the principle of oil nationalization. However, the various diplomatic efforts ultimately failed to resolve the dispute.

In early 1953, when a new administration came to power in the United States, U.S. policy toward Iran began to change. The United States now became sympathetic to British arguments that Mosaddeq's government was causing instability that could be exploited by the USSR to expand its regional influence. As the Cold War escalated, world superpowers began to interpret political developments around the globe as "wins" or "losses" for the U.S.-led Western bloc and the Soviet-led Eastern bloc. Although Mosaddeq advocated Iranian neutrality in the Cold War conflict, neither side wanted to "lose" Iran. Consequently, the United States decided to use its Central Intelligence Agency (CIA) to help overthrow Mosaddeq. By this time, many conservative politicians in Iran, some senior military officers, and the shah were

prepared to work with the CIA to bring down the Mosaddeq government. The coup, carried out in August 1953, failed initially, and the shah was forced to flee the country. After several days of street fighting in Tehran, however, army officers loyal to the shah gained the upper hand. Mosaddeq was arrested, and the shah returned in triumph.

The Iranian government restored relations with Britain in 1953 and concluded a new oil agreement the following year. Under the new agreement, the concession formerly held by the AIOC passed to a consortium of British, Dutch, French, and U.S. oil companies; this consortium was to share the profits of oil operations in Iran with the Iranian government. Although the agreement increased Iran's share of the oil profits, production levels and sale price remained under foreign control.