In 1372, the then Shah of Parsia, " For ad-Din, in return for muchneeded cash, gave to Baron Paul Julius de Reuter, a concession to exploît all his country's minerals (except for gold, silver, and precious stones), all its forests and uncultivated land, and all canals and irrigation works, as well as a monopoly to construct railways and tramways. Although sweeping concession to be cancelled, de Reuter, who was a German Jew with British citizenship, persisted and by 1889 regained two parts of his original concession -- the operation of a bank and the working of Persia's mines. Under the latter grant, de Reuter's men explored for oil without great success, and the concession expired in 1399, the year the Baron died. Persian oil right then passed to a British speculator, William Knox D'Arcy, whose first fortune had been made in Australian gold mines. The purchase price of the concession was about 50,000 pounds, and in 1903 the enterprise began to sell shares in "The First Exploitation Company." Exploratory drilling proceeded, and by 1904, two producing wells were in. Shortly thereafter, interest in oil was sharply stimulated by the efforts of Admiral Sir John Fisher, First Lord of the Admiralty, to convert the Royal Navy from burning coal to oil. As a result, the Surmah Oil Company sought to become involved in Persian oil and, joining with D'ircy and Lord Strathcona, formed the new Concessions Syndicate, Ltd., which endured until 1907 when Burmah Oil bought D'Arcy out for 200,000 pounds cash and 900,000 pounds in shares. Burmah's first gusher came in a 1,130 feet in May 1903, near Masjed Soleyman, and a year later, after some complicated financial

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incorporating the shares and rights as a earlier concessionaires.

The company chose Ahadan as the site of its refinery and made local physical arrangements for sits security with both the Shiekh of Mohammerah and the Dakhtiari tribal khans; the former was paid an annual rental and was promised continued autonomy from Tehran, while the latter were to receive 3% of net oil revenues (to be paid out of the Persian government's

share of 16%).

Men Winston Churchill became First Lord of the Admiralty in 1911, his persistent prodding changed the Royal Mavy over to oil. To ensure (517.) a source of cheap oil, the British government became a major shareholder in the APDC in 1914, adding 2 million pounds in capitalization and signing a 30-year contract for fuel oil at cut rates (Churchill wrote in 1923 that this contract had saved Britain no less than 7.5 million on its wartime oil purchases).

Differences as to how profits were to be shared between the Persian (sterid war. I government and the APOC began after The company claimed that Persia's share of the profits applied to the earnings of the three subsidiaries actually operating in Persia (based on Article 1 of the D'Arcy concession, which defined its limits as "throughout the whole extent of the country"). Persia claimed it was entitled to a share of the profits from all operations, including extracting, producing, refining, and marketing its oil, wherever these operations might take place. There were also problems over British claims for wartime damage to pipulines by Bakhtiaris incited by Servan and Turkish agents. The British attempt to negotiate a settlement calling for new profit-sharing arrangements fell through in

white consent and formation

In 1921, Reza then, a colored

in 1870 by Bussisa officers - Loud of Cy or a Consequence Consect executs

Natural Din Shabilizer admirecture visit), seized power by deposing the color mital of the lest Cajar Shah. He visited Abadan after becoming Shah himself in 1925, and his account of the trip gave varnings of things to come. He noted that of the 29,000 employees in the oilfields and refinery, 6,000 were foreigners, and he expressed concern that so few Persians were being trained for higher level posts. He also saw that the Sritish staff enjoyed an obviously higher standard of living than the others, and that while the refinery area appeared prosperous, the surrounding districts had not felt any positive impact from this major industry in their area. Finally, he was disturbed by a manager's description of cutting down production in order not to upset world markets—but at a loss to Persia.

So, Persian dissatisfaction continued to build up until liovember 1932, when the government notified the company that the D'Arcy concession, signed under the Gajar regime, was annulled and a new concession would be granted on the basis of equity and justic. This new concession was not easily arrived at—the British government referred the annulment to the League of liations, whose Council sent Dr. Edward Benes of Czechoslovakia to reconcile the two sides. Two legal points were thus established that were to affect the later dispute in 1951: the right to annul the concession was recognized, and the League accepted the viewpoint of the British that such a case could be brought to the Council under Article 15 of the Covenant (which provided for a hearing on disputes between members that were likely to lead to a rupture in diplomatic relations and for the solution of which no legal recourse existed). The two parties finally worked out a new concession agreement that was ratified by the Majlis (the lover house of the Persian

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piliament) and signed by Reda (1993), it extraord the life of the concersion to 1993 and set (1994) we revail basis. By its terms for sia would receive 4 shillings on every ton of oil sold in Persia or exported, plus 20% of the dividends over \$671,250 (1994) distributed to shareholders, with a minimum dividend of \$750,000 (1994) per year. To avoid fersian taxation, the company agreed to pay a small additional revalty on tonnage, and it would continue to pay British taxes out of gross profits.

It was the oil business as usual until the summer of 1941 when Germany invaded the Soviet Union. Because German influence in Iran (as Persia was renamed in 1935 by Reza Shah) had grown significantly and because the country was the best route for Allied supplies going to the beleaguered Soviets, the Allies determined to send in occupation forces. In august Russian troops took over the five northern provinces, British forces went into the south, and the area around Tehran was neutralized. Following Ironian army collapsed and the three days of futile and desultory resistance, the Shah abdicated in favor of his young son, Hohammad Reza Pahlavi; al Iran was an occupied country until 1945. Abadan continued to produce petroleum products for the Allies, but the Soviets took advantage of the situation and attempted to obtain an oil concession in the north. In late 1944, the Soviets were divised by Frenier Saled that the cabinet had ruled out the granting of further concessions until after the war. When pressure was applied through the leftwing parties, Saled resigned, at which point the Majlis passed a bill introduced by Dr. Hohammad Hosaceq forbidding any discussion of or signing agreements for an oil concession with any foreign representatives. The bill pussed, despite Communist opposition, thereby blocking a Russian concession, but in the course of the debate the possibility of revoking the

Fig. sancession was seriously:

In April 1946 signed an agreemy the U.S.S.R. an cil contrassion in northern Iran. The Majlis referred to ratify the concession, and in the bill rejecting it, the legislators declared that it was forbidden to grant any concession to export oil to foreigners; further, they instructed the government to look into possible violation of the rights of the people in connection with the southern oil concession held by the AIOC.

With the vartime occupation over, the British oil managers began to have labor troubles. The 1946 general strike was settled with a pay raise, but this was only the start. In 1947 the Iranian Einistry of finance sent a delegation to London to discuss money due the Iranian government, various employee grievances, reduction of foreign staff, expansion of local distribution facilities, and the AIOC policy of concentrating refining activities outside Iran. To these complaints, the company, obviously feeling secure in the legality of its concession, was relatively unresponsive.

The law of 22 October 1947 instructed the government to open discussions with the Aloc to secure the nation's rights to its oil resources.

These "discussions" started more than 5 years of bargaining and debating, proposal and counterproposal, charge and countercharge, until they eventually reached the Security Council of the United Nations. The Iranians led off in August 1948 with a 50-page memorandum that listed 25 points that were to be discussed with the company in implementing the 1947 law. The main items on this list included British taxation of Iran's share of oil profits, Iran's ultimate rights to Aloc installations outside the country at the end of the concession (it had already been promised those in Iran), reduction in the number of foreign employees, the length of the concession (by 1993,

the cit left in the provide, the the lighted thit, they book ouptions. Hegasistions with company royalty basis, and tax and or representatives began the following worth, continuing intermittently Shortly before the 16 January 1949 attempt by a Tudeh Party member to assassinate the Shah at Tehran University, Premier Saled identified higher profits and moneylranian employees as his main goals in these. discussions; he pointed out that Iran's oil royalties for 1947 were just , whereas the AIOC had paid some \$15 million over\$7 million British income taxes'. Specifically, Iran wented control of the company's operations as well as a 50-50 split of the net profits. On 5 May 1949, AIOC chairman Sir William Fraser came to Tehran with a draft of the "Supplemental Agreement," and this draft was basically the agreement signed by the government and company on 17 July. The royalty payment was increased from 4 to 6 shillings per ton, and Iran was to get 20% of the distributed profits (with a minimum of £2.5 million ) and general reserve, terms well short of the 50-50 sharing Iran wanted and which iranco in the process of agreeing to give Saudi Arabia. The agreement was sent to the Majlis on 19 July, and debate began on 23 July, lasting 4 days before the 15th Majlis formally went out of existence. The oil agreement bill as well as the new election bill were left over to the next Hajlis.

Elections for the 16th Majlis began in the fall of 1949 and were National front Strong Premier, and in March 1950, with Dr. Mosadeq and his eight followers leading in the balloting in Tehran. Ali Mansur became Premier, and in June for study the oil agreement was turned over to the 13-man special oil commission that included Mosadeq and five other members of the National Front. Six days later, the Shah dismissed Mansur and appointed General Ali Razmara, former Chief of Staff, as Premier. The commission reported back to the Majlis En

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would be responded with the AIOC.

In February, the Aloc offered Iran an agreement similar to Aramco's, including the 50-50 profit sharing, but it was too late; the National Front was intent on nationalizing oil and it dominated the Hajlis. The oil commission indicated it, too, favored that course, despite the report from the experts appointed by Razmara to study the feasibility of nationalization. The experts had pointed out Iran's lack of technical and financial expertise, plus the facts that the concession could not legally be cancelled, that Iran would be liable for up to \$500 million in compensation, that heavy losses in foreign exchange and prestige would result, and that it would be unwise to antagonize Britain. On 7 Murch General Razmara was shot and killed by a number of Fedayan Islam, a rightist terrorist group, and Mosein Ala succeeded him as premier.

When the Majlis in mid-March unanimously accepted the principle of nationalization, the British Foreign Office notified the Premier that an act of nationalization would not legally terminate the oil company's operations. Shortly thereafter, strikes broke out in the south as a result of the company's cutting a hardship allowance for Iranian workers in certain area plus other grievances. Martial law was declared on 26 March, and in early April rioting began in Abadan that did not end until troops fired into the crowd; 6 were killed and 30 wounded, and two British oil workers and a sailor were also killed.

As members of the National Front were presenting their draft of an oil nationalization law to the special oil cosmittee, Premier Ala resigned.



The Hajlis approved the law as the constitute voted to explained to The Premier; the Smoote fellowed suit. the Shah the appointment of Her The Shah accorded, appointing Hoseleq on 29 April; two days later he signed the mine-point law that in broad terms ordered the government takeover from the AIOC. The company's response was to hold up the May monthly advance Tand to ask that entire oil problem be submitted payment of £2 million to arbitration, a request that Iran did not acknowledge. On 25 May the Critish government brought the matter Before the International Court of Justice, the same day it despatched the 16th Independent Parachute Grigade Group to Cyprus; two Royal Havy cruisers and three frigates were already in the Persian Gulf area. In addition to the government request, the AIOC asked the ICJ to appoint an arbitrator, as provided in the 1933 concession agreement. The Iranian view of these appeals to The Hague was simple: Iran did not recognize the competence of the court to deal with the matter, which concerned Iran's internal affairs.

The United States became seriously involved in these discussions for the first time in mid-May 1951. A State Department statement of 13 May urged both sides to try to find an agreeable compromise solution; it noted that the United States recognized the sovereign right of Tran to control its resources and industries but said that the technical knowledge, capital, and transport and marketing facilities were all controlled by the AIOC. It further stated that U.S. oil companies had indicated that they would not, in the face of unilateral Iranian action against the AIOC, be willing to undertake operations in Iran or provide technicians to work there. The note pleased neither Iran nor Britain, which was the object of U.S. pressure to accept the nationalization concept and work toward a compromise. At



the AloC hand over 75% of net oil revenues since 20 North and put the back other 25% into a bank, presumably to be eventually paid as compensation. The British, 5 days later, proposed that a new company be established by the AIOC to operate the oil industry on behalf of Iran; the profit split would be 50-50. No compromise between these two points of view appeared possible, and on 21 June the British want back to the ICI with a request for an injunction to halt the nationalization process until the court had ruled on the original U.S. application. Since Iran had already refused to recognize the court's jurisdiction, it was not represented when the court issued an order to maintain the status quo as of 1 May 1951, with a Board of Supervision consisting of two Iranians, two Britans, and one individual of another nutionality empowered to run the industry.

Iran ignored this order and prepared to move the managers of the Mational Iranian Dil Company (MIDC) into Abadan, while the AIOC began to slow down the output of the refinery and prepare for evacuation. Export of nil stopped, and in the face of an antisabotage law introduced in the Majlis, the British staff resigned. Mosaded wrote to President Truman on 27 June, complaining about the British attitude and the actions of the British technicians, whom he wished to retain a contract employees to run the oil industry. Truman's reply on 9 July stressed the U.S. desire for a penceful settlement and urged Mosaded to go along with the ICJ order; he also offered to send his foreign policy adviser, Averell Marriman, to Iran to help work out a solution. Mosaded agreed to accept

be consistent with the notions:

law. Marrican's arrival in Ithran on 15 July was hardly auspicious; in the course of a massive demonstration against the United States, Sudeh mobs fought with the National Front and other cleanats; the police and then the army intervened, and 15 people were killed, over 200 ununded (the Minister of Interior, General Zahedi, resigned as a result of the criticism he received over the handling of the demonstration).

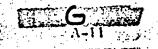
Sacking to find some common ground for agreement, Harriman persuaded Hosadeq to enter into further discussions on how to implement the law, contingent on the British accepting the principle of nationalization. He flaw to London to arrange for a new British mission to Iran but found the Labor cabinet insistent on an improvement in conditions in the oil wea, including "an end to provocation of British staff." Compromise versions of the messages between the two governments were worked out by Harriman, and Prime Minister Atlee and Foreign Secretary Morrison agreed to send Richard Stokes, Lord Privy Seal, as the head of a high-level delegation to Tehran. Stokes' proposal, after preliminary meetings with the Aloc staff in Abadan, was very similar to the earlier British suggestion that an AIOC purchasing organization, with Iranian representation, handle the marketing of the oil as a monopoly, with profits evenly divided. Iran, of course, would not give up the idea of nationalization and said it would discuss only three points -- the purchase of oil for British needs, AigC claims for compansation, and conditions required for continued employment of British technicians. At a private meeting of Harrigan, Mosaden, and Stokes, the latter suggested that a British general manager be appointed, to act under direction of the NIOC. The Iranians would not G

from countries "with no spe. "Total interest" in Iran. Itakes would not even discuss this point and returned to London on 23 August.

U.S. Ambasendor Grady was replaced in Johnan on 11 September by Ambassador bey Harriman from Washington that his proposals were not workable since they did not conform to the practical and commercial aspects of the international oil industry. Iran told the small British staff still in Abadan that it must leave the country within a week from 27 September, and on 4 October the last of the AIOC personnel duly left Iran.

In the meantime, the British government asked that the case be considered by the U.N. Security Council as a potential threat to world peace, and on 1 October the Council agreed to put the question of intervention on its agenda. Mosaded flew to New York to present Iren's case. The Security Council listened to both sides, debated the British resolution from 15 to 19 October, and finally decided to adjourn the question until after the ICJ had ruled on its own jurisdiction. In the British general elections shortly thereafter, the Conservatives were returned to power, with Minston Churchill as Prime Minister and Anthony Eden as Foreign Secretary; in a speech in Commons, Eden declared there were three elements that would be involved in a satisfactory solution to the problem—first, the Irenian economy depended on efficient operation of the oil industry; second, the benefits must be shared between Iren and the developers of the nationalization.

The ICJ met on 9 June 1952, and the legal arguments eventually were reduced to the interpretation of the Iranian declaration of 2 October 1930



testice (predecessor to the parent Court of International pastice (predecessor to the paper "arising of the the ratification of the present declaration with regard to situations or fact relating directly or indirectly to the application of treaties or conventions subsequent to the ratification of this declaration." The legal points at issue were whether the dispute related to a treaty or convention and, if so, was it a treaty or convention covered by the declaration? The court finally ruled that the word "subsequent" referred to "treaties" and not "situations" and that since the oil concession was not a treaty, it did not have jurisdiction. The British thus lost their ICJ case and with it their chance to have the Security Council pass on their resolution.

The matter monetheless remained at an impasse. While the nations involved waited nearly 8 months for the ICJ ruling, other compromise colutions were sought. In November 1951, officials of the International Bank for Reconstruction and Development (1389) proposed that the bank finance, as trustee, the production and refining of Iran's oil and then sell it to the ALCC at current Persian Sulf oil prices, Iran to receive payment at these prices, less an agreed discount which would go to the AICC. The British were willing to go along with this if AICC technicians would be employed, but Iran would not agree to either the technicians or the discount. The IGRD tried again, proposing a neutral board of management responsible to the bank which would arrange a bulk export contract for the sale of oil through established distribution channels; the profits would be divided three ways--one share to Iran, one to the bulk purchaser, and one to be held in reserve by the bank. However, on the question of non-Iranian management, the use of British technicians, and the selling price of the oil, the negotiations ultimately broke down. The 1820

Freshold returned to flow York. A 1952. At about the same time, freshold for Trustan metified these of the United States would not give Iran a loan of \$120 million at a time when the country had an epportunity to get "adequate revenue" from its oil resources; he thus none too subtly pressed Hosaden to settle the oil dispute.

Relations between the Iranian and British governments deteriorated stendily. Iran attempted to sell the oil stored in the tanks at Abadan to Italian and Japanese firms, but AIQC action in the courts plus the cooperation of the international oil industry with the British limited the amounts of oil that could be delivered. In January 1952, Mosaded had ordered all British consulates closed; he followed that by closing all foreign information and cultural centers in Iran. He made some attempt to reach agreement with the British on compensation, but his proposals included large offsetting amounts for unpaid royalties and other payments stopped by the cessation of oil production in 1951. When the British in October 1952 described his final proposals as "unreasonable and unacceptable," Mosaded broke off diplomatic relations with the United Kingdom.

The premier in the meantime had scored internal political victories of his own. Reclected by the new Majlis in July 1952, he asked for six months of emergency powers to rule by decree in order to deal with the critical economic situation. When the Shah refused, Mosadeq resigned, and Cavam was appointed in his place; the result was four days of rioting by both Tudeh and the Mational Front. Qavam resigned, and on 23 July Mosadeq again became premier; his political ally and one of Tehran's best known religious figures, the mullah Ayatollah Kashani, was named Speaker of the Majlis, which then voted Masadeq decree powers for one year. The Senate and the Shah concurred, and the Stage was set for the anti-Shah

Todeh Party and its front grand to come to Iran's aid. Implied threats to turn to the Communists were contained in a Hosadeq letter of 23 May 1963 to President Eisenhower requesting a large loan, and the bisenhower reply, as a matter of policy, was cold in its rejection of this threat and its accompanying bid for help. Eisenhower's letter

I fully understand that the Government of Iran must determine for itself which foreign and domestic policies are likely to be most advantageous to Iran and the Iranian people. In what I have written, advantageous to Iran and the Iranian Government on its best interests. I am not trying to accept the Iranian Government on its best interests. I am merely trying to explain why, in the circumstances, the Government of the United States is not presently in a position to extend more aid to Iran or to purchase Iranian oil.

In case Iran should'so desire, the United States Government hopes to be able to continue to extend technical assistance and military aid on a basis comparable to that given during the past year. I note the concern reflected in your letter at the present dangerous situation in Iran and sincerely hope that before it is too late the Sovernment of Iran will take such steps as are in its power to prevent a further deterioration of that situation.

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were made of the AIDC, award ADC Truncaise des Petroles 6%, and U.S. vil companies 40% (7% each to Standard Cil Company of New Jersey, Standard Oil Company of California, Secony Tabil 311 Company, The Toxas Company, and Gulf 311 Corporation, and 5% to Irican Agency, Ltd., comprised of nine small U.S. ail companies). Since 1959 the MIOC has carried out a number of operations of its own, and, after the passage of a new oil law in 1957, has allowed Italian, U.S., and Canadian companies to explore for oil and conduct operations nutside the consortium's territory. The consortium has produced 90% of Iran's oil, however, and the rate of production has been the highest in the world, increasing at an annual rate of almost 14% in the 1960's and reaching 1.7 million barrels in 1971, which was 10% of world output and second largest production in the Middle East. Price increases levied by Iran and other Persian Gulf mambers of the Organization of Petroleum Exporting Companies in 1971 and 1972 resulted in an estimated \$14 billion for those years, and the Niddle East oilcrisis of late 1973 raised prices even higher. Iran is currently very concerned about its estimated reserves, which at current rates of extraction may barely last until 1994. Dil accounts for 23% of Iran's dip, including some 35% of its foreign exchange earnings and 60% of its budgetary revenues.

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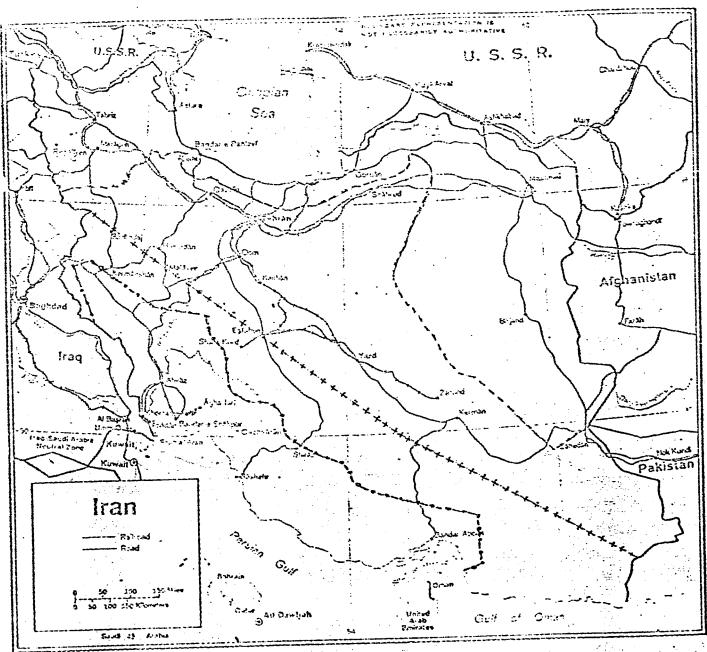
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011 Concession Boundaries

 GHAM BAD POSADEQ

The bare bones of the life of the man who was Premier of Iran from 23 April 1951 to 19 August 1953

1331 (1873 or 1379 are probably more accurate dates, but 1931 was always given as his official birth year because of the restrictions on the algeof Majlis deputies) in Tahran, his mother being a mamber of the ruling Qajar dynasty and his father the Minister of Finance for some 30 years. His family background was thus the clitc, wealthy, landowning class. His secondary education bereif complete, Mosadeq was sent to Kherasan as the Shah's financial agent while barely out of his middle teens. In 1906, forced into exile because of his role in the Constitutional Revolution that year, he went to Europe to study law at Paris, Liege, and Neuchatel, earning his LL.D. from the last institution in 1914. Returning to Iran, he was elected to the Majlis in 1915, serving on its financial committee. As Under Secretary of Finance in 1917, he resigned after only a few months in office because he was prevented from carrying out reforms in the notoriously padded payroll system. He became governor of Fars Province in 1921, but his criticism of Reza Shah led to arrest in 1930 and exile to the villages. He was again arrested in 1941 but was released in the general political amnesty after Reza Shah's abdication. Mosadaq was again elected to the Majlis in 1944, where in 1947 he organized the National Front, a small, tightly knit, and highly influential group. As a mamber of the oil commission, he gained in influence not only in the dajlis but among the people, and his April 1951 appointment as Premier was at the Majlis' request. From then until his removal from office in August 1953, he concentrated his answips on expropriating the British-owned industry in defines of W impression and interest of complete with stopped short of complete with intation. Sent-media to three years in prison in a post-onep trial, he was eventually perfored by the Shah in August 1956, but he was forced to remain in his village of Ahandabad under virtual house arrest for the 11 years until his death in March 1967. He had suffered from cancer of the jaw and finally succumbed to internal bleeding after two operations in Tehran.

Often bizaere

The above facts do: little to explain his/behavior as a politician, but

apparently irrational ones, were probably well calculated. The popular world image of him as an enfection old man, given to hysterical weeping and fainting spells, served his own purposes and gave him tremendous leverage among his people. He used the accepted belief that he: was ill and weak to avoid things or people he did not want to face, and his apparent physical debility added to the drama of his personality, which in public speeches was capable of moving his apponents.

Mosadeq's power rose from his consummate ability to appeal to national aspirations and emotions. By attempting to deal with a heated political problem in logical, rational terms based on economic facts, the British were unable to achieve anything in the oil dispute but to unify the people of Iran. Reza Shah had held power for 20 years by appear to latent Iranian nationalism; Mosadeq used this awakened nationalism and the desire for independence to keep himself in power and to defy Britain. His speeches and programs appealed to social discontent, xenophobia, religious fanaticism, and national pride in past glories.

and the United States would a so go Communist, and part Vanity, part Islamic fatalism. He used to come of the technique of opposition—his mine-man National Front opposed every government in power, whether under Saled, Hamsur, Razmara, or Alamand than, once Premier, his single plank was opposition to the British over the oil question.

Mosadeq was antagonistic to the Shah for many reasons: his mother was a Cajar, whose family was overthrown by the Shah's father, the same man that had exiled and then imprisoned him; in addition, he had long believed in constitutional reform to reduce the power of the monarchy. He opposed the army because it had brought Reza Shah to power and was the main source of support for Mohammad Reza Shah; by retiring senior officers and putting in his own Chief of Stuff, the young, French-trained Brig. San. Taqi Riahi, he had obtained a degree of controllover the army. But, by so doing, he sut the stage for the officer corps to turn against him. His own extreme nationalism, fantasies of omnipotence, and lack of conscience-in manipulating Tudeh, at the risk of it getting out of control as it did in the streets of Tehran on 13 August, were the seeds of his own eventual downfall. But he was a most unusual man, one whose character caught the world's fancy, even as he drove his countrymen toward disaster. At any time in 1951 or 1952 he could have had the same compromise through which his successors gained a nationalized oil industry efficiently run by foreign experts to give Iran the revenue that financed the Shah's White Revolution. He chose to gamble on total victory over Britain, the United States, and the international oil industry - and he lost.

gradustud fila tod dilitary School form in 1957 in Horadam. a of World Win I and the postuar in Tehran and burn it during period under Pera Khan, then a colonel in the Gossack Brigade. As a combat officer, he was decorated for action against assorted bandits and insurgents, including rebellious Kurds, lurs, and Turkemans. He had become a division commander by 1942, after service as head of the Gendarmerie and the Tehran Police, but he was arrested by the British that year for pro-German activity (his name was found in the papers of Franz Mayer, a principal Nazi agent in Tehran, as an officer who would protect German agents) and deported to Palestine, where he was held until 1945. Despite his arrest and subsequent three years in a detention: camp, he did not become fematically enti-British as did many xenophòbic Iranians. Returning to Tehran after the war in 1945, he was given command of the Facs Division and promoted to major general. In 1948, as Inspector General of the army, he was severely injured in a tank accident, losing four ribs, and after 7 months of medical treatment in-Germany, some of it by U.S. Army doctors, he was retired in May 1949. The Shah made him his honorary adjutant, and in Hovember 1949 appointed him Director General of the Tehran Police. In April 1951 Zahedi became Minister of Interior in the Ala cabinet and was retained in that post by Mosadeq when he became Premier. He resigned in August 1951, following

There was a Cussack Brigade in the Persian Army solely because Nasred-Din Sheh visited Russia in 1873 and was provided with a Cossack escort by the Czar. The Shah was so impressed by the Cossacks that he asked the Czar to send him Kussian officers to organize such a unit in his own usual. The Brigade retained Pussian sonior officers and noncoms until 1920, and as long as it was in existence, it was the best trained and most professional unit in the army

the ortivity riess in ishee to be the to fire on them, with the result that many died and hundreds who is a glod, on both sides. He was a prime suspect of the Mosadeq government as a potential coup leader and was briefly arrested in February 1953.

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## ARDESHIR ZAHEDI

Sorn in December 1927, General Zahedi's son, Ardeshir, was educated at the American University in Beitut and at Utah State University where he sarned a BS dagree in 1950. Because of his training and language ability, he served with the Rural Improvement Commission which was administering U.S. technical assistance until he was forced to resign in 1952 by Mosadeq. During the planning and operational phases of the coup, he acted as the communications channel to his father and performed very well under difficult circumstances. He was married for a time to the Shah's daughter by Queen Fawzia and has never remarkied since his divorce. He has retained the Shah's favor and, in fact, introduced the Shah to Farah in Hay 1959, the girl who laterbecame Queen and mother of the Shah's sons. Ardeshir was the Ironian Ambassador to the United States in 1960-62 and returned again in April In the interim, he was Ambassador to the United 1973 to the post . Kingdom, 1962-67, and Minister of Foreign Affairs, 1967-71.

## MAJ. GEN. NAUR BATMANGELICH

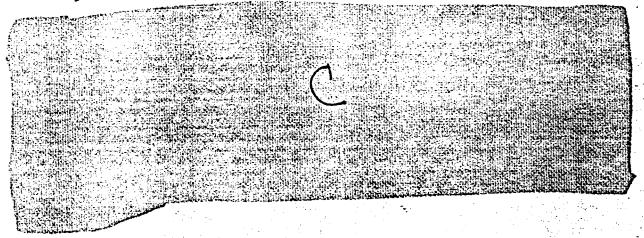
General Batmangelich (also spelled Batmanqilich or Batmangelij) was born in Tehran about 1905 and educated in Germany, the Irenian Military School, and the German Staff College. He fought in the Luristan and Fars tribal campaigns and was interested by the Allies from August 1943

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to June 1945. He wisited the section of the control of the post of the army imperiately certain the 1953 coup, he retained that post despite friction with Premier Zahedi until Becamber 1955 when he was made Ambassador to Pakistan to ease him out of the army command. Clashes with General Hedayet, Chief of the new Supreme Staff, were the probably cause of his reassignment. He then became Ambassador to Iraq in January 1957, was Minister of Interior in 1958-59, and became Adjutant to the Chah in 1959.

After serving as Governor

of Khorasan, 1985-68, he retired to private life. He had served as Permanent Iranian Belegate to the CENTO Military Committee before retiring from the army 1965.



IVALHAD RECA CHAR TARLAVI

When Melanared Four Lectron 19/11 of the age of 12 following his father's abdication, Iron was proupled by foreign troops--Soviet, British, and American--and its army was demoralized. He had no solid power base and no political machine, and as a result he spent the first 10 years of his reign in conflict with the traditional political power structure bent on regaining the influence it had lost to Reza Shah. The military coup that ousted Mosadeq in August 1953 was thus a major milestone in the Shah's political life.

Mohamad Reza was born on 26 October 1919; he studied 6 years as a codet at the Military School of Fehran and then went to Switzerland in 1931 for his secondary education. Returning in 1936, he attended the Iranian Military College, from which he graduated 2 years later as a second lieutenant. His first marriage, in 1939, was to Princess Fawzia of Egypt, sister of King Farug, and a daughter, Shanaz, was the only child of this marriage. Divorcing Fawzia, he married Sorya Esfandiari, a half-German, half-Bakhtiari beauty to whom he was very devoted, but the marriage was childless and the throne needed an heir. After the inevitable divorce, he married Farah Diba in 1959, and Crown Prince Reza was born in 1960, followed by two daughters and Prince Ali Reza, securing the succession of the Pahlavi line.

Although various sources | criticized the young Shah as suspicious and indecisive to the point of permanent instability, others saw his strengths. An OSS report in 1943 said:

Mohammad Shah is a man of much stronger purpose than is generally realized. He stands almost alone, distrusts most advisers, is honest in his efforts to sedure a democratic form of government for Iran. He is not easily influenced and cannot

no may yet surprise the powers. He thinks also alterted to his transition or national expenditure jobs almost his only backing with a

The military bodget is helf the Yet, of coese, the army is

In 1951, also on the positive side, the U.S. Embassy in Tehran

noted:

It is important to observe that the Shah, in ten years of political wavering, his over turned against the intellectual interests, sports, and hobbies which he learned from European sources. His mind remains alert and his principles, although often betrayed, retain great similarity to Christian ethics and philosophy. The tragedy in the conflict of this healthy intellect against the vicious Persian scene corrupted. triumph since the Shah, so far, has not become corrupted.

The Shah took the successful coup of 1953 as a popular mandate to seize control of his country from the political factions and the ambitious generals; he has never since allowed them to threaten his position or his program. His hasty flight to Baghdad and Rome was either forgiven or forgotten in the triumph of the moment, and although General Zahedi was often angered by the Shah's vacillation and lack of decisiveness, those very characteristics enabled him to frustrate the volatile Zahedi and eventually bring about his resignation and voluntary exile. Given confidence by the popular support he saw during the coup, he pressed ahead to consolidate his power, carefully controlling political activity, which he has said can be permitted to function freely only after economic and social development have taught the people to act responsibly. His reforms launched in 1962 as the "White Revolution" have accomplished much; without the power and prestige of the throne coupled with the Shah's authoritarianism and determination, the reforms and development probably could not have taken place.

The rapid escalation of oil prices in 1973-74 has anhanced the Shah's prestige as spakesman for the more extreme oil-producing countries, and he

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has been quick to revent price of the view of the conserved and that must be conserved, if only by the pressure of cost. The situation has clearly made the Shah a man whom the world listens to, and he has made the most of it.

2.2



The world of journalism-ever on the alert for the mote in somebody else's eye-found long ago that the Central Proceeding on the Intelligence Agency made great copy. theory that their readers will believe anything dealing with "spies," "agents," and "the secret world of espionage," a number of writers have told what they insist is the inside story of the CTA involvement in Iran in 1953. A sampling of these is included here, without extensive comment

Andrew Tully, for example, in 'CIA--The Inside Story devotes Chapter 7, "King-Making in Iran" to a version of most notable for the purple of its flamboyant prose. Some significant passages are:

It was in 1953, of course, that the CIA stage-managed the overthrow of Premier Mohammed Mossadegh, that celebrated com-pulsive weeper, who had seized Britain's monopolistic oil company and was threatening to do business with the Kremlin. At the time CIA's coup was hailed as a blow for democracy, which it was. But after disposing of Mossadegh, CIA and the State Department reverted once again to a weakness that so often has been disastrous. In the setting up of the new regime, in which CIA took a major part, no consideration was given as to whether the new men had any

intention of attempting to relieve the minery of the Iranian graphe. It was enough for the United States that they were anti-Communist.

When Mossadegh announced the expropriation of Anglo-Emanian Oil and nationalization of Iran's oil fields, the international uproar was thunderous. Mossadegh could not do that, and the Western bankers would prove it to him. Iranian oil was virtually boycotted. Mossadegh promptly tried to swing some deals with smaller, independent companies to work the Iranian fields, but the State Department gave these companies little encouragement - which is to say it told them "hands off." Meanwhile, Iran was losing its oil revenues and going broke. Even American financial aid was not enough although the State Department, with understandable reluctance, donated \$1,600,000 for a technical rural improvement program in 1951 and followed that with a foreign aid grant of \$23,000,000 in 1952. Most of the latter was used to make up Iran's foreign exchange shortages, but Iran remained financially unstable.

Meanwhile, CIA learned that Mossadegh was carrying on a clandestine flirtation with Iran's furtive Communist party, the Tudeh. Soviet intelligence agents flocked into the ancient capital of Teheran and the traffic jam between them and Allen Dulles' energetic young men was almost ludicrous. Almost daily, emissaries from the Soviet danced attendance on Mossadegh as he lolled recumbent on his couch, alternately dozing and weeping. Inevitably, the old dictator put it squarely up to President Eisenhower. In a letter received by the Fresident on May 28, 1953, Mossadegh overplayed his hand - he attempted to blackmail the United States by warning that unless Iran got more American financial aid he would be forced to seek help elsewhere.

Elsewhere was the Post tiden, with which Mossadogh suggested he would conclude both an economic agreement and a mutual defense pact.

Sinch Iran otherwise was broke, that meant Mossadogh would have to pladge the rich Tranian oil flelds and the refinery at Abadan, the world's largest, in return for financial assistance from the Soviet. danger to the West was clear. With Iran's oil assets in its pockets, the Russians would have little trouble eventually achieving a prime object of Russian foreign policy since the days of the Czars - eccess to a warm water outlet on the Persian Gulf, the Icoa world's life line to the Far East. But even if Aussia ware to get just Iran's oil, the Western world would be weakened throughout the Middle East and Soviet prestige would sear. It was clear, too, of course, that Anglo-Tranian Oil had a stake of billions of dollars, and when private enterprise of that magnitude is involved State Departments and Foreign Offices are apt to react most sensitively.

The time had come for the United States to embark on an international gamble. CIA reports were that Mossadegh, although popular with the masses, had never been able to undermine the young Shah with his people. If something were to happen whereby the Shah was able to take over more firmly the reins of government, there was a good chance Mossadegh could be unseated. In any event, the Shah had a better than even chance of winning any popularity contest with Mossadegh.

So for a month the White House stalled Mossadogh, avoiding a direct reply in a welter of polite diplomatic notes seeking further discussions. Then President Eisenhower favored Mossadogh with a blunt reply: "No." Everybody agreed it was a calculated risk, a gamble that Mossadogh could be dealt with in such a fashion that he would be powerless to carry out his threat. The CIA forthwith set the wheels in motion for dealing with this tough old man.

to Europe to join his the for a "holiday" in the Swiss Alps. Although the political situation in Teheran was becoming more ominous. - Mossadegh was conferring daily with a Russian economic mission - United States Ambassador Loy Henderson decided he would like a vacation to Switzerland, too. Almost simultaneously, the Shah's sister, the pretty and tough-minded Princess Ashraf, marched into the royal palace and gave her brother the rough side of her tongue for his hesitancy in facing up to Mossadegh. Then she, too, flew off to Switzerland.

Certainly, the Russian espionage network must have surmised that something was cooking as Dulles, Henderson and Princess Ashraf turned up at the same Swiss resort. Their suspicions were strengthened when an old Middle Eastern hand named Brigadier General H: Norman Schwartzkopf suddenly was discovered in the midst of a leisurely flying vacation across the Middle East. He had been to Pakistan, Syria and Lebanon and, while the Russians fumed, he ultimately turned up in Iran.

- The Reds had a right to be fearful, for Schwartzkopf had long been an anathema to the Kremlin. Americans remember him most vividly as the man who ran the Lindbergh kidnapping investigation in 1932, when he was head of the New Jersey State Police. But the world of international politics knew him better as the man who, from 1942 to 1948, had been in charge of reorganizing In this the Shah's national police force. job, Schwartzkopf spent little time tracking down ordinary criminals; he was kept busy protecting the government against its enemies, a job that required the setting up of an intelligence system to keep watch on various political cliques which might seek the Shah's overthrow.

lactiquing dublos, In the course Stock Stiend and Solwariskopi kad i adviser to the Shah . .. sore important, to Major General Earlotla's Tahedi, one of his colleagues on the police force. So when Schwertzkopf turned up in Teheran in August he could explain with a straight face that he had come merely "to see old friends again." The Russians stogmed and protested over his presence in Iran but Schwartzkopf went his casual way, dropping in to see the Shah one afternoon, spending the morning with General Tahedi, and renewing contacts with other old pals in the police and army.

And suddenly the Shah seemed to have located his courage and authority. On Thursday, August 13, the Shah handed down a whise that sounded as if it had been written in collaboration by Schwartzkopf and Zahedi. Mossadegh was ousted as Premier and his successor was to be General Tahedi. The Shah ordered the colonel of the Imperial Guards to serve the notice on Mossadegh, and the wheels seemed to be turning.

But for some reason the colonel seemed seized by inaction. It was not until two days later, on midnight of August 15, that the colonel and a platoon of his troops showed up at Mossadegh's residence. There they found themselves surrounded by an array of tanks and jeeps, manned by hard-faced array army veterans Mossadegh had rounded up while the colonel vacillated.

The colonel, of course, was clapped into jail and Mossadegh announced that a revolt against the rightful government of Iran had been crushed. He also had some unkind things to say about the youthful Shah, and Iran's king of kings and his queen took the hint and hopped a plane for Rome by way of the then royally safe country of Iraq.

Solwartinkopf, he hald his own created on the Tranian stage. As took over as enciricial paymester for the Mosselegh-Mast-Go clique. Certain franians started to get rich, and the word later was that in a period of a few days schwartzkopf supervised the careful spending of more than ten million of CTA's dollars. Mossadegh suddenly lost a great many supporters.

The climax came on Wednesday, August 19, four days after Mossadegh had "crushed the revolt." The tense capital was filled with troops, mounted against a new uprising, but none of them locked very happy. There seemed no reason for alarm when a long and winding procession of performers when a long and winding procession of performers appeared on the scene for one of these impromtuparades common in Teheran. In the procession were tumblers, weight-lifters, wrestlers, boxers—all performing their specialties as they moved slowly along the streets. As usual, crowds flocked out into the streets to watch the show and to follow the parade.

Then, apparently, somebody gave a signal. The weird procession suddenly broke into an organized shouting mob. "Long Live the Shah!" they cried. "Death to Mossadegh." The crowd joined in the shouting, some of them undoubtedly keeping one hand tight against pockets where their American wages were secured. Soon the entire capital was in an uproar, and when the din was at its loudest troops who had remained loyal to the Shah launched their attack.

For more than nine hours the battle raged, with Mossadegh's troops fighting fiercely but gradually giving ground. Obviously, they were confused by the tactics and swift logistical maneuvers of the Shah's forces, who had been exposed to some American who knew the ropes. Anyway, by midnight Mossadegh's soldiers had been driven into a little ring around the Premier's palace and they were forced to surrender. Troops forcing their way into the palace captured Mossadegh as he lay weeping in his bed, clad in silk striped pajamas. Somebody telephoned Rome and the Shah and his queen packed again, to return to Teheran and install Zahedi as Premier.

my to the escurity This was a compaof the United States, are probably to that of the Western World. The it was another case of the United States not requiring tough enough terms in return for its support. It is somboless, as some observers have written, to say that the Iranians overthrow Mossadegh all by themselves. It was an American operation from beginning to end. But at the end, CIA -- and the American government -- stood by while a succession of pro-Western and anti-Communist administrations, uninterested in the smallest social reforms, brought Iran once again to the edge of bankruptcy. And, of course, the American taxpayer has contributed hundreds of millions of dollars to this corruption.

Then, David Wise and Thomas B. Ross in their "explosive bestseller" The Invisible Government provided yet another version, as follows:

1953:

But guerrilla raids are small actions compared to an operation that changes a government. There is no doubt at all that the CIA organized and directed the 1953 coup that overthrew . Premier Mohammed Mossadegh and kept Shah Mohammed Reza Pahlevi on his throne. But few Americans know that the coup that toppled the government of Iran was led by a CIA agent who was the grandson of President Theodore Roosevelt.

Kermit "Kim" Roosevelt, also a seventh cousin of President Franklin D. Roosevelt, is still known as "Mr. Iran" around the CIA for his spectacular operation in Teheran more than a decade ago. He later left the CIA and joined the Gulf Oil Corporation as "government relations" director in its Washington office. Gulf named his a vice-president in 1960.

One legend that grew up inside the CIA had it that Roosevelt, in the grand Rough Rider tradition, led the revolt against the weeping Mossadegh with a gun at the head of an Iranian tank commander as the column rolled into Teheran. A CIA man families on the francticy characterized this as the from a basequent in "Kim did run the operation from a basequent in Teheran -- not from our embassy." He added admiringly: "It was a real James Bond operation."

General Fazollah Zahedi, the man the CIA chose to replace Mossadegh, was also a character worthy of spy fiction. A six-foot-two, handsome worthy of spy fiction. A six-foot-two, handsome ladies' man, he fought the Bolsheviks, was captured by the Kurds, and, in 1942, was kidnapped by the British, who suspected him of Nazi intrigues. During World War II the British and the Russians jointly occupied Iran. British agents, after snatching Zahedi, claimed they found the following snatching Zahedi, claimed they found the following items in his bedroom: a collection of German automatic weapons, silk underwear, some opium, letters from German parachutists operating in the hills, and an illustrated register of Teheran's most exquisite prostitutes.

After the war Zahedi rapidly moved back into public life. We was Minister of Interior when Mossadegh became Premier in 1951. Mossadegh nationalized the British-owned Anglo-Iranian Oil Company in April and seized the huge Abadan refinery on the Persian Gulf.

The refinery was shut down; thousands of workers were idled and Iran faced a financial crisis. The British, with the backing of Western governments, boycotted Iran's oil and the local workers were unable to run the refineries at capacity without British techniques.

Mossadegh connived with the Tudeh, Iran's Communist party, and London and Washington feared that the Russians would end up with Iran's vast oil reserves flowing into the Soviet Union, which shares a common border with Iran.

Mossadegh, running the crisis from his bed — Mossadegh, running the crisis from his bed he claimed he was a very sick man — had broken with Zahedi, who balked at tolerating the Tudeh party.

<sup>\*</sup> We died September 1, 1963, at age sixty-seven.

The CIA it was The court formulate and and Sim Review tolk . the of the comp Dessevelt, install Schedi. At . then thirty-saven, was already a veteral intelligence man. He was been in Buenos Aires. His father, the President's second son, was also named Kim was graduated from Harvard just Kermit. before World War it, and he taught history there and later at the California Institute of Technology. He left He had matried while still at Harvard. the academic life to serve in the OSS, then joined the CIA after the war as a Middle East specialist. His father had died in Alaska during the war; his uncle, Brigadier General Theodore Roosevelt, died on the beaches of Normandy a year later.

The British and American governments had together decided to mount an operation to overthrow Mossadegh. The CTA's estimate was that it would succeed because the conditions were right; in a showdown the people of Iran would be loyal to the Shah. The task of running the operation went to Kim Roosevelt, then the CTA's top operator in the Middle East.

Roosevelt entered Iran legally. He drove across the border, reached Teheren, and then dropped out of sight. He had to, since he had been in Iran before and his face was known. Shifting his headquarters several times to keep one step ahead of Mossadegh's agents, Roosevelt operated outside of the protection of the American Embassy. He did have the help of about five Americans, including some of the CIA men stationed in the embassy.

In addition, there were seven local agents, including two top Iranian intelligence operatives. These two men communicated with Roosevelt through cutouts -- intermediaries -- and he never saw them during the entire operation.

As the plan for revolt was hatched, Brigadier General H. Norman Schwarzkopf, who used to appear on radio's "Bang Busters," turned up in Teheran. He had reorganized the Shah's

police force there 1949s. He was best known for his investigate of the bindle right baby kidnaping case when he headed the Bew Jersey State Police in 1932. Schwarzkopf, an old friend of Zahedi's, claimed he was in town "just to see old friends again." But he was pact of the operation.

On August 13 the Shah signed a decree dismissing Mossadegh and naming Mahedi as Premier. The uncooperative Mossadegh arrested the unfortunate colonel who brought in his notice of dismissal. Mobs rioted in the streets; the thirty-three-year-old Shah and his queen (at that time the beautiful Soraya) fled to Baghdad by plane from their palace on the Caspian Sea.

For two chaotic days, Roosevelt lost communication with his two chief Iranian agents. Meanwhile, the Shah had made his way to Rome; Allen Dulles flew there to confer with him. Princess Ashraf, the Shah's attractive twin sister, tried to play a part in the international intrigue, but the Shah refused to talk to her.

In Teheran, Communist mobs controlled the streets; they destroyed statues of the Shah to celebrate his departure. Suddenly, the opposition to Mossadegh consolidated. The Army began rounding up demonstrators. Early on August 19 Roosevelt, from his hiding place, gave orders to his Iranian agents to get everyone they could find into the streets.

The agents went into the athletic clubs in Teheran and rounded up a strange assortment of weight-lifters, muscle-men and gymnasts. The odd procession made its way through the baxaars shouting pro-Shah slogans. The crowd grew rapidly in size. By mid-morning it was clear the tide had turned against Mossadegh and nothing could stop it.

Zahedi came out of hiding and took over.
The Shah returned from exile. Mossadegin
went to jail and the leaders of the Tudeh
were executed.

In the afternath, litish lost their mosepaly on Tran's with. In August, 1958, on international comparise of Western oil companies signed a twenty-five year pact with Iran for its oil. Under it, the former Anglo-Iranian Oil Company got 40 percent, a group of American companies got 14 percent and the Compagnie Francaise des Petroles 6 percent. Iran got half of the multimillion-dollar income from the oil fields under the deal, the Anglo-Iranian was assured a compensation payment of \$70,000,000.

officially admitted the CIA's role. The closest Dulles came to doing so was in a CBS television show in 1962, after his retirement from the CIA.10 He was asked whether it was true that "the CIA people spent literally millions of dollars hiring people to riot in the streets and do other things, to get rid of Mossadegh. Is there anything you can say about that?"

"Well," Dulles replied, "I can say that the statement that we spent many dollars doing that is utterly false."

The former CIA chief also hinted at the CIA's Tran role in his book The Craft of Intelligence. "... support from the outside was given ... to the Shah's supporters," he wrote, without directly saying it came from the CIA.

Magazines did their part as well. In The Saturday

Evening Fost for 6 November 1954, Richard and Gladys

Harkness cc-authored an article entitled "The Mysterious

Doings of CIA," which appears to have been a key source

for both Tully and Wise-Ross. Richard and Gladys said:

<sup>\*</sup> Gulf Oil, Standard Oil of New Jersey and California, The Texas Company and Socony-Mobile.

Another ClA-influs. The property of the contesful overthrow of Transic to the method of 1933, of old, dictatorial Fremier Meland d Mossadegh and the return to power of this opentry's friend Shah Mohammad Riza Pahlevi.

On May 28, 1953, President Elsenhower received a letter 1500m Mossadegh amounting to a bare faced attempt at international blackmail. ...

The White House stalled Mossadegh for one month; then turned down the crafty premier with a blunt no. This was a calculated risk at best. It was a daring gamble, in fact, that Mossadegh would not remain in power to carry out his threat. It was, as well, a situation which required a little doing. The doing began in short order through a chain of stranger-than-fiction circumstances involving [Allen] Dulles, a diplomat, a princess and a policeman.

On August tenth Dulles packed his bags and flew to Europe to join his wife for a vacation in the Swiss Alps. The political situation in Teheran was becoming more conspiratorial by the hour. Mossadegh was consorting with a Russian diplomatic-economic mission. Loy Henderson, United States Ambassador to Iran, felt he could leave his post for a short "holiday" in Switzerland. Princess Ashraf, the attractive and strongwilled brunette twin sister of the Shah, chose the same week to fly to a Swiss alpine resort. It was reported that she had had a stormy session with her brother in his pink marble palace, because of his vacillating in facing up to Mossadegh.

The fourth of the assorted characters in this drama, Brig. Gen. H. Norman Schwartzkopf, at this time took a flying vacation across the Middle East. His itinerary included apparently aimless and leisurely stops in Pakistan, Syria, Lebanon — and Iran. Schwartzkopf is best known to the public as the man who conducted the Lindberg kidnapping investigation in 1932, when he was head of the New Jersey state police. But from 1942 through 1943 he was detailed to Iran to reorganize the Shah's national police

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then the integral to the continuous of the protected the period of the period of the period of the political cliques plated, against the Shah, knowledge of which army elements could be counted on to remain loyal and familiarity with middle East psychology. Schwartskopf became friend and advisor to such individuals as Maj. Gen. Fazlollah Zahadi, his colleague on the police force, and the Shah himself.

Schwartzkopf returned to Iran in August of 1953, he said, "just to see old friends again." Certainly the general will deny any connection with the events that followed his renewal of acquaintanceships with the Shah and Zahedi. But as Mossadegh and the Russian propaganda pross railed nervously at Schwartzkopf's presence in Iran, developments started to unfold in one-two-three order.

On Thursday, August thirteenth, the Shah suddenly issued a double-edged ukase: Mossadegh was ousted by royal decree and his successor as premier was to be General Zahedi. The Shah ordered the colonel of the Imperial Guards to serve the notice on Mossadegh. Two days later, at midnight of Saturday, August fifteenth, the colonel went to Mossadegh's residence to find himself and his platoon surrounded by tanks and jeeps. The colonel was clapped in jail, and Mossadegh proclaimed that the revolt had been to large crushed. The Shah and his queen, taking events at face value fled to Rome by way of Iraq.

On Wednesday, August nineteenth, with the army standing close guard around the uneasy capital, a grotesque procession made its way along the street leading to the heart of Teheran. There were tumblers turning handsprings, weight lifters twirling iron bars and wrestlers flexing their biceps. As spectators grew in number, the bizarre assortment of performers began shouting pro-Shah slogans in unison. The crowd took up the chant and then, after one precarious moment, the balance of public psychology swung against Mossadegh.

Shah's side bogan an early forces on the Shah's side bogan an early of alphilog lested a bitter nine hours. By sightfall, following American-style military of ategy and logistics, loyalist troops drove Mossadegh's elements into a tight cordon around the premier's palace. They surrendered, and Mossadegh was captured as he lay weeping in higsbed, clad in striped silk pajamas. In Rome a bewildered young Shah prepared to fly home and install Zahedi as premier and to give Iran a pro-Western regime.

Thus it was that the strategic little nation of Iran was rescued from the closing clutch of Moscow. Equally important, the physical overthrow of Mossadegh was accomplished by the Iranians themselves. It is the guiding premise of CIA's third force that one must develop and nurture indigenous freedom legions among captive or threatened people who stand ready to take personal risks for their own liberty. 45

More than a year later, Crosby Noves, writing in the Washington Star for 27 September 1953, discussed obliquely the significance of Ambassador Henderson, CIA Director Dulles, and Princess Ashraf being, in Zurich the same week in August, and mentioned General Schwarzkopf's visit in detail. Without making any direct accusations, he hinted: "It is possible that the CIA agents whose departure from Iran was observed and reported were on purely routine intelligence missions. It is possible — as a leading columnist has suggested—that Mr. Henderson's trip to Switzerland was no more than a 'policy of studied indifference' on the part of the State

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<sup>25</sup> Reprinted by special permission of The Saturday Evening Post.

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36 1954 The Curtis Publishing Company.

Trincess Anhraf, here in Washington holds stoutly to the liew that her visit with the Shah was undertaken simply to ask him for money. It is possible that Allen Dulles is genuinely fond of mountain-climbing and that Gen. Schwarzkopf just happened to show up in Taheran at a critical moment.

"It is all perfectly possible. But as long as the practice of putting two and two together continues, the argument about what really happened in Tran last summer seems likely to continue."

The following is a U.S. Embassy translation of the Court of Revision verdict against Mosadeq and Righi, handed down on 12 day 1954. It reviews the case, sums up the charges against the two defendants, and examines their respective defense. It objects to and overrules the verpict of the diTitary Court of First Instance and concludes by resentencing the defendants.

Under the indictment issued by the Army Prosecutor, the accused were charged with the following:

In connection with Dr. Mohammad Mosadeq --

- 1. Order for the arrest of Col. Nematollah Masiri (now brigadier general), Commander of the Royal Guards, who carried the order for the dismissal of Mosaceq;
- 2. Unlawful arrest of official and nonofficial persons;
- 3. Disarming of the Royal Guards protecting HIM the Shah and the royal palacas;
- 4. Sealing of the royal palaces, dispossessing the officials and guard of the Royal Court from the properties and palaces of the Shah;
- 5. Issue of telegrams to the Iranian Ambassacors abroad instructing them not to contact HIA the Shah;
- 6. Issue of instructions for omission of the Shan's name from the morning and evening prayers in the military centers;
- 7. Issue of instructions for the holding of meetings by taking advantage of Government propaganda facilities with a view to insulting the monarch and the constitutional regime, and broadcasting the meetings by radio;
- 9. Issue of instructions for pulling down and breaking the statues of the late Shah and the present Shah with a view to humiliating the royal household and encouraging insurgents to rise against the constitutional monarchy in Iran;
- 9. Issue of instructions for the dissolution of the Majlis; 10. Issue of instructions for keeping under surveillance the members of the royal household in Azerbaijan;
- 11. Issue of instructions for the unlawful arrest of General Zahedi, the Prima dinister appointed by the Shah, and the offer of a reward to the person capturing him;
- 12. Elimination of the royal anthem from the program of Tehran Radio; and
- 13. Action for the formation of a ragency council by referendum.

In connection with Brig. Gen. Taqi Riahi:

1. Arrest of Coi. Nematoliah Nasiri (now brigadier general) who was carrying the order for Dr. Mosadeq's dismissul, and other officers without any legal warrant;
2. Disarming of the Royal Guards;



3. Issue of instructions for the omission of the Shah's name from the morning and evening prayers of the soldiers; and 4. Issue of instructions that the demonstrations of the Tudeh Party should not be checked and insurgents should not be prevented from making demonstrations against HIM the Shah and that those people pulling down the statues of the late Shah and those of the present Shah should not be checked.

By virtue of Article 317 of the Army Judicial and Penal Law, capital punishment was demanded for the above-named. The case was referred to the Court of First Instance, which Court after performing the legal formalities and investigating the case, affirmed that Dr. Mosadeq's offences corresponded with Article 317 of the Army Judicial and Penal Law. With due regard to Article 413 of the Army Judicial and Penal Law, Article 44 of the Criminal Code, and Article 46 of the same Law, since the accused is over 60 years of age, he was condemned to three years of solitary imprisonment; General Right's offence was found to conform with paragraph (b) of Article 330 of the Army Judicial and Penal Law and he was condemned to two years of correctional imprisonment and permanent dismissal from the Army (according to Article 298 of the Army Judicial and Penal Law).

After the communication of the verdict issued, the Hilitary Prosecutor and the accused appealed for a revision according to Articles 217 and 218 of the Army Judicial and Penal Law and Article 219 of the same Law. The case was referred to this Court according to File No.108, on December 26, 1953.

The Court of Revision was formed on April 8 after pass through the necessary formalities, and listened in nine sessions to the explonations of the Prosecutor and the objections of the accused and their defense counsels about the defects of the file and the incompetence of the Court.



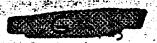
of six to one eid not find the objections of the court by a majority vote of six to one eid not find the objections of the accused and their defense counsals about the defects of the file and incompentance of the Court plausible, and declared their preparedness to investigate the substance of the accusations levelled against both of the accused. The Court of Revision, in 17 sessions held from April 23 to day 12, listened to the objections of the Prosecutor, the accused, and their defense counsels in respect to the vervict issued by the Court of First Instance, and to the last defences of the above-named. At 12:20 p.m. on May 12, 1954, it declared that the matter had been sufficiently debated and announced an adjournment of the trial. The Court invediately started its deliberations, and with due regard to the substance of Article 209 of the Army Judicial and Penal Law completed the deliberations at 3:30 p.m. on May 12, 1954, and issued the following verdict:

## Court's Verdict

A. The main objections of the Prosecutor and the accused to the verdict issued by the Court of First Instance are as under:

Summary of the objections of the Army Prosecutor to the verdict issued by the Court of First Instance in regard to Dr. Mahammad Mosadeq.

- 1. HIM's statements to the effect that he waived his claims for the injustices rendered to him by the accused have been interpreted by the Court of First Instance as the pardoning by HIM of his personal claims, while in fact a personal right has a special interpretation from the judicial viewpoint. The Court's interpretation is not proper, Lecause HIM the Shah had not lodged a personal claim against Dr. Mosadeq so that he could withdraw his claim in due course.
- 2. Since the Court of First Instance has ruled that the crimes attributed to Dr. Ashamad Mosadeq correspond with Article 317 of the Army Judicial and Penal Law and has issued its verdict with due regard to article 46 of the Criminal Code, and since the above-named's crime is home out by the circumstances mentioned in the above, Dr. Ashamad Hosadeq apparently should have been condemned to ten years' solitary confinement.





- 3. Another mistake made by the Court is that reference has been made in the verdict to Article 45 of the Criminal Code, while this Article refers to a mitigation of the original punishment, and Dr. Mohanned Hosadeq has been condemned to three years' solitary confinences. These two facts are contradictory.
- 4. The Court of First Instance has not stated in the verdict whether the verdict was issued by a unenimous or majority vote.

Summery of the objections reised by the Army Prosecutor against the Court's verdict in connection with General Right.

- 1. The Court has not observed Articles 202 and 217 of the Army Judicial and Fenal Law (the Court's verdict must be substantiated and borne out by facts in connection with the crimes attributed to the accused and their conformity with the relevant regulations). Moreover the subordinate punishment (dismissal from Army service) which must never be mentioned in the verdict has been mentioned contrary to Article 293 of the Army Judicial and Penal Law.
- 2. The Court's reasoning in regard to the defenses put up by the defense counsels of the accused supports the bill of indictment and the Prosecutor's statements made in the Court. The Court has considered the General's actions as hostile and as having been carried out with ill-will and for the purpose of overthrowing the monarchy. However, the punishment decreed has been made to conform with Article 330 of the Judicial Law, i.e., the negligence of duty vis-a-vis the orders of the Army.
- 3. The Court has considered General Riahi responsible for the actions attributed to him and has affirmed the bill of indictment; but has made an oversight in fitting the crime to the relevant article of the Law. For the Court has in its verdict made clear that the issue of the instructions for the omission of the Shah's name from the morning and evening prayers, and the failure to check the pulling down of the statues and the explicit announcement that the Shah was a fugitive were meant to overthrow the monarchy. Therefore the crime committed by the above-named conforms with Article 317 of the Army Judicial and Penal Law.

Summary of the Objections Raised by General Riahi and his Defense Counsel to the Verdict issued by the Court of First Instance:

1. With regard to Article 330 of the Army Judicial and Penal Law, General Right was not neglecting his military duties while executing the orders of his superiors, so that the Court of First Instance should not have condermed him according to Paragraph (b) of Article 330 of the Army Judicial and Penal Law.





- 2. The Court has, by setting forth its reasons, considered that the Article referred to by the Prosecutor did not correspond with the accusations levelled against General Riahi and the Court experated the accused of the charges levelled against him. Therefore, there were no grounds for the Army Prosecutor to request that the same accusations be again levelled against the accused.
- 3. During August 16-19 Dr. Mohammad Mosadeq held a legal and official title as far as all army officers were concerned and no one was aware of the command dismissing him; hence the legalization of Mosadeq's orders. Moreover, ever since HIM the Shah ordained that General Riahi, the then Chief of General Staff, should receive his orders directly from the then Minister of National Defense, the Minister was the only lawful commander of General Riahi.
- 4. In connection with the omission of the Shah's name from the morning and evening prayers to which the Court has alluded, this had nothing to do with the direct will of General Riahi, hence the Article regarding the concellation of an instruction could not apply to him. The Commander of the Officers' College asked for instructions in this connection in order that probable incidents might be averted, and the than Chief of General Staff reported the matter to the Minister of National Defense and communicated the order issued by the Minister.

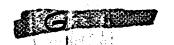
The Summary of the Objections of Dr. Mohammad Mosadeq and his Lawyer to the Verdict of the Court of First Instance:

- 1. Concerning the arrest of Col. Nematollah Masiri (presently a brigadier general), if I meant to conceal the disposal order, I would not have given a receipt for it. This order could not possibly have remained a secret even though Colonel Nasiri was arrested. His followers and some other no doubt knew of it. He was detained because he had come to my house at 1:00 a.m. to arrest me and complete his coup d'etat. When he understood that the guards of my house were increased, he only submitted the order of His Majesty.
- 2. The Court of First Instance said that I issued a notice about an imaginary coup d'etat in order to call the Koyal Guards aggressors and to provoke the followers of His Majesty, and that I detained the faithful servants of the monarch so that people might be incited against this regime. I did not issue any order to arrest the followers of the monarchy. The police forces were responsible for all the actions which took place. The duty of the Royal Guards is to protect His Hajesty and the royal palaces. It cannot arrest ministers or Majlis deputies.





- 3. The Court of First Instance said that I ordered the Royal Guards to be disarmed so that when His Majestyreturned he would have no one to protect him and hence the mobs could have freedom of action. My purpose was to prevent another coup dietat.
- 4. You said that I scaled the royal palaces in order to deprive His Majesty of his own properties, Decause His Majesty left the country without any previous notice, my action was simply to protect the royal properties.
- 5. The Court of First Instance mentioned the fact that telegrams were sent to the Embassies of Iran in foreign countries, forbidding the members to meet His Majesty. I have no knowledge of such telegrams and if Fatemi should say that I told him to so so, I shall bear any punishment set by law.
- 6. The Court of First Instance also said that I ordered the omission of the name of His Majesty from the morning and evening prayers of the soldiers. It was thought that His Majesty did not wish to have his name prior to that of Iran, so the order was given to the soldiers to pray only for the perpetuity of Iran. After all, if the soldiers pray for the perpetuity of Iran, this does not mean that treachery was meant to his Majesty.
- 7. The Court of First Instance said that Mosadeq and his friends meant to insult His Majesty by allowing the people to demonstrate and take part in meetings. Mienever the representatives of the guilds or the Mational [ist] parties asked to be allowed to demonstrate, they were given the right to do so provided that the leftwing parties were not permitted to take part, to talk, or to demonstrate. The meeting of that day had no other basis. If the speakers said things and did wrong, it was not my fault and I should not be blamed for their actions.
- 8. The Court of First Instance believed the destruction of the statues of His Majesty and his father was to excite the people against His Majesty and his powers. I know nothing of the destruction of the statues. In the first place, installation of the statues was against the Shariat. I was told on August 17 that the leftwing parties intended to destroy the statues of Reza Shah. If they would have done so, the Government would have been accused of having cooperated with them. To prevent this, the Mational[ist] parties and guilds did so and their actions were taken only on the basis of opinion and not to excite the people against the monarchical regime.
- 9. About dissolving the Majlis, the Court of First Instance said: "The proclamation of the accused to dissolve the Majlis had no precedence in the parliamentary history of Iran and indicates that he want to put an end to the parliamentary regime and to the fundamentals of the government of this country." First



I must say that if an act which has not been done before and is not written in the laws is carried out, one cannot say that it is a crime. Secondly, our Constitution is based upon government of the people and by the people so a referendum which is also based on the same principles is completely logical and legal. Thirdly, referendum is a good tool in the hands of governments by which they can rely upon the people. For these reasons, a referendum was for the benefit of the country and democracy.

- 10. About the arrest of the royal family in Azerbaijan I must say that I know nothing and the police have done their duty.
- 11. The Court of First Instance referred to the order for the imprisonment of General Zahadi, the elected Prime Minister. He was appointed after I was dismissed and because my government could not arrest him, no crime has taken place that I may be punished for.
- 12. The Court of First Instance thought that the omission of the Nutional Anthem from Radio Tehran was against the customs of the country. I did not give an order for the omission of the National Anthem, but I personally believe that some authorities could cause trouble for those persons who go to places for fun and hear the Anthem but might not honor it as they should. I am sure you do not want the people to be bothered by every possible mathod.
- 13. The Court referred to the formation of the Regency Council through a referendum. This action of mine is the test clue to show that my deeds did not follow the contents of Article 317 of the Army Judicial and Penal Law. If my deeds were according to the three subjects of that Article, I did not have to form a Regency Council through a referendum. I intended to send some representatives to Rome so that they might beg His Majesty to return or to appoint the Regency Council in case His Majesty did not wish to return. If His Majesty would not appoint the Regency Council, there was no Majlis and the Government had no right to do so either. The only possible solution was through a referendum, which in turn is neither against the laws nor the benefits of the country.
- B. Considering the objections in the appeals of the Army Prosecutor, Dr. Mohammad Nosadeq (accused No. 1), Gen. Teqi Riahi (accused No. 2) and their lawyers, which seemed to be acceptable, for the following reasons the verdict of the Court of First Instance is invalid:

In the case of Dr. Mohammad Mosadeq:

First, as the Army Prosecutor object, the Court of First Instance thought that the communication of the Royal Court meant that His Hajesty overlooked his personal rights. This is not so because His Hajesty's position is so high that it does not allow him to become a private plaintiff. Horeover, the offense was not a personal one so that the offense was not a personal one so that the offense was not a personal one so that the offense was not a personal one so that the offense was not a personal one so that the offense was not a personal one so that the offense was not a personal one so that the offense was not a personal one so that the offense was not a personal one so that the offense was not a personal one so that the offense was not a personal one so that the offense was not a personal one so that the offense was not a personal one so that the offense was not a personal one so the offense w



In addition to that, according to Article 55 of the Oriminal Code, pardon can only be given when the crime has been established. For these reasons, the reference of the Court to the above communication is anvalid.

Secondly, considering the nature of the accusation and the reasoning used by the Court of First Instance whereby it compared the punishment to that of Article 317 of the Army Judicial and Penal Law, and observing Article 46 of the Criminal Code, the punishment fixed for him was solitary confinement. Because the said Article has fixed the maximum and minimum penalties of solitary confinement, without taking the mitigating circumstances into consideration, the period of solitary confinement could be fixed without any trouble. Although the Court tried to reduce the sentence and referred to Article 46 of the Criminal Code, the effect of this Article is not noticed in the fixing of the punishment.

In the case of G:neral Riahi:

According to Article 78 of the Constitution and Articles 202 and 217 of the Army Judicial and Penal Law, the verdict of the Court had to be reasonable and the Court had to pay careful attention to the accusations. Not only is the verdict of the Court about Sen. Tagi Riani unreasonable, but also his deeds do not correspond to section 6 of Article 33 of the Army Judicial and Penal Law (this Article concerns the failure of commanders to fulfill their military duties in special circumstances). On the other hand, the Court of First Instance reasoned that the actions of Dr. Hosadeq (accused No. 1) corresponded to Article 317 of the Army Judicial and Penal Law. The Court also related all the accusations against General Riahi (accused No. 2) to some of the deeds of Dr. Mosadeq, directly and indirectly. Therefore, the verdict was given on the basis of the unity of their crimes, although considering their confessions, one can see that the crimes were not the same for both of them. For this reason the verdict of the Court of First Instance is not

for the above reasons, the verdict of the Court of First Instance is cancelled in accordance with Article 233 of the Army Judicial and Penal Law and the verdict of this Court is now announced for Dr. Mosadeq (six votes to one) and General Right (five votes to two):

For Dr. Mosadeg:

He confessed to some of his crimes and by means of fallacious and confusing arguments he tried to escape the punishment for the rest. Considering his file and the testimony of witnesses in the Court, his defense did not influence the verdict of the Court, and none of it had any judicial value. His ignorance of some of the events (such as the telegrams to Iranian ambassacors ordering them not to meet His Majesty, formation of meetings through governmental facilities, the speech at the meeting of August 19, 1953 by Or Hosein Fatemi, who was regarded by the



secused as his Foreign Minister, the distruction of the statues of His Hajesty and those of Reza Shah, and the arrest of the royal family) does not seem acceptable because he was Prime Minister, though illegally, and according to Article 61 of the Constitution, a Prime Minister is responsible for

all events. In some places he has shown good will such as concerning the formation of a Regency Council through a referendum about which he frankly said, "My intentions were to send some representatives to Rome in order to beg His Majesty to return and if His Majesty did not wish to do so, to beg him to appoint the Regency Council. In case His Hajesty did not agree to either of those two requests, the Regardy Council was to be appointed by a referendum." The Prosecutor of this Court believes that his statement is neither legal nor logical; therefore he does not accept it. If Mosadeq were right, he would have sent the representatives to Rome during the four days of his illegal regime. Although he had all possible means of transportation and so on in his hands, he did not do so. No action was taken for the appointment of representatives to be sent to Rome. His good will did not even induce him to send wires directly or indirectly (through the Embassies of Iran in Baghdad and Rome) to His Hajesty although he could have done so. On the contrary, the telegrams sent to the Iranian ambassadors in foreign countries show and prove that he did not intend to show goodwill in this case.

Likewise in connection with the omission of the Shah's name from the morning and evening prayers in military centers, his statements are contradictory to those made by General Right because the accused has stated: "Since it was assumed that HIM the Shah did not wish his name to precede that of Iran, it was ordered that the soldiers should pray for the country, in order that HIM the Shah might reign in an independent and free country; the morning and evening prayers of the soldiers for the continued existence of Iran does not indicate any treason against HIM the Shah."

General Riahi has alleged that on the proposal of the Communier of the Military College in order, to prevent undesirable events the prayer in question was changed with the advice of Dr. Mosadeg; however, the said accused (Dr. Mosadeq) has not been able to prove his good will in ultering the morning and evening prayers or in omitting HIM the Shah's name from the prayers, and has not shown why ha did not take this action before receiving his dismissul order, or how it happened that these events which were against the monarchy occurred after the issue of the dismissul order and his refusul to obey it. Therefore, in short, the activities of the above-named from rugust 16 at 1:00 a.m. until August 19, singly and collectively, clearly full under Article 317 of the Army Judicial and Penal Law. Considering the fact that the way Presecutor applied for a revision of the verdict issued by the Court of First Instance, the glove-numed is, by virtue of Article 317 of the army Judicial and Panal Law, condemnad to three years of solitary in risonment, considering the fact that his age is over sixty years.



The pariod of his datention since August 19, 1953, must be deducted from the pariod of his imprisonment.

For General Richi:

In all the actions committed by him, General Richi's aim was merely to facilitate the achievement of the aims of the a coused No. 1 (Or. Mosadeq). While having full knowledge of the aims and objectives of the above named, he has colluded with accused No. 1 to weaken the sense of royalty, shake the position of the monarchy, eliminate the monuments which indicated the existence of the monarchy, encourage the adversuries of the monerchy and the army, and prosecute those whose hearts were kindled with the fire for the love of the king and the monarchy. The issue of the instruction for the alteration of the morning and evening prayers by omitting the Shahls name from the prayer, the despatch of telegrous to the 6th Army Division of Fars and the Military Governor of Abadan to the effect that the Shah was a fugitive, the fact that he did not prevent the pulling down of the statues, and the instruction for shooting on August 19 at individuals who manifasted their royal fastings are, in the opinion of the jury, sufficient proofs to corroborate his collaboration and complicity with accused No. 1, Dr. Hohamnad Mosadeq.

Therefore, the above-named was an accomplice of Dr. Mohamad Mosadeq, and by virtue of Article 317 of the Army Judicial and Penal Law and Articles 23 and 29 of the Criminal Code, and Article 30 of the said Law, he is condemned to three years imprisonment with hard labor. The period of his detention since August 19 will be deducted from his term of imprisonment.

An appeal may be made to the Supreme Court against the above verdict within ten days of its declaration, with due rejard to the circumstances mentioned in article 243 of the Army Judicial and Penal Law.

Signature of the Jury:

Seneral Isa Hedayat

Ebrahim Vali

General Nasrollah Khoshnevisan

General Ahmad Ajudani (substitute)

General Esatollah Zarqami (assistant)

Lt.Col. Alahyari, Army Prosecutor

Flay 12, 1954 (3:30 p.m.)