A REPORT
TO THE
NATIONAL SECURITY COUNCIL
by
THE EXECUTIVE SECRETARY
on
THE POSITION OF THE UNITED STATES WITH RESPECT TO IRAQ
March 14, 1951
WASHINGTON
NOTE BY THE EXECUTIVE SECRETARY

to the

NATIONAL SECURITY COUNCIL

on

THE POSITION OF THE UNITED STATES WITH RESPECT TO IRAN

References:
A. NSC 72/4, par. 94
B. NSC Action No. 346q.
C. NSC 9a

The enclosed draft statement of policy on the subject, prepared by the NSC Staff on the basis of an initial draft by the Department of State, is submitted herewith for consideration by the National Security Council at its meeting on Wednesday, March 21, 1951. Also enclosed is an NSC staff study prepared for the information of the Council in this connection.

It is recommended that, if the Council adopts the enclosed statement of policy, it be forwarded to the President with the recommendation that he approve it and direct its implementation by all appropriate executive departments and agencies of the U. S. Government under the coordination of the Secretary of State.

JAMES S. LAY, JR.
Executive Secretary

cc: The Secretary of the Treasury
The Director of Defense Mobilization

NSC 107
DRAFT

STATEMENT OF POLICY
Proposed by the NATIONAL SECURITY COUNCIL
on
IRAN

1. It continues to be in the security interest of the United States that Iran not fall under communist domination, either as a result of invasion or internal subversion.

a. Iran is located in a key strategic position, the occupation of which would enable an enemy to threaten the nearby oil producing areas, Turkey, the countries on the Eastern Mediterranean, Pakistan, and India. Iranian oil resources are of great importance to the economies of the United Kingdom and Western European countries. Loss of these resources would affect adversely those economies in peacetime.

b. Communist domination of Iran would damage United States prestige and seriously weaken, if not destroy, the will to resist in nearby countries, except Turkey.

c. Communist domination of Iran could only be viewed as one in a series of military, political and economic developments the consequences of which would threaten the security interests of the United States.

For these reasons, the United States should continue its basic policy to take all feasible steps to assure that Iran does not fall victim to communist control.
2. Because of United States commitments in other areas, the current understanding with the United Kingdom that it is responsible for the initiative in military support of Iran should be continued. The vulnerability of Iran, particularly the northern part, and the paucity of the military resources available make it desirable that the United States and the United Kingdom jointly give early consideration to measures designed to strengthen the general area in order to give Iran support in depth.

3. Present conditions in Iran as well as Soviet threats to that country require that the United States further strengthen its programs in Iran in support of its basic policy. Accordingly, the United States should:

a. Continue to extend political support and military aid and accelerate economic aid as much as possible in order to (1) increase internal security in Iran, (2) strengthen the Iranian Government and people in their resistance to communist pressures, (3) bring them into closer association with the free world, and (4) demonstrate the intention of the United States to assist the Iranians to remain independent.

b. Press the United Kingdom to effect an early and equitable settlement of the Anglo-Iranian Oil Company dispute.
5. The United States should now make plans and preparations in conjunction with the United Kingdom to counter possible communist subversion in Iran and to increase support of the pro-Western Iranian Government in the event of either a communist seizure of power in one or more of the provinces or a communist seizure of the central government. Such plans and preparations should envisage political and economic support, including:

a. Efforts to induce nearby countries such as Turkey and Pakistan to assist the legal Iranian Government.

b. As desirable, consultation with selected countries to attain support for the United States position.


6. In the event of overt attack by organized USSR military forces against Iran, the United States in common prudence would have to proceed on the assumption that global war is probably imminent. Accordingly, the United States should then immediately:

a. Seek, by political measures, to localize the action to stop the aggression, to restore the status quo,
and to ensure the unity of the free world if war nevertheless follows. These measures should include direct diplomatic action and resort to the United Nations with the objectives of:

(1) Making clear to the world United States preference for a peaceful settlement and the conditions upon which the United States would, in concert with other members of the United Nations, accept such a settlement.

(2) Obtaining agreement of the United Nations authorizing member nations to take appropriate action in the name of the United Nations to assist Iran.

b. Consider the possibility of a direct approach to the highest Soviet leaders.

2. Place itself in the best possible position to meet the increased threat of global war.

4. Consult with selected allies to perfect coordination of plans.

2. While minimizing United States military commitments in areas of little strategic significance, take action with reference to the aggression in this critical area to the extent and in the manner best contributing to the implementation of United States national war plans.
THE POSITION OF THE UNITED STATES WITH RESPECT TO IRAN

THE PROBLEM

1. To assess the position of the United States with respect to Iran, with particular reference to possible future developments in Iran affecting United States security interests.

ANALYSIS

Basic United States Position

2. Because of its resources, strategic location, vulnerability to armed attack and exposure to political subversion, Iran must be regarded as a continuing objective in the Soviet program of expansion. If Iran should come under Soviet domination, the independence of all other countries of the Middle East would be threatened. Specifically the USSR could: (1) control or limit the availability of a Middle Eastern oil reservoir upon which the economy of Western Europe depends; (2) acquire advance bases for subversive activities or actual attack against a vast contiguous area including Turkey, Iraq, the Arabian Peninsula (hence the Suez Canal), Afghanistan, and Pakistan; (3) obtain a base hundreds of miles nearer to potential US-UK lines of defense in the Middle East than any held at present; (4) control continental air routes crossing Iran, threaten those traversing adjacent areas, and menace shipping in the Persian Gulf; and (5) undermine the will of most Middle Eastern countries to resist Soviet aggression. In addition to these developments affecting the Middle East, the loss of another free country to communist domination at this time would damage the global position of the United States and other members of the Western community by weakening the determination of threatened nations everywhere to resist communism.

3. Loss of Iranian oil production and of the refinery at Abadan would seriously affect Western economic and military interests, particularly as regards the level of industrial activity in Western Europe. The effect of this loss on the volume of petroleum products available for Western Europe could be overcome in a reasonable length of time by developing reserves and building refineries elsewhere, but the financial effects, in the loss of the British investment and in the increased dollar requirements of Western Europe, could be overcome only slowly, if at all. The loss of Abadan would also deprive the West of the principal source of aviation gasoline and fuel oil in the Eastern Hemisphere, with consequent effect upon air and naval activity in the region.
4. The primary objective of our policy toward Iran is to prevent the domination of that country by the USSR and to strengthen Iran's association with the free world. Corollary aims are (1) to encourage relations between Iran and other countries calculated to elicit United Nations support for its continued independence; (2) to assist the Iranian Government in maintaining conditions of internal security, thereby increasing respect for Iranian sovereignty, strengthening the stability of the government, avoiding a pretext for overt Soviet intervention, and making indirect Soviet aggression through internal subversion more difficult; and (3) to foster social reform and an expanding economy with the purpose of alleviating discontent and strengthening allegiance to the central government.

Evaluation of Current Policy

5. Our objective of preventing domination of Iran by the USSR has so far been achieved by means of political action. Iran, after first following a policy of procrastination, evasion and compromise when confronted by an aggressive Soviet attitude, has for the past three years, with strong United States and United Kingdom encouragement and support, been able to maintain its independence in the face of persistent Soviet pressure. The United States has informed Iranian authorities that it is prepared, so long as the Iranian Government demonstrates a willingness to stand up for its independence against external pressure, to support Iran not only by words but also by appropriate acts. We have told the Iranians that we are not in a position to make any commitment as to our action if the Soviet Union should take aggressive measures against Iran, but have pointed out our obligations under the United Nations Charter. In response to Iranian inquiries, we have authorized the Embassy in Tehran to say that in the event of war with the Soviet Union involving both Iran and the United States, Iran may count on all assistance compatible with United States resources and commitments in a global conflict. The Secretary of State informed the Shah on November 18, 1949 that our interest was not limited to the area of our formal treaty obligations. The Shah was assured that our interest in Iran would be great indeed if trouble should come.

6. Past United States efforts to assist Iran internally have included two military missions now advising the Iranian Army and the Gendarmerie, support of Iran's efforts to secure financial aid through appropriate agencies (such as the World Bank) for well-justified economic development projects, encouragement and advice in connection with the Iranian Government's consideration of political and economic reforms designed to strengthen popular loyalty to the central government, and the provision of surplus light military equipment on credit for internal security and legitimate defense purposes. Iran has also been included in the Mutual Defense Assistance Program and is now receiving military aid on a grant basis.
The purpose of this aid is to assist in the maintenance of internal security, to increase the confidence of the Iranian Government and people in their ability to defend themselves, to give concrete evidence of American interest in the security of Iran, and to enable the Iranian forces, in the event of war, to carry out certain limited defensive operations in furtherance of overall strategic plans of the free world.

7. With the approval of the President and in conjunction with the Export-Import Bank, the Department of State is initiating a new program designed to overcome some of the existing weaknesses of the Iranian governmental and economic structure and provide impetus for the economic and social development of the country. This program includes the following elements:

a. An Export-Import Bank loan of $25,000,000 for road building and agricultural improvement. Failure of Iran to accept this credit would increase our reliance on 1943 credits and United States Government grants as levers to induce the Iranian Government to put its economic house in order.

b. The strengthening of the staffs of the existing American diplomatic and consular posts in Iran and the opening of a new consulate at Isfahan.

c. A substantially enlarged program of information and cultural relations in Iran.

d. A military aid program within the capabilities of the Iranian armed forces to absorb.

e. A technical assistance program using Point Four funds concentrating on public health, rural extension, education, etc., at the village level.

f. Seeking the cooperation of the United Kingdom to enable Iran to utilize its sterling receipts from petroleum for essential development of the country, including conversion of such sterling into dollars, as may be required, for essential imports and servicing of dollar obligations for development purposes.

8. A major source of economic stagnation and political discontent in Iran has been the failure of the Iranian Government and the Anglo-Iranian Oil Company to reach an agreement on a supplementary concession agreement. The belief is widespread in Iran that the company is unfairly exploiting the country by refusing to offer reasonable and equitable royalties and its entire operation is represented as a closed corporation exploiting Iranian wealth but beyond the reach of Iranian custom or law.
9. This has resulted in strong antagonism against the British, and, among the less educated, against all foreigners, and has led many Iranians to believe that the Western powers are not seriously interested in the welfare and independence of the country but are concerned only with exploiting its primary resources for their own purposes. The present Iranian leaders do not associate the United States with the policies of the Anglo-Iranian Oil Company. They, however, want the United States to side with them in the dispute and force the Company to meet their terms. Nationalization, which is currently under discussion in the Iranian Parliament, is not impossible and if it did occur would subsequently make it easier for the USSR to influence the distribution of the oil. The United States should use its utmost influence to persuade the British to offer, and the Iranian Government to accept, an equitable concession agreement. Failure to reach such an agreement carries with it such undesirable consequences that no opportunity should be lost to impart to both governments our sense of urgency in this matter.

10. Iran has expressed serious dissatisfaction with the limited nature of the military assistance we are prepared to furnish and even greater dissatisfaction at our past failure to provide substantial direct economic assistance. The Iranian Government has repeatedly stressed the desirability of a closer defense relationship with the United States, preferably through the mechanism of a regional defense arrangement for the Near East similar to the North Atlantic Treaty. Our refusal to commit ourselves in this respect has been a further source of Iranian uneasiness and discontent. These factors have occasionally in the past given rise to a belief in Iran that the United States is not seriously interested in the welfare and independence of the country and would abandon it to Russian aggression if matters came to a showdown. There is a danger that such an attitude will recur unless the United States continues to take a course designed to convince the Iranians of its genuine interest in Iranian independence. There is a belief in influential Iranian quarters that the Iranian Government in its westward orientation policy has gone too far and has placed Iran in an extremely vulnerable position vis-à-vis the Soviet Union without obtaining anything in return to help Iran protect itself. This attitude combined with recent ostensibly friendly gestures by the USSR have started a trend towards Iran's reverie to its historical policy of playing one power off against the other and maintaining a precarious neutrality. The new program of American assistance and guidance outlined above is designed to counteract this trend in Iranian thinking. Likewise, the firm policy adopted by the United States in Korea has helped to convince the Iranians of United States determination to oppose aggression even though the United States has no formal security arrangements with the country attacked. Reverses in Korea, on the other hand, tend to make many Iranians doubtful of United States ability to render effective assistance, a feeling not lessened by Iran's proximity to the Soviet Union.
Possible Future Developments

11. Although the USSR will continue to apply strong political and psychological pressures against Iran in an effort to force the government of that country into submission, it is considered unlikely that the Soviet Union would be willing to resort to direct armed intervention by organized USSR military forces at this time. Nevertheless the possibility of such armed intervention cannot be entirely ruled out. In the absence of such armed intervention Iran is probably capable of maintaining successful resistance to Soviet pressure and could be expected to maintain its alignment with the free world provided it has confidence in United States and United Kingdom support and can produce competent political leadership able to overcome the existing feeling of frustration and hopelessness among the mass of the people and to implement the planned economic and social reforms, delay in the execution of which is now seriously threatening the internal stability of the country. Since these conditions necessary for the maintenance of Iran's westward orientation and resistance to Soviet pressure may not continue to exist, it is possible that the United States may be faced in the future with one or more of the following contingencies:

First Contingency: The Iranian Government adopts a policy of "neutralism" in the "cold war" and seeks a modus vivendi with the Soviet Union.

12. Continuing deterioration of the situation in Iran has created a feeling of hopelessness and a public psychology inherently dangerous from the point of view of Iran's determination to resist Soviet pressures. Present Soviet tactics in Iran are designed to convince the Iranians that they have nothing to fear from the USSR and it seems certain that in their search for security many Iranians are impressed by the present "friendly" policy of the Soviets. Unless the United States can convince them of the real issue at stake, they will insist on a government in power not unsympathetic to Soviet approaches. Such a government, fearing overt Soviet action and feeling that it has been left alone to its fate, might seek some sort of understanding with the Soviet Union, possibly along the lines of the agreement of 1946. Such an understanding would permit Soviet economic exploitation, amnesty to political prisoners, legalization of the Tudeh Party and its eventual participation in the government, and would open the door to a gradual taking over of the country by local communist and Soviet agents.

13. Current United States measures in Iran are designed to prevent this first contingency. If nevertheless the contingency did occur, the United States...
elements and affect Iran's alignment with the free world. The alternative course of action, that of accepting without counter-action Iran's reversion to an attitude of neutrality, would probably result in eventual loss of Iran with the consequences noted in paragraph 2 above.

Second Contingency: The overthrow of the present Iranian Government and the establishment of a pro-Soviet puppet government by subversive or other means not involving the use of Soviet military force.

14. The weakness of the Iranian Government and the growing activity of dissident elements, including the Tudeh Party (despite the fact that this party is outlawed and has to function underground) make this event a possibility. Several leading Iranians have expressed the view that communist overthrow of the government is not only possible but even probable unless steps are taken to improve the economic and social condition of the people and increase the efficiency of the government. The appointment of General Razmara, formerly Chief of Staff of the Iranian Army, as Prime Minister gave promise of improved leadership and direction; but up to the time of his assassination on March 7, 1951, his accomplishments had been singularly few.

15. The assassination of Prime Minister Razmara underlines the basic political instability of Iran and emphasizes once again the need for strong and vigorous leadership. It had been hoped at the time of his appointment in June 1950 that Razmara possessed the qualities and influence needed to give Iran forceful government. However, he proved unable to make headway against the selfish interests of the politicians who control the Iranian Parliament and at the time of his death, he had been obliged to resort to one compromise after another in order to stay in power.

16. His murder will greatly increase the existing political instability in Iran at least for a temporary period. The opportunities available to the communists will thus be enhanced and it therefore becomes more than ever necessary that there be firm direction of the government at almost any cost. The only source of the required type of leadership at the moment appears to be the Shah. He can only succeed with strong support from the United States and the United Kingdom. During the next few months the political situation will be extremely fluid and give rise to many difficulties.

17. If the second contingency occurred the United States would have three alternative courses of action:

a. To accept the loss of Iran to the Soviet orbit. This would require a reversal of basic United States policy regarding the Mediterranean and Middle East and would mean acceptance of the consequences summarized in paragraph 2 above.
b. To support, in conjunction with the United Kingdom, the legitimate government by all means short of commitment of United States military forces. This course of action would involve little risk and if successful would produce considerable gain at little cost. It would leave United States forces uncommitted in Iran and hence available for other and possibly more urgent missions.

Third Contingency: The establishment of pro-Soviet provincial governments in Iran by subversive or other means not involving the use of Soviet military force.

18. The provincial administration of Iran is still subject to a high degree of centralized control from Tehran, and the local communist leadership in northern Iran was largely broken up when Soviet forces retired in 1946. Therefore, even though renewed communist activity has been reported in some parts of the area, it is doubtful that communist leadership could be re-installed in the provincial administrations, in the absence of renewed entry of Soviet forces, unless the central government virtually ceased to function or was overthrown and replaced by a pro-Soviet puppet regime. Nevertheless, establishment of pro-Soviet provincial governments is by no means impossible if confusion and maladministration in the Iranian Government continue for an indefinite period and if political leadership is not greatly improved.
19. If this contingency did occur, we would be faced with intensified Soviet subversive activities in the remaining free areas of Iran and in Near Eastern areas contiguous thereto, and with an increased tendency on the part of Near Eastern countries to seek strengthened security arrangements with the Western powers. Should such arrangements be considered satisfactory by them, not be forthcoming, the Near Eastern countries might in time seek a compromise with the USSR.

20. In this contingency the courses of action available to the United States are virtually the same as those discussed under the second contingency above, the principal difference being that support of the Iranian Government at its request would be for the purpose of enabling it to regain control of revolting provinces rather than of the central machinery of government.

Fourth Contingency: An overt invasion of Iran by the armed forces of the Soviet Union.

21. Information presently available does not indicate that overt Soviet attack with organized USSR military forces against Iran is probable at this time, especially since opportunities still remain for the USSR to gain its objectives in Iran short of overt attack. However, the possibility of such attack cannot be excluded, since the USSR has the military capability of launching an attack without warning and quickly overcoming Iran. While such an attack would in fact give rise to the risk of global war, it is possible, even though not probable, that the USSR, miscalculating the degree of risk involved, would launch an attack against Iran designed to attain Soviet objectives in that area without bringing on global war. It is also possible, but improbable, that the USSR would deliberately assume a risk of global war by attacking Iran.

22. It seems likely, in view of the repeated references to the 1921 Iran-Soviet Treaty of Friendship in the Soviet protests to Iran in 1948 and 1950 over the presence in Iran of American military missions and oil drillers, that the Soviets will, if they invade Iran, invoke Article 6 of this treaty as a justification for their action. According to the Legal Adviser of the Department of State, the following conditions must co-exist before the Soviet Union would be justified in sending troops into Iran:

"a. If any third countries attempt by military interference to carry out a policy of usurpation in the territory of Persia or to make the territory of Persia a base for military operations against Russia."
"b. If at the same time there is a threat of danger to the frontiers of the Russian Socialist Federative Soviet Republic or those of the Powers allied therewith.

c. If the Persian Government, after being warned by the Russian Soviet Government, finds itself unable to avert such danger.

d. If preparations have been made for a considerable armed attack upon Russia or the Soviet Republics allied to her by the partisans of the regime which has been overthrown (the Czarist regime), or by its supporters among those foreign powers which are in a position to assist the enemies of the Workers and Peasants Republics, and at the same time to possess themselves by force or by underhand methods of part of the Persian territory thereby establishing a base of operations for any attacks--made either directly or through the counter-revolutionary forces--which they might contemplate against Russia or the Soviet Republics allied to her."

It is also the view of the Department's legal advisers that if the US withdraws its forces from the USSR, the USSR would not be entitled under the United Nations Charter to introduce armed forces unilaterally into Iran on the basis of the treaty. It would be a violation of Charter obligations for the Soviet Union to take such action against the will and over the resistance of the Government of Iran. In such circumstances, the Soviet Government would be bound by the Charter to seek a peaceful adjustment of differences arising out of the 1921 treaty and, if necessary, to refer the matter to the United Nations for consideration.

23. In view of the above, the invocation of the treaty need leave no doubts in the free world as to the rights and wrongs of the matter and the misuse of its provisions by the Soviets to justify aggression could be made clear to world opinion. The Soviets can use the treaty as a pretext to beset the issue and the United States should accordingly be on the alert to counter such moves.

24. In the event of overt Soviet attack on Iran, available United States courses of action would include:

a. Opposing the aggression by political means short of the commitment of United States armed forces in Iran. This course would be the least costly and would leave our forces available for other urgent tasks, including the contingency of global war. This course, however, would be unlikely to succeed.
b. Opposing the aggression by all means short of global war, including deployment of United States and United Kingdom forces for localized opposition to the Soviet attack. This course would lead to hostilities between United States and USSR forces involving the risk of global war, while the commitment of United States forces in Iran would reduce United States capabilities for global war if it developed. However, this course, insofar as it prevented complete Soviet occupation of Iran, would provide an opportunity for the operation of political measures designed to stop the aggression short of global war.

c. Taking action on the assumption that global war had automatically begun. However, it would be contrary to United States interests and traditions to regard a localized attack as the automatic "push-button" initiation of global war.