



THE COLLAPSE NARRATIVE: THE UNITED STATES, MOHAMMED MOSSADEGH, AND THE COUP DECISION OF 1953

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On Aug. 19, 1953, elements inside Iran organized and funded by the Central Intelligence Agency and British intelligence services carried out a coup d'état that overthrew the government of Prime Minister Mohammed Mossadegh. Historians have yet to reach a consensus on why the Eisenhower administration opted to use covert action in Iran, tending to either emphasize America's fear of communism or its desire to control oil as the most important factor influencing the decision. Using recently declassified material, this article argues that growing fears of a "collapse" in Iran motivated the decision to remove Mossadegh. American policymakers believed that Iran could not survive without an agreement that would restart the flow of oil, something Mossadegh appeared unable to secure. There was widespread skepticism of his government's ability to manage an "oil-less" economy, as well as fears that such a situation would lead inexorably to communist rule. A collapse narrative emerged to guide U.S. thinking, one that coalesced in early 1953 and convinced policymakers to adopt regime change as the only remaining option. Oil and communism both impacted the coup decision, but so did powerful notions of Iranian incapacity and a belief that only an intervention by the United States would save the country from a looming, though vaguely defined, calamity.

On Aug. 19, 1953, the streets of Tehran exploded into violence. Clashes broke out between rival crowds at the city's major radio station and central squares, while an armored column surrounded the home of Prime Minister Mohammed Mossadegh, peppering it with machine gun fire. Shouts of "Zendeabad shah!" — "Long live the shah" — filled the air as Mossadegh's National Front government fell from power. From the ashes rose a new government, led by former Gen. Fazlallah Zahidi and the young shah, Mohammed Reza Pahlavi, who returned from a brief exile on August 20. The

shah spent the subsequent years consolidating his rule inside Iran, maintaining a close relationship with the United States until his fall from power amidst the Islamic Revolution of 1978–79. Though various Iranian factions and figures took part in the downfall of Mossadegh, the coup would not have been possible without the participation of the Central Intelligence Agency (CIA) and the British secret intelligence services.

A pivotal moment in the history of U.S.-Iranian relations, modern Iranian history, and the history of covert operations, the coup of 1953 — the Mordad Coup, or Operation TPAJAX, as it is sometimes

known — has received considerable scholarly attention. No fewer than four monographs, dozens of articles, two edited volumes, and countless chapters have been published that illustrate, in vivid detail, both the coup itself and the preceding oil nationalization crisis that consumed Iran, Great Britain, and the United States.¹ Among this mass of scholarship, there is a broad consensus on how the coup took place.² In 2000, the *New York Times* published an internal CIA history of the coup written in 1954 that revealed major operational details.³ Other official histories have been declassified, though some pages remain redacted.⁴ While the original volume in the State Department's venerable *Foreign Relations of the United States* series focusing on Iran from 1951 to 1954 contained no information on the coup operation, in 2017 the Office of the Historian released a retrospective *Foreign Relations of the United States* volume.⁵ Documents in the new volume confirm major details from existing sources, but they also reveal much that had hitherto remained obscure. In particular, the 300 documents included in this volume shed considerable light on the perspectives of various U.S. policymakers at the time, including their thoughts and feelings toward Iran, Mossadegh, oil nationalization, and the course of action

needed to resolve the crisis.⁶ Nevertheless, some gaps remain: Britain's involvement in the coup, code-named "Operation Boot" by the intelligence services, is still relatively unknown, due to the lack of declassified documents.⁷

The insights provided by this new volume of *Foreign Relations of the United States* are crucial to understanding Operation TPAJAX. While much is known about *how* the coup took place, there remains some disagreement as to *why* the United States decided on covert action or why this decision was made in early 1953. Mark J. Gasiorowski argues that U.S. actions in Iran were largely motivated "by fears of a communist takeover." Viewed within the broader context, the decision to remove Mossadegh emerges "as one more step in the global effort of the Eisenhower Administration to block Soviet expansionism."⁸ Iran was a strategically important country due to its position athwart both the Soviet Union and the Middle East oil fields, which held roughly 50 percent of the world's oil reserves. Mossadegh had chosen to nationalize Iran's oil industry, setting off an international crisis that exacerbated Iran's internal politics. There were also worrying signs that he would soon ally himself with Iran's communist organization, the Tudeh Party. As historian Mary

1 Accounts of the coup include, Ali Rahnama, *Behind the 1953 Coup in Iran: Thugs, Turncoats, Soldiers, and Spooks* (New York: Cambridge University Press, 2015); Ervand Abrahamian, *The Coup: 1953, The CIA, and the Roots of Modern U.S.-Iranian Relations* (New York: New Press, 2013); Mark J. Gasiorowski, "The 1953 Coup d'Etat Against Mossadegh," in, *Mohammad Mossadegh and the 1953 Coup in Iran*, ed. Mark J. Gasiorowski and Malcolm Byrne (Syracuse, NY: Syracuse University Press, 2004), 227–60. A popular, though far less rigorous account, is, Stephen Kinzer, *All the Shah's Men: An American Coup and the Roots of Middle East Terror* (Hoboken, NJ: John Wiley and Sons, 2004). For general studies of the crisis that precipitated the August 1953 coup, see, James A. Bill and Wm. Roger Louis, eds., *Musaddiq, Iranian Nationalism and Oil* (London: Tauris, 1988); Mary Ann Heiss, *Empire and Nationhood: The United States, Great Britain, and Iranian Oil, 1950-1954* (New York: Columbia University Press, 1997); Steve Marsh, *Anglo-American Relations and Cold War Oil: Crisis in Iran* (New York: Palgrave Macmillan, 2003); James F. Goode, *The United States and Iran: In the Shadow of Musaddiq* (New York: St. Martin's Press, 1997); Mostafa Elm, *Oil, Power and Principle: Iran's Oil Nationalization and Its Aftermath* (Syracuse, NY: Syracuse University Press, 1992); and Richard W. Cottam, *Iran and the United States: A Cold War Case Study* (Pittsburgh, PA: University of Pittsburgh Press, 1988). A few of the more notable articles published concerning the coup and nationalization crisis include, Steve Marsh, "The United States, Iran and Operation 'Ajax': Inverting Interpretative Orthodoxy," *Middle Eastern Studies* 39, no. 3 (2003): 1–38, <http://dx.doi.org/10.1080/00263200412331301657>; Francis J. Gavin, "Politics, Power, and US Policy in Iran, 1950-1953," *Journal of Cold War Studies* 1, no. 1 (Winter 1999): 56–89, <https://doi.org/10.1162/15203970152521890>; and Andreas Etges, "All That Glitters Is Not Gold: The 1953 Coup Against Mohammed Mossadegh in Iran," *Intelligence and National Security* 26, no. 4 (2011): 495–508, <https://doi.org/10.1080/02684527.2011.580603>.

2 A new revisionist school has attempted a re-evaluation of the coup, arguing that foreign intervention was relatively unimportant. See, Darius Bayandor, *Iran and the CIA: The Fall of Mossadegh Revisited* (Houndmills: Basingstoke, 2010); Ray Takeyh and Steven Simon, *The Pragmatic Superpower: Winning the Cold War in the Middle East* (New York: W.W. Norton & Company, 2016), 53–89; Ray Takeyh, "What Really Happened in Iran: The CIA, the Ouster of Mossadegh, and the Restoration of the Shah," *Foreign Affairs* 93, no. 4 (July/August 2014): 2–14, <https://www.foreignaffairs.com/articles/middle-east/2014-06-16/what-really-happened-iran>. For a detailed response to this revisionism, see, Fakhreddin Azimi, "The Overthrow of the Government of Mossadegh Reconsidered," *Iranian Studies* 45 no. 5 (2012): 693–712, <http://dx.doi.org/10.1080/00210862.2012.702554>.

3 Donald Wilber, *CIA Clandestine Service History: Overthrow of Premier Mossadegh of Iran, November 1952-August 1953*, ed. Malcolm Byrne, published online by the National Security Archive, Nov. 29, 2000, 1–3, <https://nsarchive2.gwu.edu/NSAEBB/NSAEBB28/>.

4 Scott A. Koch, "Zandebad Shah!": *The Central Intelligence Agency and the Fall of Iranian Prime Minister Mohammed Mossadegh, August 1953* (Washington DC: CIA, June 1998); and *The Battle for Iran*, published online by National Security Archive, June 27, 2014 <https://nsarchive2.gwu.edu/NSAEBB/NSAEBB476/>.

5 Carl N. Raether and Charles S. Sampson, eds., *Foreign Relations of the United States, 1952-1954, Iran, 1951-1954, Volume X* (Washington D.C.: U.S. Government Publishing Office, 1989) [hereafter *FRUS X*]; James C. Van Hook, ed., *Foreign Relations of the United States, 1952-1954, Iran, 1951-1954, Second Edition* (Washington DC: U.S. Government Publishing Office, 2018) [hereafter *FRUS Retrospective*].

6 In September 2017, the Wilson Center organized a seminar on the new *FRUS* volume. Included among the participants were Mark J. Gasiorowski, Malcolm Byrne, David S. Painter, Wm. Roger Louis, Bruce Kuniholm, Barbara Slavin, and others.

7 One British operative published a memoir that touched on coup planning in 1953. See, C.M. Woodhouse, *Something Ventured* (London: Granada, 1982).

8 See Mark J. Gasiorowski, "The 1953 Coup D'etat in Iran," *International Journal of Middle East Studies* 19, no. 3 (August 1987): 275, <https://www.jstor.org/stable/163655>. See also, Gasiorowski, "The 1953 Coup d'Etat Against Mossadegh," 227–60.

Ann Heiss argues, for U.S. policymakers in early 1953, a coup appeared necessary “to save Iran from communist domination.”⁹ Other scholars like Steve Marsh and James F. Goode have offered similar interpretations of the coup decision, while Francis J. Gavin argues that a shift in the Cold War balance of power proved critical in motivating the Eisenhower administration to act against Mossadegh.¹⁰

Another explanation for the coup centers on oil. According to historian Ervand Abrahamian, Mossadegh’s nationalization of the oil industry posed a grave risk to Western domination of global oil supplies, particularly the oil concessions held by major Western oil companies in Saudi Arabia, Kuwait, Iraq, Venezuela, and elsewhere. The coup was therefore necessary to restore Western control over Iranian oil and reduce the threat of nationalization in other oil-producing regions.¹¹ This view is a popular one, particularly in light of what occurred *after* the coup: The shah’s government signed an agreement with oil companies that effectively reversed nationalization, awarding American firms 40 percent of a consortium that would control the flow of Iranian oil for the next 20 years.¹² Viewed from this perspective, the coup was part of an effort to control oil resources in developing countries, which formed the foundation for the global economy constructed and supervised by the United States.¹³ This take emphasizes an aspect of covert action that Abdel Razzaq Takriti has noted in multiple coup operations: The hegemon’s intervention is motivated by “global contestations over political and economic sovereignty,” and chiefly revolves around the control of natural resources and the restriction of popular political will.¹⁴

Both arguments have their shortcomings. Nationalization resulted in Iran’s isolation from the global oil economy — by 1953, none of the major oil companies needed Iranian oil and the success of a British-led embargo had reduced Iran’s oil exports to zero.¹⁵ While Great Britain hoped to remove Mossadegh in order to reverse nationalization and restore British control over Iran’s oil industry — where a British oil company had been dominant since the early 20th century — the U.S. position was much more complex. Continuous negotiation efforts from 1951 to early 1953 were aimed at restarting the flow of oil. A final offer was made to Mossadegh that would have left Iran “master of its industry,” though there were conditions attached that ultimately made the offer unacceptable to Mossadegh.¹⁶ Thus, oil played a role in the coup decision, as will become clear, but regaining control of Iranian oil, overturning nationalization, or serving the commercial interests of the companies were not the paramount concerns.¹⁷

Furthermore, Iran’s communist Tudeh Party, while well organized and increasingly active in street demonstrations, lacked “the intention or the ability to gain control of the government.”¹⁸ The new *Foreign Relations of the United States* volume has illustrated, according to Gasiorowski’s recent study, that the Tudeh threat was small in 1953 and that the U.S. decision to oust Mossadegh “was not made on the basis of strong evidence that a Communist takeover might otherwise soon occur.”¹⁹ New documentary evidence indicates British officials approached the United States in late 1952 “disposed to bring about a coup d’état in Iran,” but were rebuffed by Truman administration

9 Heiss, *Empire and Nationhood*, 172.

10 Rahnama, *Behind the 1953 Coup*, 60–61; Marsh, *Anglo-American Relations*, 152–53; Goode, *The United States and Iran*, 110. Gavin, “Politics, Power, and US Policy in Iran,” 56–89.

11 Abrahamian, *The Coup*, 5.

12 Elm, *Oil, Power and Principle*, 276; Joyce and Gabriel Kolko, *The Limits of Power: The World and United States Foreign Policy, 1945-1954* (New York: Harper & Row, 1972), 412–20. For the formation of the consortium, see, Mary Ann Heiss, “The United States, Great Britain, and the Creation of the Iranian Oil Consortium, 1953-1954,” *International History Review* 16, no. 3 (August 1994): 511–35, <http://www.jstor.org/stable/40107317>.

13 David S. Painter, *Oil and the American Century: The Political Economy of U.S. Foreign Oil Policy, 1941-1954* (Baltimore, MD: Johns Hopkins University Press, 1986), 173–99.

14 Abdel Razzaq Takriti, “Colonial Coups and the War on Popular Sovereignty,” *American Historical Review* 124, no. 3 (June 2019): 880, <https://doi.org/10.1093/ahr/rhz459>.

15 Mary Ann Heiss, “The International Boycott of Iranian Oil and the Anti-Mosaddeq Coup of 1953,” in *Mohammad Mosaddeq and the 1953 Coup in Iran*, ed. Malcolm Byrne and Mark J. Gasiorowski (Syracuse, NY: Syracuse University Press, 2004), 178–200.

16 Henderson to Acheson No. 2425, December 27, 1952, United States National Archives, College Park, Maryland, [USNA] Record Group [RG] 59, Central Decimal File [CDF], Box 5510, 888.2553/12-2652.

17 For a response to Abrahamian’s “control of oil” argument, see, Mark J. Gasiorowski, “Review of *The Coup: 1953, the CIA, and the Roots of Modern U.S.-Iranian Relations*, by Ervand Abrahamian,” *Middle East Journal* 67, no. 2 (Spring 2013): 315–17, <https://www.jstor.org/stable/43698055>.

18 *Zendebad Shah!*, 11.

19 Mark J. Gasiorowski, “U.S. Perceptions of the Communist Threat in Iran During the Mossadegh Era,” *Journal of Cold War Studies* 21, no. 3 (Summer 2019): 37, https://doi.org/10.1162/jcws_a_00898.

officials who thought it too risky.²⁰ Why, then, did policymakers reverse this decision, and organize a coup in Iran with British help a few months later?

This article addresses that question by re-examining the coup of August 1953 from the point of view of U.S. policymakers in Washington and Tehran. It utilizes the archives of the U.S. Embassy in Tehran, as well as records from Britain's National Archives and the archival collections of major oil companies.²¹ In particular, this article seeks to use revelations from the 2017 *Foreign Relations of the United States* volume to re-evaluate the 1953 coup decision. It draws on similar studies of formal decision-making by Philip Zelikow as well as Alexandra T. Evans and A. Bradley Potter, to isolate the factors involved and lay out a hierarchy of motives influencing a key foreign policy decision, one that would have momentous consequences, both for the United States and Iran.²²

Specifically, this article examines the formation of a "collapse narrative" that emerged based on intelligence assessments of the internal conditions in Iran in the years leading up to the coup. This narrative shaped policy in a way that made covert action in Iran more likely. The collapse narrative incorporated concerns over oil with the well-articulated fears of Iran "falling behind the Iron Curtain."²³ Faced with an embargo on oil exports, Mossadegh launched a series of policies in late 1952 designed to render Iran "oil-less." While his policies may have worked in time to detach Iran from the influence of oil, the notion of an oil-less Iran filled the United States with dread. The collapse narrative, a predictive analytical framework for viewing developments within Mossadegh's Iran that soon permeated policymaking discourse in both Tehran and Washington D.C., rested upon two foundations: that oil-less economics was not sustainable for Iran in the long term, and that, without an oil agreement, the National Front government was not capable of managing Iran's affairs without leaning

on communist support. Preventing collapse by stabilizing Iran's political system and resuming the flow of oil, thereby solving the government's financial problems and ensuring a stable source of revenue for Iran's economic development, was the primary motivation for Operation TPAJAX. The coup was not about countering an *imminent* communist threat — rather, it rested on fears of an uncertain future, concern over an ill-defined collapse of Iran's internal stability through economic and political disintegration, and a deeply engrained skepticism of Iran's ability to avoid catastrophe without foreign intervention.

Scholars such as Douglas Little and Matthew Jacobs have noted the tendency of American policymakers to "Orientalize" governments and individuals in the Middle East, assembling a "hierarchy of race and culture" built on assumptions of Arab and Iranian inferiority and the struggle of Middle Eastern cultures to adapt to Western concepts of modernity.²⁴ Persistent notions of Iranian incapacity, born out of prior experiences and bolstered by broader views of the Middle East, affected U.S. thinking and fed into the collapse narrative. Officials viewed Iran as backward, feudal, and vulnerable to social revolution. American thinking emphasized economic development driven by central state growth as a cure for these apparent ills — a view that prioritized security over democracy and thus favored authoritarian modernizing regimes over popular democratic coalitions.²⁵ Establishing such a regime in Iran, backed with U.S. support and funded through oil revenues, seemed the only way to prevent an Iranian collapse — an outcome that would have had disastrous strategic ramifications for the United States and would have impaired future access to Middle Eastern oil.

While certain policymakers, particularly CIA Director Allen Dulles, exaggerated the threat of collapse, the decision to remove Mossadegh should

20 Memo, Jernegan to Matthews, October 23, 1952; Byroade to Matthews, November 26, 1952; Memo of Conversation, December 3, 1952. Thanks to the National Security Archive for making these documents available: <https://nsarchive.gwu.edu/briefing-book/iran/2017-08-08/1953-iran-coup-new-us-documents-confirm-british-approached-us-late>.

21 Documents from Record Group 59 and Record Group 84 (RG 59 and RG 84) were viewed in the Main Reading Room, United States National Archives, College Park, Maryland. British Petroleum Archive (BP) at the University of Warwick, Coventry, UK.

22 Philip Zelikow, "Why Did America Cross the Pacific? Reconstructing the U.S. Decision to Take the Philippines, 1898-99," *Texas National Security Review* 1 no. 1 (December 2017): 36-67, <https://tnsr.org/2017/11/america-cross-pacific-reconstructing-u-s-decision-take-philippines-1898-99/>; Alexandra T. Evans and A. Bradley Potter, "When Do Leaders Change Course? Theories of Success and the American Withdrawal From Beirut, 1983-1984," *Texas National Security Review* 2, no. 2 (February 2019): 10-38, <https://tnsr.org/2019/02/when-do-leaders-change-course-theories-of-success-and-the-american-withdrawal-from-beirut-1983-1984/>.

23 Wilber, *CIA Clandestine Service History*, 1.

24 Quote from Douglas Little, *American Orientalism: The United States and the Middle East Since 1945*, 3rd Edition (Chapel Hill: University of North Carolina, 2008), 28. See also, Matthew F. Jacobs, *Imagining the Middle East: The Building of an American Foreign Policy, 1918-1967* (Chapel Hill: University of North Carolina Press, 2011), 12-27.

25 For an example of this trend in thinking, see, Bradley R. Simpson, *Economists with Guns: Authoritarian Development and U.S.-Indonesian Relations, 1960-1968* (Stanford, CA: Stanford University Press, 2008). For development ideology in the Cold War, see, Michael E. Latham, *The Right Kind of Revolution: Modernization, Development and US Foreign Policy from the Cold War to the Present* (Ithaca NY: Cornell University Press, 2011).

not be thought of as an intelligence failure. Rather, it constitutes a moment when policymakers, surrounded by uncertainty and driven by a fear that the worst-case scenario was just around the corner, chose to undertake a radical action in the belief that it was the last remaining viable option. In the American hierarchy of motives — which included forestalling the spread of communist influence, ending the oil crisis, and promoting a pro-Western regime in Iran — preventing collapse emerged as a broadly felt justification for covert action. In that sense, the operation was a success — Iran did not collapse, its government remained pro-Western, and the oil crisis was resolved in a way that satisfied Iran's need for revenue and the oil companies' desire for control. Yet, the coup decision had significant implications for the future of Iran and its relations with the United States, narrowing subsequent U.S. policy and staining the shah's post-coup government with a mark of illegitimacy.

The first section of this article details the historical background, including American views of Iran before 1951, the rise of Mossadegh, and the oil nationalization crisis. The second section analyzes the collapse narrative put forward by various U.S. officials at the time based on assessments of Iran's oil-less economy and Mossadegh's capacity to manage it effectively. The third section considers the coup decision itself, the option of taking covert action, and the circumstances surrounding the Eisenhower administration's deliberations in early 1953. The fourth and final section lays out the hierarchy of motives that went into the coup decision and explores the coup's aftermath. I argue that Operation TPAJAX was meant to prevent a collapse in Iran — a vaguely defined though omnipresent fear in the minds of American policymakers — and restore the flow of Iranian oil, not for the sake of American oil companies, but as a way to “save” Iran from a future without oil and put it back on the path toward progress.

Chaotic and Corrupt Conditions

In the aftermath of World War II, Iran emerged as a particular point of concern for U.S. policymakers. While nominally pro-Western, the country appeared vulnerable to destabilization by the Soviet Union, with which it shared a long border. Iran's ruling elite, land-owning aristocrats who dominated the parliament, or Majlis, were led by the shah, Mohammed Reza Pahlavi, a young and fairly inexperienced figure at the time. To American observers, Iran's greatest weakness was its “backwards” economy, as well as the paucity of managerial expertise among the country's elite. Foreigners tended to emphasize Iran's “feudal” state, where, according to one author, “95% of the people are impoverished, ignorant and inarticulate.”²⁶ Iran was a country, wrote Ambassador John C. Wiley in 1950, “of archaic feudalism,” where economic conditions “involving hunger and despair...are an obvious invitation to subversive activities.”²⁷ State Department officials observing Iran's attempts at economic development after World War II advocated for “a complete revolution of the present system of management,” which could only be accomplished “under the temporary control of foreigners.”²⁸ Wiley suggested an aggressive policy of economic and military assistance: Aid disbursements, “properly controlled,” would give the United States the ability “to shape [the] course of events; though of course our control should remain imperceptible.”²⁹ Max Weston Thornburg, a former oil executive who served as economic adviser to the shah's government from 1948 to 1951, summed up the problem in a dispatch to Wiley: “The practical difficulty of turning money, ideas and good intentions into real works, however simple, by people who don't know how to do it.”³⁰

Iran's access to oil revenues seemed to offer the nation a way toward lasting stability. Oil was discovered in 1908 in Iran's southwestern province of Khuzestan, and, by 1950, Iran was the fourth-largest oil producer in the world. The oil industry in Iran, as in other Middle Eastern states, was owned and operated by a foreign company: in this case,

26 A.C. Millsaugh, “The Persian-British Oil Dispute,” *Foreign Affairs* II, no. 3 (April 1933): 521–25, <https://www.foreignaffairs.com/articles/united-kingdom/1933-04-01/persian-british-oil-dispute>.

27 Telegram, Wiley to Acheson, Feb. 27, 1950, *FRUS 1950, The Near East, South Asia, and Africa*, Vol. V, ed. Herbert A. Fine et al., no. 217, (Washington DC: United States Government Printing Office, 1978), <https://history.state.gov/historicaldocuments/frus1950v05/d217>.

28 From USNA RG 59 CDF, Box 7243: Memo by Dean Acheson, August 17, 1946, 891.50/8-1746; Memo of Conversation, October 8, 1948, 891.50/10-848; “Need for Improving the Economic Conditions in Iran,” 891.50 SEVEN YEAR PLAN/6-2248; “Memorandum on the Naficy Plan,” March 12, 1948, 891.50 SEVEN YEAR PLAN/6-2248, U.S. Embassy No. 179, June 22, 1948, Enclosure No. 3; Memo of Conversation, February 28, 1946, USNA RG 59 CDF, Box 7244, 891.51/2-2846; Allen to State, no. 575, June 28, 1947, USNA RG 59 CDF, Box 7245891.60/6-2847.

29 Wiley to State, no. 179, February 1, 1950, USNA RG 84 U.S. Legation & Embassy, Tehran, Classified General Records[USLETGCR] 1950–1952, Box 35; Richards to Acheson, No. 673, April 13, 1950, USNA RG 84 USLETGCR 1950–1052, Box 35.

30 Thornburg to US Ambassador, March 5, 1950, recovered from World Bank General Archives, WB IBRD/IDA MNA Folder ID 1805823, <http://pubdocs.worldbank.org/en/162371403270473426/wbg-archives-1805823.pdf>.



the Anglo-Iranian Oil Company (later renamed British Petroleum, or BP). The company was deeply unpopular in Iran. Royalty payments, which had lagged behind company profits and tax payments to the British government, were considered unfairly low. Great Britain had historically interfered in Iran's internal affairs and thus the Anglo-Iranian Oil Company was widely seen by most Iranians, particularly an emerging class of nationalist politicians, as a front for British power.³¹

With the United States standing aloof, tensions within Iran increased, much of them focused on the Anglo-Iranian Oil Company. This was exasperated by frustration with the country's corrupt political system and socio-economic inequality. In March 1951, a supporter of nationalizing Iran's oil industry assassinated the shah's prime minister, Ali Razmara. In the chaos that followed, nationalists in the Majlis nominated their leader, Mohammed Mossadegh, as the new prime minister. Mossadegh called for nationalization as well as the expulsion of foreign influence from the country. The shah, fearing the new government's massive popular support, signed Mossadegh's nationalization bill into law on May 1, 1951.³²

While there was little support for Mossadegh, policymakers recognized Iranian nationalism as a powerful political force.

The rise of Mossadegh, a 69-year-old Iranian aristocrat and prominent nationalist icon, revolutionized Iranian politics. Oil nationalization was the most popular political program in modern Iranian history. Support for Mossadegh and his governing coalition, the National Front, was particularly strong in urban areas among the working class and middle-class intelligentsia.

Mossadegh was one of the first postcolonial nationalist politicians to emerge in the Middle East, and his program of nationalization provided a blueprint for other leaders, including Egypt's Gamal Abdel Nasser, who would nationalize the Suez Canal in 1956. Rather than take sides in the Cold War, Mossadegh sought to maintain a middle path. His outlook, while largely pro-Western, was neutral and emphasized Iran's independence. Mossadegh was also not a communist — in fact, when he first came to power, Soviet propaganda vilified him as an “American puppet.”³³ Even so, Mossadegh was a challenge that the United States and Great Britain were ill equipped to face.

The British, for whom the Iranian oil industry represented a major economic and political asset, were fairly straightforward in their policy: remove Mossadegh and reverse nationalization. The British, as well as the major oil companies, hoped to prevent Iran's nationalization from spreading to other oil-producing nations, like Saudi Arabia, Iraq, Kuwait, Venezuela, or Indonesia. Working in tandem, the United Kingdom and these companies placed an embargo on the nationalized Iranian oil. The embargo was very effective: The companies

controlled the global tanker supply and were able to increase oil production elsewhere to make up for the Iranian oil shutdown. By September 1951, Iran's oil exports had been reduced to zero. The British hope was that economic pressure would force Mossadegh from power, thus leading to a new, more “reasonable” government amenable to an oil agreement that suited British interests, and they were prepared to be patient in

executing this goal. The major oil companies were able to maintain their control of the global oil supply fairly easily and, by early 1952, oil markets had recovered from the shock of the Iranian shutdown.³⁴

American thinking was more conflicted. While there was little support for Mossadegh, policymakers recognized Iranian nationalism as

31 James Bamberg, *The History of the British Petroleum Company: The Anglo-Iranian Years, 1928–1954*, Vol. 2 (Cambridge, UK: Cambridge University Press, 1982); and James Bamberg, *British Petroleum and Global Oil, 1950–1975: The Challenge of Nationalism*, Vol. 3 (Cambridge, UK: Cambridge University Press, 2000).

32 For the narrative of the nationalization crisis, see Abrahamian, *The Coup*, 9–80.

33 Maziar Behrooz, “Tudeh Factionalism and the 1953 Coup in Iran,” *International Journal of Middle East Studies* 33, no. 3 (August 2001): 364, <http://www.jstor.org/stable/259456>.

34 For the British view of the Iran crisis, see, Steven G. Galpern, *Money, Oil and Empire in the Middle East: Sterling and Postwar Imperialism, 1945–1971* (New York: Cambridge University Press, 2009), 80–141; Wm Roger Louis, *The British Empire in the Middle East, 1945–1951: Arab Nationalism, the United States, and Postwar Imperialism* (New York: Oxford University Press, 1984), 632–89; Heiss, “The International Boycott of Iranian Oil,” 178–80.

a powerful political force. Failure to satisfy this sentiment at a time of intense internal instability in Iran could potentially lead to a worse outcome. At the same time, officials in the Truman administration were unwilling to abandon the British, an important Cold War ally, and were conscious of protecting American oil companies from further nationalizations. Any resolution to the crisis in Iran had to contain the “contagion” of nationalization, preventing it from spreading elsewhere. Thus, between May 1951 and March 1953, the United States focused on facilitating an oil agreement between Mossadegh and the United Kingdom. While Iranian nationalism would have to be satisfied, in the interests of global oil and out of respect to the British the American proposals focused on ways to accept the principle of nationalization while keeping control of Iranian oil in British hands. Naturally, Mossadegh found such proposals unacceptable.³⁵

In July 1952, a political crisis resulted in Mossadegh temporarily stepping down as prime minister. The United States, according to declassified documents in the 2017 *Foreign Relations of the United States* volume, moved quickly to support a new government led by conservative politician Ahmed Qavam, who immediately expressed his willingness to negotiate an acceptable oil settlement “as soon as possible.”³⁶ But before any progress could be made, massive demonstrations broke out in Tehran. Nationalists, as well as members of the communist Tudeh Party, took to the streets to protest. Qavam lost his nerve and resigned. The shah bowed to public pressure and reinstated Mossadegh. Once back in power, Mossadegh undertook a series of measures designed to transform Iran into an oil-less economy. Imports plummeted while non-oil exports increased. To make up the budget deficit left by the absence of oil revenues, Mossadegh turned to deficit financing. Two billion *rials*, Iran’s currency, were released between July 1952 and January 1953, increasing the

total quantity of *rials* in circulation by 20 percent.³⁷ Mossadegh’s embrace of Keynesian economics provided a temporary boost to the marketplace. Iran’s agricultural sector, which accounted for 80 percent of its gross national product, thrived in the midst of the oil shutdown. Good harvests in 1951–52 and 1952–53 improved rural employment and cut back on the need for imports. It is possible an Iranian economy without oil would have succeeded, provided Mossadegh had been able to maintain political stability.³⁸

But that’s not how U.S. policymakers saw things. Rather, they perceived an oil-less Iran under Mossadegh’s leadership to be a recipe for disaster. While the Truman administration rejected the idea of covert action in November 1952, the Eisenhower administration reversed course, gave up on further negotiations with Mossadegh, and approved funding for a coup in April 1953. The administration made the decision for a host of different reasons, but crucial among them was an emerging narrative emphasizing Iran’s inevitable collapse. Included in this narrative were perceptions of Iran’s vulnerability, the weakness of the Mossadegh government, and the importance of restarting the flow of oil revenues.

Judging Collapse: Measuring Oil’s Importance to Iran

Did Iran need oil? Was it possible for Iran to survive as an oil-less state? For U.S. policymakers, such questions were difficult to answer. When nationalization first occurred, U.S. officials worried that a showdown between Iran and the British would bring internal chaos to Iran, making a collapse into communist rule “a distinct possibility.”³⁹ The Tudeh Party was viewed as the country’s only properly organized political party, one that received considerable moral and material support from the Soviet Union. Even before the United Kingdom and the Western oil companies

35 The various phases of negotiation are described in detail in Heiss, *Empire and Nationhood*.

36 Telegram, Henderson to Acheson, July 18, 1952, *FRUS Retrospective*, no. 84, <https://history.state.gov/historicaldocuments/frus1951-54IranEd2/d84>. See also, Telegram, Henderson to Acheson, July 18, 1952, *FRUS Retrospective*, no. 85, <https://history.state.gov/historicaldocuments/frus1951-54IranEd2/d85>; Telegram, U.S. State Department to U.S. Embassy London, July 18, 1952, *FRUS Retrospective*, no. 86, <https://history.state.gov/historicaldocuments/frus1951-54IranEd2/d86>; Telegram, Henderson to Acheson, July 19, 1952, *FRUS Retrospective*, no. 88, <https://history.state.gov/historicaldocuments/frus1951-54IranEd2/d88>.

37 Iran Economic Papers, no. 8, “Imports and Exports,” January 1953, USNA RG 84 USLETCGR, 1953–1955, Box 60; US Embassy Iran, no. 46, July 18, 1953, USNA RG 84 USLETCGR, 1953–1955, Box 60; Henderson to State, no. 1245 September 23, 1952, USNA RG 84 USLETCGR, 1950–1952, Box 36 501; Middleton to Foreign Office, no. 292 (E), September 22, 1952, United Kingdom National Archives [UKNA] Foreign Office [FO] 371/98625 EP 1112/29.

38 Patrick Clawson and Cyrus Sassanpour, “Adjustment to a Foreign Exchange Shock: Iran, 1951–1953,” *International Journal of Middle East Studies* 19, no. 1 (February 1987): 10–11, <http://www.jstor.org/stable/163025>. Homa Katouzian, “Oil Boycott and the Political Economy: Mosaddeq and the Strategy of Non-Oil Economics,” in *Musaddiq, Iranian Nationalism and Oil*, ed. Bill and Louis (London: IB Tauris, 1988), 212–14.

39 Telegram, Acheson to Gifford, June 22, 1951, *FRUS 1952-1954*, Vol. X: *Iran 1951-1954* [FRUS X], no. 30, <https://history.state.gov/historicaldocuments/frus1952-54v10/d30>; Statement of Policy Proposed by National Security Council: Iran, June 27, 1951, *FRUS 1952-1954*, Vol. X: *Iran 1951-1954*, no. 32, <https://history.state.gov/historicaldocuments/frus1952-54v10/d32>.

Table 1: Anglo-Iranian Oil Company Contribution to Iran's State Budget, 1951-1952 (Estimated)⁴³

Excise Tax	Income Tax	Electricity	Customs	Royalty	Foreign Exchange Sales	Total	State Budget
£6,598,972	£1,047,234	£207,874	£2,151,176	£28,000,000	£12,200,000	£50,005,256 or 4.5 billion rials	9.55 billion rials

Table 2: Anglo-Iranian Oil Company Foreign Exchange Contributions, Millions of Rials⁴⁴

Year	Royalties	Local Expenses	Total	Percentage of Total Foreign Exchange
1951-1952	271	694	965	26.7
1950-1951	1885	1795	3680	64.3
1949-1950	1284	2240	4024	77.3
1948-1949	1190	2094	3284	64.9

imposed an embargo against Iran, American officials believed Mossadegh's crusade against the oil companies would end in disaster, particularly if the British pushed him too far: "Any test of will ... in the light of the highly irrational and emotional view of the Iranians, [would] not be successful," according to Assistant Secretary of State George C. McGhee. It was crucial that the "uninterrupted flow of oil" be maintained.⁴⁰ The CIA thought an oil shutdown would promptly lead to "bankruptcy, internal unrest, and at worst Communist control of the state."⁴¹ With negotiations stalled and the United Kingdom turning to pressure tactics, policymakers in Washington grew increasingly worried about Iran's ability to resist communist pressure. While estimates varied, it appeared that five to ten thousand members of the Tudeh Party came from Iran's industrial working class and the intelligentsia. Communist domination as a result of an internal coup led by the Tudeh Party, with

external Soviet support à la Czechoslovakia in February 1948, seemed likely if a solution to the oil crisis was not found.⁴²

Heiss argues that U.S. officials exaggerated the effects of the embargo, misjudged the importance of oil, and treated Iran as an industrial society rather than an agricultural one.⁴⁵ Indeed, 80 percent of Iran's economy was agricultural. While the oil industry employed around 50,000 skilled and nonskilled workers, it existed as an enclave and had few linkages to the rest of the economy, a phenomenon that was (and still is) quite common in oil-producing countries.⁴⁶ Information on Iran's economy was hard to come by in the early 1950s: The chief source of intelligence was the U.S. Embassy in Iran, particularly reports written by the embassy's economic counselor Robert M. Carr. According to Carr, for the Iranian year 1330 (March 1951–March 1952), had nationalization not occurred, the Iranian government would

40 Memo of Conversation, July 12, 1951, *FRUS X*, no. 40, <https://history.state.gov/historicaldocuments/frus1952-54v10/d40>; Memo from McGhee to Acheson, April 20, 1951, RG 59 888.2553/4-2051.

41 Intelligence Memorandum, July 11, 1951, *FRUS Retrospective*, no. 39, <https://history.state.gov/historicaldocuments/frus1951-54IranEd2/d39>.

42 Gasiorowski, "U.S. Perceptions of the Communist Threat," 13, 17.

43 US Embassy no. 866, Contributions of the AIOC to the Iranian Embassy, April 27, 1951, USNA RG 59 CDF Box 5504, 888.2553/4-2751.

44 Iran Economic Paper no. 9, Balance of Payment, January 1953, USNA RG 84 USLETCGR, 1953–1955, Box 60.

45 Heiss, "International Boycott of Iranian Oil," 198. Heiss bases her conclusion on figures from Jahangir Amuzegar and M. Ali Fekrat, *Iran: Economic Development Under Dualistic Conditions* (Chicago: The University of Chicago Press, 1971), 21.

46 Hossein Mahdavy, "The Patterns and Problems of Economic Development in Rentier States: The Case of Iran," in *Studies in the Economic History of the Middle East: From the Rise of Islam to the Present Day*, ed. M.A. Cook, ed. (London: Oxford University Press, 1970), 443–67.

have earned £10 million worth of *rials* from the Anglo-Iranian Oil Company's operating expenses, another £12.2 million from sales of sterling at differing exchange rates, and £28 million in royalties. Under these conditions, the oil company would contribute 4.5 billion *rials* in state revenue, more than one-third of its entire budget, including projected development expenses.⁴⁷ This was an estimate of a single year: A conservative estimate was that the British-controlled company contributed roughly half of Iran's state expenditures. Carr and U.S. Ambassador Loy Henderson chose to express it as "forty percent of the total budget."⁴⁸ In addition, oil royalties and the Anglo-Iranian Oil Company's internal purchases constituted around 60 percent of Iran's foreign exchange balance. Nationalization and the British embargo removed these lucrative sources of revenue and foreign exchange. By September 1951, with exports at zero and royalty payments from the oil company suspended, Iran faced a trade crisis, a state budget crisis, a balance-of-payments crisis, and a defunct development plan.⁴⁹

In 1951, these figures produced considerable alarm. Senior officials like Secretary of State Dean Acheson, Policy Planning Director Paul Nitze, and McGhee scrambled to implement an oil settlement and "keep Iranian oil moving." "[O]nly in this way can we hope to prevent the Iranian economy from collapsing."⁵⁰ As Acheson explained to British Foreign Secretary Anthony Eden in November of that year, failure to reach an oil settlement — thus producing a prolonged oil embargo — would lead to the weakening of Iran's armed forces, political assassinations and social unrest, "and the rapid movement toward the Tudeh Party's taking over."⁵¹

But Carr initially downplayed the risk of an imminent collapse. According to him, Iran's agricultural economy would show "considerable resistance" to the oil shutdown, while Mossadegh could draw on gold and foreign exchange reserves to fill the budget and trade gap. Mismanagement

was to blame for Iran's existing financial woes, and the country possessed the resources to survive for some time, "if the burden was properly distributed."⁵² The State Department agreed, arguing that Iran's government could pay its bills for up to a year, "without any benefits whatsoever from oil resources."⁵³ Eventually, fears of collapse subsided, with Nitze admitting in February 1952 that Iran's economic conditions — its gold reserves, internal credit facilities, and prospects for a strong harvest — meant a general disintegration was unlikely, though the country's politics remained unstable.⁵⁴

But fears of a collapse began to mount again, particularly after July 1952, when Mossadegh returned to office and began to implement his oil-less economic policies. Carr and his staff at the embassy viewed such policies with deep skepticism. Minor reforms designed to boost imports and save foreign exchange would provide "superficial" improvements, masking symptoms of an "economic and financial deterioration."⁵⁵ To fund the government, Mossadegh turned to deficit financing, which the embassy believed would produce disastrous inflation: "The printing press has become a source of government revenue."⁵⁶ It was feasible that a government possessed of greater will, "sufficiently able, demagogic and dictatorial," could balance the budget and survive without oil revenues, perhaps indefinitely. But Carr, as well as others at the U.S. Embassy, doubted Mossadegh's competence or the abilities of his government to guide the country. Mossadegh's reforms were evidence of growing state involvement in the economy, characterized by interventions from the "already overgrown and none-too-competent bureaucracy." The increased involvement of the state, necessitated by the extreme conditions produced by the oil crisis, presaged a slow slide down a familiar slope: "[T]he reformers are the apostles of the typical 'bureaucratic revolution,' complete with the statism, controls and neo-Keynesian economics which have become

47 US Embassy no. 574, October 31, 1951, USNA RG 84 USLETCGR, 1950–1952, Box 39; Iran Economic Paper no. 2, Government Budget, January 1953, USNA RG 84 USLETCGR, 1953–1955 Box 60; US Embassy no. 712, March 5, 1951, USNA RG 59 CDF, Box 5503, 888.2553/3-551.

48 Henderson to Acheson, November 6, 1951, *FRUS X*, no. 122, <https://history.state.gov/historicaldocuments/frus1952-54v10/d122>.

49 Henderson to State No. 3781, Drafted by Carr, April 4, 1952, USNA RG 84 USLETCGR 1950–1952 Box 36.

50 Villard to Nitze, Policy Planning Staff, October 9, 1951, USNA RG 59 CDF, Box 5507, 888.2553/10-951.

51 Memo of Conversation, November 4, 1951, *FRUS X*, no. 120, <https://history.state.gov/historicaldocuments/frus1952-54v10/d120>.

52 US Embassy No. 185, October 4, 1951, USNA RG 84 USLETCGR 1950–1952, Box 35; Henderson to State, no. 3781, Drafted by Carr, April 4, 1951, USNA RG 84 USLETCGR 1950–1952, Box 36.

53 "Prospects for Economic Stabilization in Iran After Oil Nationalization," July 23 1951, USNA RG 59 CDF, Box 5505A, 888.2553/7-2351.

54 Memo of Conversation, February 14, 1952, USNA RG 59 CDF, Box 5506 Nitze-Linder Working Papers.

55 US Embassy Tehran, no. 555, January 17, 1953, USNA RG 84 USLETCGR, 1953–1955, Box 60.

56 US Embassy Tehran, no. 824, April 8, 1953, USNA RG 84 USLETCGR, 1953–1955, Box 60.

increasingly questioned elsewhere.”⁵⁷ To make an oil-less economy work, Mossadegh would either need to take full control over Iran’s state and economy or lean on outside support. Without U.S. assistance, his only option would be to turn to the Soviet Union.

Carr’s concerns were shared by his boss, Henderson. A career foreign service officer, Henderson had been among the State Department’s most aggressively anti-communist voices, “a hard-line anti-Soviet diplomat,” according to his biographer.⁵⁸ While Carr’s reports rarely made it all the way to Washington, his views were regularly synthesized by Henderson, whose impact on U.S. policy was far more significant. “Iran is [a] sick country,” he wrote, “and [Mossadegh] is one of its most sick leaders.”⁵⁹ An oil agreement would halt a “financial collapse towards which [Iran] was heading so rapidly.”⁶⁰ Without access to oil revenues, no government could improve “the miserable social and economic conditions” pervasive throughout the country. In the absence of meaningful reforms and improvements, “[the] discontent of [the] people is bound to attract them towards [the] extreme of Communism.”⁶¹ Like Carr, Henderson did not think collapse was imminent, but he pointed to “insidious disintegration” stemming from the financial situation.⁶² Mossadegh lacked the capacity to lead Iran effectively. An oil-less economy would need “skillful, strong and ruthless dictatorship,” the kind only the Tudeh Party “was capable of furnishing.”⁶³ Since the National Front took power, “there has been a marked deterioration of forces making for steady administration and for [the] stability [of the] country.” Communist influence within the government, while apparently quite small, could grow quickly under

the right circumstances: Henderson believed that Mossadegh received “Tudeh-slanted advice,” that a number of cabinet ministers were, in fact, “Tudeh tools,” and that “infiltration of this kind might result in communists creeping almost imperceptibly into power.”⁶⁴ In steering Iran toward oil independence, Mossadegh would either fail or be forced to lean on Tudeh support. Either way, the outcome would be the same.

By late 1952 and into early 1953, these views were becoming well represented elsewhere in the Truman administration, State Department, and CIA. According to Carr’s figures, Mossadegh still retained some flexibility: Iran’s hard currency and gold reserves, as well as Iran’s agricultural economy, meant he could probably stave off spiraling inflation, “unless there is a serious crop failure or an unfavorable export market.” But this did not allay fears of a collapse. Without a return of oil revenues, “further currency expansion” was inevitable.⁶⁵ The National Security Council policy document completed in November 1952 concluded that Mossadegh’s government had stoked “popular desire for promised economic and social betterment,” increasing the social unrest already evident prior to 1951. Furthermore, “nationalist failure to restore the oil industry has led to ... deficit financing to meet current expense, and is likely to produce a progressive deterioration of the economy at large.”⁶⁶ Deputy CIA Director Robert Amory concluded that, without oil, Iran would succumb to “economic and political disintegration.”⁶⁷ Secretary of Defense Robert A. Lovett felt urgent action was needed “to prevent the strategic collapse of Iran’s loss to communism,” and suggested a course of economic and military aid.⁶⁸ But others in the government worried that aid for Mossadegh would just encourage further

57 US Embassy Tehran, no. 555, January 17, 1953, USNA RG 84 USLETCGR, 1950–1952, Box 36.

58 John J. Harter, “Loy Henderson and the Cold War: An Interview with the Biographer of ‘Mr. Foreign Service,’” *Foreign Service Journal* (April 1992): 41–45, <http://www.afsa.org/foreign-service-journal-april-1992>.

59 Telegram, Henderson to State, January 4, 1952, *FRUS X*, no. 139, <https://history.state.gov/historicaldocuments/frus1952-54v10/d139>.

60 Telegram, Henderson to Acheson, January 29, 1952, *FRUS X*, no. 153, <https://history.state.gov/historicaldocuments/frus1952-54v10/d153>.

61 Telegram, Henderson to Acheson, October 22, 1951, *FRUS X*, no. 116, <https://history.state.gov/historicaldocuments/frus1952-54v10/d116>; Henderson to Acheson, no. 1869, November 20, 1951, USNA RG 59 CDF, Box 5507, 888.2553/11-2051.

62 Telegram, Henderson to Gifford, February 28, 1952, *FRUS X*, no. 164, <https://history.state.gov/historicaldocuments/frus1952-54v10/d164>.

63 Henderson to Acheson No. 1857 November 5, 1952, USNA RG 84 USLETCGR 1950–1952 Box 36.

64 Telegram, Henderson to Acheson, November 5, 1952, *FRUS X*, no. 235, <https://history.state.gov/historicaldocuments/frus1952-54v10/d235>.

65 Special Estimate-33, Prospects for Survival of Mossadeq Regime in Iran, October 14, 1952, *FRUS Retrospective*, no. 132, <https://history.state.gov/historicaldocuments/frus1951-54IranEd2/d132>; National Intelligence Estimate (NIE-75), November 13, 1952, *FRUS Retrospective*, no. 143, <https://history.state.gov/historicaldocuments/frus1951-54IranEd2/d143>.

66 Statement of Policy Proposed by the National Security Council, The Present Situation in Iran, November 20, 1952, *FRUS Retrospective*, No 147, NSC 136/1, <https://history.state.gov/historicaldocuments/frus1951-54IranEd2/d147>.

67 Robert Amory Jr., Memo for General Smith, November 28, 1952, CIA CREST On-Line. <https://www.cia.gov/library/readingroom/docs/CIA-RDP79-01041A000100020058-0.pdf>.

68 Lovett for Acheson, November 12, 1952, USNA RG 59 CDF, Box 5510, 888.2553/11-1252.

intransigence during oil negotiations, preventing an agreement and continuing the oil-less economy.

Following his victory in the 1952 presidential election, Dwight D. Eisenhower was briefed by President Harry Truman and Acheson. The situation in Iran, they said, had developed to a “critical point.” Mossadegh’s approach to the crisis was irrational: The Iranians were more interested in defying the British “than they were in the economic benefits which might come to them from the oil industry.” The stalemate at the negotiating table and the ongoing British oil embargo “had led to very grave disintegration” within both the government and the “social structure” of Iran. Hard evidence would suggest that the National Front could survive for a year if it acted “reasonably,” but Acheson and Truman no longer thought that likely. “They would act emotionally,” perhaps breaking relations with the United States and cutting the number of public employees or reducing wages for the army, which would increase internal unrest. “[I]n a very short time [they] might have the country in a state of chaos.”⁶⁹

living indices were relatively stable, and imports had fallen while non-oil exports had risen. One estimate from October 1952 noted how the loss of oil revenues had not “seriously damaged” Iran’s economy, thanks in part to an “excellent harvest.”⁷⁰ Nevertheless, the emerging consensus in Washington was pessimistic. According to Acheson’s recollection, “[the] situation was deteriorating ... various people put it at four, six, seven or eight months,” but sooner or later, “we would reach ... the point of no return.”⁷¹ Fear of the future, skepticism of Iranian capacity for self-government, and an overriding sense that the Tudeh Party would profit from continued uncertainty formed an omnipresent fear of collapse that gripped the Truman administration in its last months in office, despite signs that Iran’s economy was actually managing the oil shutdown fairly well. No one could claim with any confidence *when* this collapse would take place, or even what it would look like. “If present trends continue unchecked,” however, there was thought to be a growing chance that Iran would drift away from the West “in advance of an actual communist takeover.”⁷² The question galling Acheson, Truman, Nitze, and others was how to prevent this collapse from occurring.

To make an oil-less economy work, Mossadegh would either need to take full control over Iran’s state and economy or lean on outside support.

By late 1952, there was a growing feeling throughout the Truman administration that an oil-less Iran under Mossadegh’s rule would lead to disaster. However, there were few outward signs that economic collapse was imminent — inflation inside Iran had not yet reached crisis levels, the cost of

The Coup Decision

Allen Dulles, deputy director of the CIA beginning in August 1951 and director after February 1953, was a noted skeptic of the Mossadegh government. In May 1951, just after nationalization of the oil supply, the forceful and gregarious Dulles suggested the United States cooperate with the British and intervene directly: “[T]hrow out Mossadegh, close the Majlis ... at a later date a premier could be installed with our help.”⁷³ In late 1952, as his superiors deliberated, Dulles turned to Thornburg for advice. The former oilman-turned-international-consultant who had acted as economic adviser to the shah’s government before 1951 was one of the few self-described “Iran experts” known in Washington. Thornburg enjoyed “unusual access” to both Dulles and the Department of State and he offered policy advice in meetings, memos, and

69 Memo of Conversation, November 18, 1952, *FRUS Retrospective*, no. 146, <https://history.state.gov/historicaldocuments/frus1951-54IranEd2/d146>.

70 Special Estimate: Prospects for Survival of Mossadeq Regime in Iran, October 14, 1952, *FRUS Retrospective*, no. 132, <https://history.state.gov/historicaldocuments/frus1951-54IranEd2/d132>.

71 Dean G. Acheson Papers, Box 81, Princeton Seminar, May 15, 1954, from the Harry S. Truman Presidential Library, Independence, MO.

72 Statement of Policy Proposed by the National Security Council: The Present Situation in Iran, November 20, 1952, *FRUS Retrospective*, no. 147, <https://history.state.gov/historicaldocuments/frus1951-54IranEd2/d147>.

73 Memorandum Prepared in the Office of National Estimates, Central Intelligence Agency, May 1, 1951, *FRUS Retrospective*, no. 20, <https://history.state.gov/historicaldocuments/frus1951-54IranEd2/d20>; Memo, Langer to Smith, July 6, 1951, *FRUS Retrospective*, no. 37 <https://history.state.gov/historicaldocuments/frus1951-54IranEd2/d37>; Minutes of Meeting with Director of Central Intelligence Smith, May 9, 1951, *FRUS Retrospective*, no. 25, <https://history.state.gov/historicaldocuments/frus1951-54IranEd2/d25>.

messages sent from his personal island in the Persian Gulf.⁷⁴

Thornburg scoffed at Iran's nationalist government. Supporters of Mossadegh "are not the kind of men who can carry out any practical program." Rather, the men governing Iran were "political *flâneurs*" interested only in advancing their own careers. According to him, establishing a "democratic government" was not necessary. "What is necessary is that each of these countries have a stable government dedicated to the welfare of its people."⁷⁵ Otherwise, the risk was instability and, eventually, collapse leading to communist rule. Thornburg felt that this could best be prevented by backing a right-wing strongman. A "responsible" regime led by the shah — a figure most American officials viewed as indecisive and weak-willed — could impose martial law, rule by decree, and reach a suitable oil settlement, thereby freeing up funds for a new development scheme. The key for Thornburg was changing the political balance in Iran. The goal should not be "how to make an oil agreement that will bolster up the government in Persia, but how to bolster up the government in Persia so it can make an oil agreement."⁷⁶ The necessary consequence of that conclusion was removing Mossadegh from power.

Documents in the 2017 *Foreign Relations of the United States* volume indicate that U.S. officials considered removing Mossadegh at various times throughout 1951 and 1952. After Mossadegh's consolidation of power in July 1952, Assistant Secretary of State Henry F. Byroade had plans drawn up "as to possible alternatives to Mossadegh, *method of bringing such a government into power*, and the type of encouragement and support that would be necessary in such circumstances."⁷⁷ The

policy paper that the National Security Council adopted in November 1952 was much more alarmist than similar papers published a year before.⁷⁸ The policy mentioned the threat of an "attempted or actual communist seizure of power;" and included provisions for "special political operations in Iran" to support noncommunist forces.⁷⁹ The CIA had been active in Iran since 1948, combatting the Tudeh Party through an operation code-named TPBEDAMN and setting up a "stay-behind" mission in case Iran's government were to fall under communist influence.⁸⁰ The United Kingdom, which had long sought Mossadegh's removal from office, was expelled from Iran in October 1952, after which British officials reached out to the United States for help.⁸¹ The British, conscious of U.S. concerns and anxious to elicit assistance, emphasized the threat of an internal coup through Tudeh Party subversion. The risk did not arise "from the country's bad financial situation," but rather from Mossadegh's unwillingness "to check the growth of communist strength." To that end, they were "disposed to bring about a coup d'état in Iran," and hoped for U.S. help in replacing Mossadegh with a more "reliable" prime minister. It was, in their opinion, "our best chance to save Iran."⁸² According to one agent's recollection, the offer was favorably received by Dulles and Frank Wisner of the CIA.⁸³

But senior U.S. officials, including CIA Director Walter Bedell Smith and Acheson, could not see a viable alternative to Mossadegh among Iran's conservative politicians. Mossadegh had placed his own supporters in key army posts: He could not be easily deposed through a military coup. Moreover, no conservative political figure possessed the prestige to challenge the National Front, while

74 Zendeabad Shahi, 119. The island had been a gift from the ruler of Bahrain, with whom Thornburg forged a relationship while serving as a representative of the Standard Oil Company of California (SOCAL). See, Linda Wills Qaimmaqami, "The Catalyst of Nationalization: Max Thornburg and the Failure of Private Sector Developmentalism in Iran, 1946-1951," *Diplomatic History* 19, no. 1 (January 1995): 1-31, <https://doi.org/10.1111/j.1467-7709.1995.tb00575.x>.

75 Memo of Conversation, August 20, 1952, *FRUS Retrospective*, no. 116, <https://history.state.gov/historicaldocuments/frus1951-54IranEd2/d116>.

76 Memo Prepared by Thornburg, August 22, 1952, *FRUS Retrospective*, No. 118, <https://history.state.gov/historicaldocuments/frus1951-54IranEd2/d118>; Memo from Dulles to Smith, Attached Letter Thornburg to Dulles, February 19, 1953, *FRUS Retrospective*, no. 154, <https://history.state.gov/historicaldocuments/frus1951-54IranEd2/d154>.

77 Memo, Byroade to Acheson, July 29, 1952, *FRUS Retrospective Iran*, no. 101, emphasis mine, <https://history.state.gov/historicaldocuments/frus1951-54IranEd2/d101>.

78 Gavin, "Politics, Power, and US Policy in Iran," 78-80.

79 Statement of Policy Proposed by the National Security Council: The Present Situation in Iran, November 20, 1952, *FRUS Retrospective*, no. 147, <https://history.state.gov/historicaldocuments/frus1951-54IranEd2/d147>.

80 Mark J. Gasiorowski, "The CIA's TPBEDAMN Operation and the 1953 Coup in Iran," *Journal of Cold War Studies* 15, no. 4 (Fall 2013): 4-24, https://doi.org/10.1162/JCWS_a_00393; and Gasiorowski, "The US Stay-Behind Operation in Iran, 1948-1953," *Intelligence and National Security* 34, no. 2 (February 2019): 170-88, <https://www.tandfonline.com/doi/abs/10.1080/02684527.2018.1534639>.

81 For British interest in removing Mossadegh, see Rahnema, *Behind the 1953 Coup*, 11-33.

82 Memo Jernegan to Matthews, October 23, 1952; Byroade to Matthews, November 26, 1952; Memo of Conversation, December 3, 1952, National Security Archive, Briefing Book no. 601, <https://nsarchive.gwu.edu/briefing-book/iran/2017-08-08/1953-iran-coup-new-us-documents-confirm-british-approached-us-late>.

83 Woodhouse, *Something Ventured*, 117-18.

the young shah seemed paralyzed. Arguably the second-most powerful man in Iran was the populist demagogue Ayatollah Sayyed Abu al-Qasim Kashani. While a member of Iran's Shia clerical leadership, Kashani was more notable for his hardline position on oil negotiations. He was opposed to any deal with the oil companies and had condemned oil revenues as a "curse rather than a blessing." Should Mossadegh retire or die in office, a new nationalist government would probably coalesce around Kashani. From a U.S. point of view, it was better to have Mossadegh remain in power than to have such an unpredictable figure assume a position of authority.⁸⁴

For these reasons, the British offer was rebuffed. "You may be able to throw out Mossadegh," remarked Smith, "but you will never get your own man to stick in his place."⁸⁵ While Dulles felt that an operation could be carried out "in such a way that British and American connection with it could never be proven," officials in the State Department, like Byroade and Freeman Matthews, were skeptical.⁸⁶ By late 1952, Carr's reports and Henderson's analysis convinced policymakers in Washington that an Iranian economy without oil was not sustainable, and that, without an oil settlement, Mossadegh would lead the country into disaster. But a coup to remove him did not seem viable. Nitze informed the United Kingdom that the United States would not dismiss the idea, but would, for the time being, proceed with a new round of negotiations: "We would keep the suggestion in mind."⁸⁷

Instead of a coup, the focus turned to the question of propping up Mossadegh and staving off collapse. Byroade suggested an oil settlement or "substantial financial assistance and a program of economic development" as the two best options.⁸⁸

Lovett insisted that the United States "must get the oil flowing" in order to prevent the situation from deteriorating to the point where a military intervention became necessary.⁸⁹ According to Nitze, Iran needed to be pushed into a deal that would provide "sufficient revenues to meet its economic problems."⁹⁰ Talk of financial aid to Mossadegh continued after Eisenhower took office in January 1953. The president, despite taking a more flexible position than his predecessor, seemed preoccupied with the problem of how to aid Mossadegh. "If...I had \$500,000,000 of money to spend in secret," he said during a meeting of his National Security Council on March 4, "I would give \$100,000,000 of it to Iran right now."⁹¹ While the United Kingdom felt the new administration would be "more robust," initially there was continuity in policy. Eisenhower and Secretary of State John Foster Dulles focused on continuing negotiations with Mossadegh, though it was clear that a settlement was unlikely, given the disagreements between Mossadegh and the British over terms to settle the 1951 nationalization.⁹²

An important turning point in the crisis came in late February 1953. Mossadegh's position in Iran had grown unstable. Aware that conservative forces were maneuvering against him, in February 1953 Mossadegh demanded the shah abandon his few remaining prerogatives and subordinate himself to the government. Henderson, exhausted after months of negotiating and frustrated with the prime minister's "one track mind," "hyper-sensitive attitude," and "suspicious character," had come to think further negotiations were pointless.⁹³ Moreover, he regarded the shah as "a potentially powerful anti-commie element." Mossadegh's assault on the monarch prompted Henderson to take action, despite conventions

84 Special Estimate: Prospects for Survival of Mossadeq Regime in Iran, October 14, 1952, *FRUS Retrospective*, no. 132, <https://history.state.gov/historicaldocuments/frus1951-54IranEd2/d132>; Memo Prepared in the Office of Intelligence and Research, Department of State, March 31, 1953, *FRUS Retrospective* No. 181, <https://history.state.gov/historicaldocuments/frus1951-54IranEd2/d181>.

85 *Zendebad Shah!*, 15.

86 Byroade to Matthews, November 26, 1952, National Security Archive, Briefing Book no. 601, <https://nsarchive.gwu.edu/briefing-book/iran/2017-08-08/1953-iran-coup-new-us-documents-confirm-british-approached-us-late>.

87 Memo of Conversation, December 3, 1952, National Security Archive, Briefing Book no. 601, <https://nsarchive.gwu.edu/briefing-book/iran/2017-08-08/1953-iran-coup-new-us-documents-confirm-british-approached-us-late>.

88 Memo from Byroade to Matthews, October 15, 1952, *FRUS Retrospective*, no. 133, <https://history.state.gov/historicaldocuments/frus1951-54IranEd2/d133>.

89 Lovett to Acheson, October 24, 1952, USNA RG 59 CDF, Box 5510, 888.2553/10-2452; Lovett for Acheson, November 12 1952, USNA RG 59 CDF, Box 5510, 888.2553/11-1252.

90 Nitze for Acheson, November 6, 1952, USNA RG 59 CDF, Box 5510, 888.2553/11-652.

91 Memo of Discussion at the 135th Meeting of the National Security Council, March 4, 1953, *FRUS Retrospective*, No. 171, <https://history.state.gov/historicaldocuments/frus1951-54IranEd2/d171>.

92 The best account of these discussions can be found in Heiss, *Empire and Nationhood*, 135–66.

93 Henderson to Acheson no. 2518, January 3, 1953, USNA RG 59 CDF, Box 5511, 888.2553/1-353.



prohibiting U.S. diplomats from intervening in local politics.⁹⁴ “I dislike remaining inactive,” he wrote defiantly, “when [the] monarchical institution... is in grave danger.” Henderson went to the shah and implored him to remain in the country. He then met with Mossadegh, making it clear that the shah’s departure would “weaken [the] security [of the] country,” an open show of support for the monarchy. Shortly after their meeting, crowds organized by the prime minister’s opponents, including Ayatollah Kashani and several pro-shah organizations, assaulted Mossadegh’s house, forcing him to climb over a 10-foot fence to take refuge in the house next door.⁹⁵

Events in January and February 1953 indicated increasing political instability in Iran, which prompted a more alarmist assessment in Washington. Allen Dulles, together with others

inside the CIA, had the intelligence estimate for Iran altered in January. If current trends were allowed to continue “beyond the end of 1953,” internal tensions and the “continued deterioration of the economy” would lead to a “breakdown of governmental authority” and the “gradual assumption of control by the Tudeh.”⁹⁶ In his report for Eisenhower, Allen Dulles, by then director of the CIA, contended that conditions in Iran had been steadily deteriorating since 1951, “building up...a situation where a Communist takeover is becoming more and more of a possibility.” He then noted that CIA agents had resources inside Iran, “a considerable supply of small arms...[and] a considerable amount of cash,” which could be quickly supplemented.⁹⁷ During a meeting of the National Security Council on March 4, the CIA director laid out the situation in Iran in the bleakest possible terms: Mossadegh’s actions

94 Telegram, Henderson to State, October 22, 1951, *FRUS X*, no. 116, <https://history.state.gov/historicaldocuments/frus1952-54v10/d116>.

95 Rahnema, *Behind the 1953 Coup*, 49–59; CIA Briefing Note for Dulles, Undated, *FRUS Retrospective*, no. 159, <https://history.state.gov/historicaldocuments/frus1951-54IranEd2/d159>; Telegram, Henderson to State, February 25, 1953, *FRUS Retrospective*, no. 161, <https://history.state.gov/historicaldocuments/frus1951-54IranEd2/d161>; Telegram, Henderson to State, February 26, 1953, *FRUS Retrospective*, no. 162, <https://history.state.gov/historicaldocuments/frus1951-54IranEd2/d162>; Telegram, Henderson to State, February 27, 1953, *FRUS Retrospective*, no. 165, <https://history.state.gov/historicaldocuments/frus1951-54IranEd2/d165>; Telegram, Henderson to State, February 28, 1953, *FRUS Retrospective*, no. 166, <https://history.state.gov/historicaldocuments/frus1951-54IranEd2/d166>.

96 National Intelligence Estimate, November 13, 1952, *FRUS Retrospective*, no. 143, <https://history.state.gov/historicaldocuments/frus1951-54IranEd2/d143>; National Intelligence Estimate, January 9, 1953, *FRUS Retrospective*, no. 152, <https://history.state.gov/historicaldocuments/frus1951-54IranEd2/d152>. The quotes indicate passages of the original national intelligence estimate which were altered for the January draft.

97 Memo prepared in the Office of Intelligence and Research, Department of State, March 31, 1953, *FRUS Retrospective*, no. 181, <https://history.state.gov/historicaldocuments/frus1951-54IranEd2/d181>; Memo, Allen Dulles to Eisenhower, March 1, 1953, *FRUS Retrospective*, no. 169, <https://history.state.gov/historicaldocuments/frus1951-54IranEd2/d169>.

in February indicated his desire to rule as dictator, but if he were to die or resign, “a political vacuum would occur ... and the Communists might easily take over.”⁹⁸

While John Foster Dulles and Eisenhower were focused on negotiating with Mossadegh during the March 4 National Security Council meeting, they were noticeably more skeptical of Mossadegh at a second meeting on March 11. They felt there was little hope of Mossadegh agreeing to new oil terms, while financial aid would only delay the inevitable and irritate the British. The risks of doing nothing were high: Should Iran be lost, the entirety of the Middle East’s oil resources would be lost with it.⁹⁹ Dulles instructed Henderson that there would be no new offers to Mossadegh and that all his requests for economic assistance were to be rebuffed.¹⁰⁰ Discussion in Washington turned toward “assets which could be rallied to support a replacement [for Mossadegh].” The National Security Council policy adopted in 1953 outlined plans to be undertaken “prior to an identifiable attempted or actual communist seizure of power,” while preparations were made for “special psychological measures” in connection with the “special political operations” authorized in November 1952.¹⁰¹ Funds for operations were released in early April.¹⁰²

Henderson warned that conditions in Iran were becoming critical. “Practically all sections of the Iranian public,” he wrote, were growing increasingly frustrated with the West, “as they note the deteriorating conditions of the country. ... Only those sympathetic to the Soviet Union and to international communism have reason to be pleased at what is taking place in Iran.”¹⁰³ In May, Henderson met with Secretary of State Dulles in Karachi. The ambassador, drawing on Carr’s analysis, reported

that Iran’s economy was in the midst of a slow deterioration. “The need for foreign exchange has become acute. ...[L]ocal currency needs have been met in the printing press route. ...[T]he inflationary effect of this is only just beginning to be felt.” On the political side, the confrontation in February had increased Mossadegh’s reliance on the Tudeh Party, “the only organization which can give him the kind of support in the streets.” Henderson and the secretary of state discussed four potential courses of action, which included breaking off negotiations, proceeding with emergency aid, or removing Mossadegh through covert action. Doing nothing, however, would quicken Iran’s “drift into chaos.”¹⁰⁴ It is difficult to say with certainty, but it would appear that the decision to remove Mossadegh was made sometime in March or April, with Henderson’s May meeting with Secretary of State Dulles representing a final consultation. By June, Operation TPAJAX was in motion.¹⁰⁵

The Hierarchy of Motives and the Collapse Narrative

The decision to topple Mossadegh emerged from several factors. Like their predecessors in the Truman administration, officials in the Eisenhower administration hoped to resolve Iran’s oil crisis. While the embargo remained in effect, Secretary of State Dulles worried that Iran would soon start “dumping” oil on the international market at rock-bottom prices or sell oil to the Soviet Union.¹⁰⁶ CIA Director Allen Dulles supplied figures indicating Iran could produce and export as much as 3.7 million tons (74,000 barrels per day).¹⁰⁷ Such actions would negatively impact the global oil economy and

98 Memo of Discussion at the 135th Meeting of the National Security Council, March 4, 1953, *FRUS Retrospective*, no. 171, <https://history.state.gov/historicaldocuments/frus1951-54IranEd2/d171>.

99 Memorandum of Discussion at the 136th Meeting of the National Security Council, March 11, 1953, *FRUS Retrospective*, no. 176, <https://history.state.gov/historicaldocuments/frus1951-54IranEd2/d176>.

100 Foster Dulles to Henderson no. 2387, March 13, 1953, USNA RG 59 CDF, Box 5511A, 888.2553/3-1353.

101 Memo for the Record, March 18, 1953, *FRUS Retrospective*, no. 179, <https://history.state.gov/historicaldocuments/frus1951-54IranEd2/d179>; Progress Report to the National Security Council, March 20 1953, *FRUS Retrospective*, no. 180, <https://history.state.gov/historicaldocuments/frus1951-54IranEd2/d180>; Memo from Morgan to Allen Dulles, April 3, 1953, *FRUS Retrospective*, no. 183, <https://history.state.gov/historicaldocuments/frus1951-54IranEd2/d183>.

102 Memo, Roosevelt to Allen Dulles, April 4 1953, *FRUS Retrospective*, no. 184, <https://history.state.gov/historicaldocuments/frus1951-54IranEd2/d184>.

103 Memo, Smith to Eisenhower, May 23, 1953, *FRUS Retrospective*, no. 211, <https://history.state.gov/historicaldocuments/frus1951-54IranEd2/d211>.

104 Memo, Mattison to Henderson, May 19, 1953, *FRUS Retrospective*, no. 206, <https://history.state.gov/historicaldocuments/frus1951-54IranEd2/d206>.

105 A meeting between Henderson and several CIA officials, including Kermit Roosevelt, on June 6 makes it clear that the ambassador was aware of the operation to remove Mossadegh. See, Memo of Conversation, June 6, 1953, *FRUS Retrospective*, no. 216, <https://history.state.gov/historicaldocuments/frus1951-54IranEd2/d216>. Roosevelt’s memoir includes a meeting held on June 25 when high-level approval was given, but no record has been found elsewhere. See Roosevelt, *Counter coup*, 1–10. Two CIA histories mention authorization for TPAJAX was given by Secretary Dulles and Eisenhower on July 11, but no record has been found to confirm this. See, Editorial Note, *FRUS Retrospective*, no. 225, <https://history.state.gov/historicaldocuments/frus1951-54IranEd2/d225>.

106 Foster Dulles to Holmes, no. 5294, February 10, 1953, USNA RG 59 CDF, Box 5511, 888.2553/2-1053.

107 Allen Dulles, Memo for Secretary of State, February 18, 1953, USNA RG 59 CDF, Box 5511, 888.2553/2-1853.

do nothing to alleviate the economic conditions in Iran, since the oil would be sold at low prices and in relatively small amounts, yielding little revenue. At the March 4 and March 11 National Security Council meetings, both the Dulles brothers and Eisenhower expressed concern over losing access to Middle Eastern oil. On March 11, Eisenhower noted that an agreement with Mossadegh “might not be worth the paper it was written on,” and might disrupt concessions elsewhere if the terms were “too favorable” to Iran.¹⁰⁸

Such comments have led historians to speculate that the Eisenhower administration, which enjoyed close ties to the American oil industry, sought to remove Mossadegh in order to gain access to Iranian oil and protect Western oil interests elsewhere.¹⁰⁹ Such motivations did influence policy, but were probably not decisive on their own. Both the United Kingdom and the oil companies themselves doubted Iran’s ability to ship large quantities of “unclean” oil when cheaper sources, like Saudi Arabia and Kuwait, were available.¹¹⁰ The Petroleum Administration for Defense, a branch of the Department of the Interior tasked with monitoring the global oil supply, felt there was no market for Iranian oil and that it would take two years for Mossadegh to claw back market share.¹¹¹ With only 28 tankers of its own, the Soviet Union could not move large quantities of Iranian oil.¹¹² Rather than focusing on saving the oil companies, which were never consulted by the Eisenhower administration at any point in early 1953 (something noted by British Foreign Secretary Anthony Eden¹¹³), the United States focused on conditions inside Iran. Fear of collapse stemming from a prolonged oil shutdown and a lack of oil revenues for the Iranian state outweighed worries of a global oil economy without Iran.

The precise imagining of this collapse was linked to the threat of the Tudeh Party. Reports

at the time indicated that the communist group was not ready to challenge the government.¹¹⁴ The CIA had infiltrated the organization and had up-to-date information on key decisions.¹¹⁵ Allen Dulles and Henderson chose to emphasize the “imperceptible” increase in the Tudeh Party’s power, and the “gradual assumption of control” it could engineer.¹¹⁶ The February crisis was decisive: Mossadegh broke with the shah and his former ally Kashani, and adopted a more lenient attitude toward the communist organization. As one Iranian minister explained to the U.S. embassy in Iran, Mossadegh could not fight both his conservative opposition and the communists, and had opted for a marriage of convenience.¹¹⁷ Mossadegh may have been acting strategically, but his maneuver seemed to confirm Dulles and Henderson’s warning of a creeping Tudeh influence over the government. But this threat was never characterized at the time as imminent.

Documents in the 2017 *Foreign Relations of the United States* volume and other declassified sources indicate that avoiding a Kashani government was as important to U.S. officials as preventing the rise of the Tudeh Party. Worries that Mossadegh would die or resign once again prompted concerns over who would succeed him — something that had preoccupied the Truman administration. With conservative opposition too weak to mount an effective opposition effort, Mossadegh would be succeeded by another member of the National Front. Ayatollah Kashani was the most likely candidate, given his prominence, popular following, and powerful street presence. As prime minister, it was unlikely Kashani would seek an oil agreement. Rather than reach a deal with the British, “[h]e has ... urged that Iran forget its oil resources and develop a self-sustaining economy and governmental structure not dependent on them.”¹¹⁸ When the idea of a coup was first suggested in

108 Memorandum of Discussion at the 136th Meeting of the National Security Council, March 11, 1953, *FRUS Retrospective*, no. 176, <https://history.state.gov/historicaldocuments/frus1951-54IranEd2/d176>.

109 Collier, *Democracy and the Nature of American Influence in Iran*, 120–21.

110 Holmes to Foster Dulles no. 4663, February 20, 1953, USNA RG 59 CDF, Box 5511, 888.2553/2-2053.

111 Note to Linder from PAD Deputy Administrator, February 4, 1953, USNA RG 59 CDF, Box 5511, 888.2553/2-453.

112 Holmes to Foster Dulles no. 4663, February 20, 1953, USNA RG 59 CDF, Box 5511, 888.2553/2-2053.

113 Foreign Office to Makins No. 716, February 18, 1953, UKNA FO 371/104612 EP 1531/158.

114 CIA Memo, Undated, *FRUS Retrospective*, no. 138, <https://history.state.gov/historicaldocuments/frus1951-54IranEd2/d138>; Gasiorowski, “U.S. Perceptions of the Tudeh Threat,” 30–32.

115 Information Report Prepared by the CIA, April 6, 1953, *FRUS Retrospective*, no. 185, <https://history.state.gov/historicaldocuments/frus1951-54IranEd2/d185>.

116 Telegram, Henderson to Acheson, November 5, 1952, *FRUS X*, no. 235, <https://history.state.gov/historicaldocuments/frus1952-54v10/d235>; National Intelligence Estimate, January 9, 1953, *FRUS X*, no. 152, <https://history.state.gov/historicaldocuments/frus1951-54IranEd2/d152>.

117 Memo, Warne to Henderson, May 20, 1953, *FRUS Retrospective*, no. 207, <https://history.state.gov/historicaldocuments/frus1951-54IranEd2/d207>.

118 Memo Prepared in the Office of Intelligence and Research, Department of State, March 31, 1953, *FRUS Retrospective*, no. 181, <https://history.state.gov/historicaldocuments/frus1951-54IranEd2/d181>.

November 1952, Nitze had queried whether CIA assets could be used against the Tudeh Party and Kashani, whose aggressive form of nationalism was viewed as particularly destabilizing.¹¹⁹ If matters were left to drift and Mossadegh became suddenly incapacitated, Kashani's leadership of the National Front was more or less assured. Avoiding this outcome was another reason the United States opted for covert action.¹²⁰

In the hierarchy of motives behind Operation TPAJAX, concerns over Iran's oil nationalization and the communist threat were both important, but they were not, by themselves, crucial to the final decision to back the coup. Instead, both oil and communism factored into the decision through the predictive analytical framework of the collapse narrative represented in the reports and writings of Carr, Henderson, Thornburg, and Allen Dulles: They describe the deterioration of the oil-less economy, the consequent increase in communist or extremist influence, and the final nightmare scenario in which Iran could break away from the West, become a Soviet satellite, and threaten Western access to all Middle East oil. And yet, no one in either the Truman or Eisenhower administration articulated what collapse would look like in completely lucid terms. Hence, its characterization as a narrative: a story of how the future in Iran *might* unfold, should the United States do nothing. Once the narrative came to dominate policy, a form of groupthink took over. According to the CIA record, Allen Dulles dismissed intelligence provided by the agency's analytical wing, relying on advice from "experts" like Thornburg, who shared his interventionist proclivities. Anything "incompatible with the planned covert political action ... did not dissuade the President, Secretary of State ... from executing TPAJAX."¹²¹ At least one CIA report on the limitations of U.S. resources in Iran was produced but never utilized. Dulles must have either ignored the report or had it suppressed.¹²²

Preventing collapse by changing the internal political dynamics of Iran — "bolstering up" a government so it could then reach an oil agreement and forestall the fall into chaos and communism, as Thornburg put it — was the goal of TPAJAX.¹²³ The operation was not meant to prevent a communist coup, but to reverse conditions that *might* result in a communist government, while producing the conditions necessary to restart the flow of oil. This becomes clear when examining the planning phase of the coup and the operation's immediate aftermath. In 1952, the State Department's John Leavitt was considering potential strategies should Mossadegh be removed from power. A new government would be given a sizable loan with further aid "contingent on a satisfactory solution of the oil issue."¹²⁴ The oil issue, however, was to be downplayed during and immediately after the operation. According to John Stutesman, director of the State Department's Bureau of Greek, Turkish, and Iranian Affairs and formerly Henderson's political counselor at the embassy in Tehran, the United States "should avoid any statement that the oil question is involved in a change of government in Iran," and the new regime should be deterred from raising the oil question publicly for at least several months.¹²⁵ The United States had been funding agricultural relief operations through the Point Four foreign aid program since 1951. These programs were to continue, even as operations against Mossadegh proceeded, in order to keep Iran's agrarian economy "afloat."¹²⁶ After the coup, "substantial economic assistance" would be provided to Iran's new government. Such aid would keep the post-coup government on its feet while also giving the U.S. leverage over its approach to the oil question.¹²⁷

Fazlallah Zahidi, a former general, was selected to lead the post-coup government. He possessed the necessary ambition, was "energetic," and committed to pursuing an oil settlement "on a

119 Memo of Conversation, December 3, 1952, National Security Archive, Briefing Book no. 601, <https://nsarchive.gwu.edu/briefing-book/iran/2017-08-08/1953-iran-coup-new-us-documents-confirm-british-approached-us-late>.

120 Kashani helped organize crowds on August 19 that supported the coup against Mossadegh. There is as yet little evidence to suggest he was paid by the CIA or the British. See, "New Findings on Clerical Involvement in the 1953 Coup in Iran," National Security Archive, Briefing Book 619, published March 7, 2018, <https://nsarchive.gwu.edu/briefing-book/iran/2018-03-07/new-findings-clerical-involvement-1953-coup-iran>.

121 Koch, *Zendebad Shah!*, Appendix E, 118–19, 120. This particular appendix detailing the scope of divisions within the CIA was not declassified until 2017.

122 Memo Prepared by the Directorate of Plans, CIA, March 3, 1953, *FRUS Retrospective*, no. 170, <https://history.state.gov/historicaldocuments/frus1951-54IranEd2/d170>.

123 Memo from Allen Dulles to Smith, Attached letter Thornburg to Dulles, February 19, 1953, *FRUS Retrospective*, no. 154, <https://history.state.gov/historicaldocuments/frus1951-54IranEd2/d154>.

124 Leavitt to Roosevelt, September 22, 1952, *FRUS Retrospective*, no. 122, <https://history.state.gov/historicaldocuments/frus1951-54IranEd2/d122>.

125 Memo, Stutesman to Richards, Undated, *FRUS Retrospective*, no. 256, <https://history.state.gov/historicaldocuments/frus1951-54IranEd2/d256>; Nash to Cutler, Undated, *FRUS Retrospective*, no. 299, <https://history.state.gov/historicaldocuments/frus1951-54IranEd2/d299>.

126 Memo of Conversation, June 2, 1953, *FRUS Retrospective*, no. 215, <https://history.state.gov/historicaldocuments/frus1951-54IranEd2/d215>.

127 CIA Memo for the Record, August 19, 1953, *FRUS Retrospective*, no. 282, <https://history.state.gov/historicaldocuments/frus1951-54IranEd2/d282>.

realistic basis.”¹²⁸ An estimate prepared by Donald Wilber for the CIA noted that Zahidi, who had led a number of abortive coup attempts against Mossadegh in 1952 and early 1953, was “anxious to settle the oil issue.” Once in power, he would be “presented with a draft of an oil agreement,” which would be implemented as soon as his government was “firmly established,” with a promise of further U.S. loans and cash grants once the agreement was signed.¹²⁹ Zahidi was also outwardly eager to launch a sweeping social and economic reform program tied to the new oil agreement.¹³⁰ Planning throughout 1953 was slow, however, due to the shah’s “unwillingness to take any initiative.”¹³¹ It took months to convince the wary monarch to participate. Henderson, who had gone out of his way to aid the monarchy in February 1953, suggested the shah could be replaced if he proved uncooperative.¹³²

On August 19, military units loyal to the shah and Zahidi overwhelmed Mossadegh’s forces, and after a lengthy battle captured the prime minister at his house. The CIA transferred to Zahidi the funds that were left over from the operation (around \$1 million), while Secretary of State Dulles approved an emergency grant of \$45 million. As per the U.S. strategy, this aid was applied judiciously: It was used to push Zahidi into quickly confirming an oil agreement. “The most difficult problem confronting us,” argued John Foster Dulles, “was how to develop revenues for Iran out of her oil.”¹³³ Henderson told the shah in straightforward terms that a new oil arrangement would hand effective control back to the companies, while providing Iran “income in [the] immediate future from its oil.” According to Manuchehr Farmanfarma’iyan, an Iranian oilman, the proposal was essentially an ultimatum. If the “principle” of foreign control was not admitted, there would be no deal and no aid.¹³⁴ Again, the administration’s goal was to bring

about the speedy return of oil revenues to help Iranian finances, in order to bolster Zahidi and the shah. To accomplish this, however, Iran would need to reach a deal with the major oil companies: According to Dulles, this would require the “partial negation of Iranian nationalization,” to facilitate corporate cooperation and the rapid recovery of production.¹³⁵

Intercorporate documents gleaned from the archive of the Anglo-Iranian Oil Company (later BP) make it clear that the companies had no need of Iranian oil, as the global market was in a state of over-supply and an Iranian recovery would depress prices. The American oil companies initially argued that it would be better for the British to return to Iran alone, permitting the Anglo-Iranian Oil Company to recover its nationalized assets. But John Foster Dulles and others rejected this as politically impossible. Even with Mossadegh out of power, the Iranian public would react violently to a British return, unless it was suitably camouflaged. The Eisenhower administration directed the five major U.S. firms to take over Iran’s oil industry “in the security interest of the United States ... to permit the reactivation of the petroleum industry in Iran and to provide to the friendly government of Iran substantial revenues.”¹³⁶ Their participation came “at the request of the United States government, and for the primary purpose of assisting Iran ... to improve and stabilize its economy.”¹³⁷ The U.S. companies were given a 40-percent stake in the new “Iran Consortium,” with the Anglo-Iranian Oil Company receiving 40 percent of its own and the remaining 20 percent split between Royal Dutch/Shell and the Compagnie Française des Pétroles. The shah’s government was in no position to argue with the companies’ terms and approved the final agreement in October 1954. In legal terms, Iran’s nationalization remained in effect — U.S. officials recognized that to do otherwise would

128 Memo of Conversation, May 16, 1952, *FRUS Retrospective*, no. 73, <https://history.state.gov/historicaldocuments/frus1951-54IranEd2/d73>; CIA Memo for the Record, August 19, 1953, *FRUS Retrospective*, no. 282, <https://history.state.gov/historicaldocuments/frus1951-54IranEd2/d282>.

129 Memo from Waller to Roosevelt, April 16, 1953, Attachment no. 1, “Factors Involved in the Overthrow of Mossadeq,” Undated, *FRUS Retrospective*, no. 192, <https://history.state.gov/historicaldocuments/frus1951-54IranEd2/d192>.

130 Dispatch from the Embassy in Iran to the State Department, May 20, 1953, *FRUS Retrospective*, no. 208, <https://history.state.gov/historicaldocuments/frus1951-54IranEd2/d208>.

131 CIA Briefing Note, April 21, 1953, *FRUS Retrospective*, no. 194, <https://history.state.gov/historicaldocuments/frus1951-54IranEd2/d194>.

132 Memo of Conversation, June 6, 1953, *FRUS Retrospective*, no. 216, <https://history.state.gov/historicaldocuments/frus1951-54IranEd2/d216>.


133 Memo of Discussion at 160th Meeting of the National Security Council, August 27, 1953, *FRUS Retrospective*, no. 304, <https://history.state.gov/historicaldocuments/frus1951-54IranEd2/d304>.

134 Manucher Farmanfarmaian, *Blood and Oil: Memoirs of a Persian Prince* (New York: Random House, 1997), 302–03; Henderson to Foster Dulles no. 949, October 22, 1953, RG 59 888.2553/10-2253; Henderson to Foster Dulles no. 958, October 23, 1953, RG 59 888.2553/10-2353.

135 Dulles to Henderson, September 23, 1953, USNA RG 59 CDF, Box 5511A, 888.2553/9-2153.

136 Quoted in, *Multinational Oil Corporations and US Foreign Policy*, Committee on Foreign Relations, US Senate (Washington: 1975), 68.

137 “The American Group’s Further Views: Basis for the Settlement with Anglo-Iranian,” British Petroleum Archive, Coventry UK [BP] 66232, March 16, 1954.



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only inflame Iranian nationalism. But the reality of nationalization was effectively reversed, and the Western oil companies would control the flow of Iranian oil for another 20 years.¹³⁸ The new oil agreement was very unpopular in Iran. Together with the coup, the agreement identified the shah's new government with foreign influence, staining it with a mark of illegitimacy that would never truly disappear.

For American policymakers, however, these issues were of secondary importance. Without an oil agreement, Iran would lurch "from crisis to crisis," depending on aid "to meet emergencies" and the shah's legitimacy would remain shaky following the coup. Such a strategy would do little to create "real stability, permit development or avoid future emergencies."¹³⁹ The new agreement was needed to support the government, which could use oil to fund programs of economic development, "[to] meet popular aspirations," and forestall the country's slip toward communism.¹⁴⁰ Once the Consortium Agreement was ratified by the shah's new Majlis in October 1954, the chief U.S. negotiator, Herbert Hoover Jr., offered his congratulations to Iran's foreign minister. The news marked a "significant victory" for those "dedicated to the principle that Iran is to move toward social and economic development."¹⁴¹ Iran had been saved. The coup was complete.

Conclusion

The collapse narrative formed by Carr, Henderson, Dulles, and Thornburg carried over into the official histories of the coup. According to one internal CIA account, "[Iran] seemed headed for an economic collapse and political anarchy," a state of affairs that would inevitably lead to its transformation into a "Soviet satellite."¹⁴² The coup was necessary, "as the alternative to certain economic collapse in Iran ... [due to] the dangerous and advanced stage of illegal deficit financing," concluded CIA

adviser and coup chronicler Wilber.¹⁴³ The same notion found traction in the shah's Iran, which charged Mossadegh with "tyrannical" acts, including the printing of new *rials*. The failure of his economic policies acted as justification for his subsequent imprisonment, despite his sincere arguments that the country "could sustain itself without oil revenues."¹⁴⁴ Within the Eisenhower administration, it was agreed that the coup had been necessary, while the efficacy of covert action was proven a second time in 1954 when the CIA assisted in the removal of Guatemalan president Juan Jacobo Árbenz Guzmán. "Whatever we have done, good or bad ... we can at least have the satisfaction that we saved Iran from communism," concluded Eisenhower in 1957.¹⁴⁵

The collapse narrative provided the foundation for the decision to remove Mossadegh. The threat posed to the global oil market by Iran's nationalization remained inchoate and the communist threat to Iran was not imminent. But the threat of collapse, imagined through a predictive analytical framework and articulated in terms either of a progressive economic deterioration or a political crisis brought on by Mossadegh's death or incapacitation loomed on the horizon if the United States failed to act. Fears of a collapse had percolated throughout the policymaking apparatus for months and were evident in the economic reports of Carr and the political analysis of Henderson. CIA Director Dulles was a crucial supporter of intervention, but while he may have accepted the collapse narrative, he did not form it entirely on his own. Although covert action was initially rejected, by March 1953 other options — aiding Mossadegh, pushing for an oil settlement, or doing nothing — appeared unsuitable. Once the coup decision was made, there was no going back. Among those directly involved in launching Operation TPAJAX, Henderson voiced the strongest reservations. Though he supported the action, he doubted whether TPAJAX would bring about the stability the United States craved in Iran: "I do

138 The legal means behind the "façade of nationalization" put in place by the 1954 agreement were complex. See, Heiss, "Creation of the Iranian Oil Consortium, 1953-1954," 511-35.

139 Statement of Policy by the National Security Council, January 2 1954, *FRUS Retrospective*, no. 355, <https://history.state.gov/historicaldocuments/frus1951-54IranEd2/d355>; Memo from the Office of National Estimates, March 29, 1954, *FRUS Retrospective*, no. 365, <https://history.state.gov/historicaldocuments/frus1951-54IranEd2/d365>.

140 National Intelligence Estimate, December 7, 1954, *FRUS Retrospective*, no. 375, <https://history.state.gov/historicaldocuments/frus1951-54IranEd2/d375>.

141 Foster Dulles to Henderson, October 28, 1954, *FRUS X*, no. 502, <https://history.state.gov/historicaldocuments/frus1952-54v10/d502>.

142 *The Battle for Iran*, 1.


143 Wilber, *Clandestine Service History*, 1, Appendix B: "London' Draft of TPAJAX Operational Plan."

144 Quoted in Katouzian, "Oil Boycott," 209.

145 Memo of Discussion at the 312th Meeting of the National Security Council, February 7, 1957, *FRUS 1955-1957 Vol. XII*, no. 391, <https://history.state.gov/historicaldocuments/frus1955-57v12/d391>.

not believe the problem can be solved merely by attempts to unseat Mossadegh.”¹⁴⁶ His uncertainty was prescient. Iran’s new government came to power marred by illegitimacy and dependent upon coercion and repression. Despite his apparent strength, the shah fell from power amidst the tumult of the Islamic Revolution of 1978–79, his allies in Washington watching in disbelief as another cadre of “irrational” leaders took over the Iranian state.

But all that lay in the future. There was an obvious sense of relief among U.S. policymakers in the aftermath of the coup, as oil dollars and U.S. aid flooded into Iran and the shah’s military decimated the ranks of the Tudeh Party and National Front. According to Carr’s successor Spencer Barnes, most aid was wasted and its positive economic effect “sterilized.” Yet, the psychological impact of regime change and the hope for a new oil settlement would offset that waste: “The economy of Iran has considerable resistance and flexibility ... [and] political factors are often more important than economic [ones],” while ongoing deficit spending could probably continue for months, “perhaps even a year or so,” before becoming “disastrous.”¹⁴⁷ Nevertheless, the collapse narrative did not go away, although the sense of urgency did. Subsequent administrations continued to doubt Iranian competence: “What they lack is the capacity for sustained, dynamic effort,” wrote Kennedy adviser Robert Komer in October 1962. “They don’t have what it takes to run a country themselves.”¹⁴⁸

The shah’s form of top-down modernization, lubricated by billions in oil revenues, seemed the only viable cure for Iran’s chronic instability. The coup of 1953 returned Iran to a state of “stability” that American policymakers could comprehend. More importantly, TPAJAX ensured that Iran would never again be “oil-less.” 

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146 Memo by Stutesman, May 8, 1953, Attachment, Henderson to State no. 4348, May 7, 1953, USNA RG 59 CDF, Box 5511A, 888.2553/5-853.

147 Barnes to Henderson, Conversion of US Aid Dollars to Rials, September 21, 1953, USNA RG 469 Records of U.S. Foreign Aid Agencies, Iran Branch, Subject Files 1952–1959, Box 2; Barnes to Warne and Henderson, Utilization of Grant Aid Funds, October 14, 1953, USNA RG 469 Records of U.S. Foreign Aid Agencies, Iran Branch, Subject Files 1952–1959, Box 2.

148 Paper by Komer of the National Security Council Staff, October 20, 1962, *FRUS 1961-1963 Vol. XVIII Near East 1962-1963*, no. 85, <https://history.state.gov/historicaldocuments/frus1961-63v18/d85>.