Containment and the Shah: How Eisenhower and the CIA brought down Democracy and Encouraged Corrupt Leadership in Iran

U.S.-Iran Relations are Thawing. Why Were They Frozen to Begin With? | Ellie Holliday

On March 17, 2000, Secretary of State Madeleine Albright addressed a crowd at the Omni Shoreham Hotel in Washington saying, “In 1953, the United States played a significant role in orchestrating the overthrow of Iran’s popular Prime Minister, Mohammad Mossadegh. The Eisenhower administration believed its actions were justified for strategic reasons, but the coup was clearly a setback for Iran’s political development. And it is easy to see now why many Iranians continue to resent this intervention by America in their internal affairs.” While her statement was not an outright apology for US involvement in the coup, Secretary Albright’s address constituted the most contrite US position to date, nearly 50 years after the establishment of the Iranian dictatorship.

Still, the citizens of Iran were not satisfied with this weak excuse for the political upheaval instigated by the US in their country, of which they were still feeling the after-effects.

Dwight D. Eisenhower entered the presidency in 1953 on the promise that he would continue the work of the previous administration preventing the spread of communism to other nations. His faithful adherence to this policy of containment led to events such as the collapse of the Shah Mohammad Reza Pahlavi meets with President Eisenhower | Photo from the National Archives

United States. We then examine the legacy of these actions, or rather, the after-effects of CIA involvement, specifically how the United States’ placement of dictators in the country directly led to events such as the Iranian Revolution. While the popular narrative suggests Eisenhower’s support was simple: convince the Shah that the UK was their chief supplier of oil and then orchestrate a coup in order to place him in power. However, what was perceived as communism was merely a nationalist movement led by leftist politicians seeking to reform their country. Instead of preventing the spread of communism, Eisenhower’s use of the Central Intelligence Agency (CIA) in overthrowing the government of Mohammad Mossadegh actually encouraged the evolution of a brutal, dictatorial regime that plagued the citizens for many years to come. The Iranian coup illustrates the excessive use of the CIA that characterized the Cold War grand strategy of containment.

We examine the actions taken by the CIA in Iran and reveal their enduring legacy: how the Eisenhower administration’s policy of containment directly led to events such as the Iranian Revolution. While the popular narrative suggests Eisenhower altruistically sought to use covert action to protect the citizens of the third world from communism, his policies resulted in the establishment of dictatorships, including the oppressive, violent regime that plagued the citizens of Iran for decades.

Containment, the predominant policy of the Cold War, centered on the assumption that the Soviet Union sought to extend their empire, overthrowing political regimes that were hostile to their ideology. As George Kennan, the famous author of containment strategy, states: “It is clear that the main element of any United States policy toward the Soviet Union must be that of a long-term, patient but firm and vigilant containment of Russian expansive tendencies.” In April 1950, the containment policy expanded from simply diplomatic policies to include military action through NSC-68, a secret document that emphasized a belief that the goal of the Soviet Union was to overthrow free institutions worldwide. To enact the policies necessary to combat communism, the document states that a strong military is “an ultimate guarantee of our national security and an indispensable backdrop to the conduct of the policy of ‘containment’.”

Eisenhower’s preference for using covert action to combat the spread of communism is best expressed through the Doolittle Report. To prevent congressional oversight of the CIA, Eisenhower appointed an oversight committee that reported directly to him. The chairman of this committee, James Doolittle, authored an eponymous report echoing Eisenhower’s own beliefs that the United States should employ covert espionage tactics to destroy enemies of the US. Eisenhower’s right on the CIA suggested his intended course of action: to use the CIA and covert tactics to combat the spread of communism by any means necessary. This was the case for the CIA-supported coups in Iran.

As seen throughout modern history, money and resources are common incentives for foreign government intervention. Public opposition to such was the case regarding the United States’ interest in the affairs of Iran in the 1950s. The democratically-elected nationalist leader Mohammad Mosaddegh instantly nationalized Iran’s oil industry once he took office in 1951. Previously controlled by the British Anglo-Iranian Oil Company, this nationalization proved intolerable to the United Kingdom.

The British refused to compromise and did not accept the compensation that Mosadgh offered for their lost access to resources. In October 1952, Mossadegh cut off all diplomatic ties with Great Britain, Winston Churchill was re-elected Prime Minister, and Eisenhower was elected in the United States, setting up their opportunity to alter the Iranian situation. In March 1953, Undersecretary of State Walter Bedell Smith 1953, to be used to put Mossadegh out of power by any means necessary. Through a series of political decisions, Mossadegh was forced from power. He declared martial law and stripped the Shah of power. When the British finally agreed to a fifty-fifty split of the oil company, Mossadegh instead demanded $50 million in damages. In turn, the British and the US selected General Fadlollah Zahedi to become their chief supporter and to form a coup against Mossadegh.

The plan, known as TPAJAX, was to start with a smear campaign against Mossadegh, then to diminish the power of Mossadegh within the country. The British refused to compromise and did not accept the compensation that Mosadegh offered for their lost access to resources. In October 1952, Mossadegh cut off all diplomatic ties with Great Britain, Winston Churchill was re-elected Prime Minister, and Eisenhower was elected in the United States, setting up their opportunity to alter the Iranian situation.

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Modern democracy in Iran - elections in 2009 | Photo by: Rafael Poveda

In March 1953, Undersecretary of State Walter Bedell Smith determined that the United States government could no longer approve of Mossadegh’s nationalizing efforts. Massive demonstrations had taken place in Iran in support of Mossadegh, which were quickly quelled by the Shah, the predominant communist party. Associated Mossadegh with these communists, the US government approved a budget of one million dollars in April 1953, to be used to put Mossadegh out of power by any means necessary. Through a series of political decisions, Mossadegh was forced from power. He declared martial law and stripped the Shah of power. When the British finally agreed to a fifty-fifty split of the oil company, Mossadegh instead demanded $50 million in damages. In turn, the British and the US selected General Fadlollah Zahedi to become their chief supporter and to form a coup against Mossadegh.

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The story of the CIA-incited coup in Iran did not stop with Mosaddegh’s arrest. There were many unintended consequences of the intervention that came to light in the years following the coup. Immediately after the Shah returned to power, he began a reign of oppression and corruption. The Iranian Parliament was successfully destroyed by the coup, a fact Mosaddegh took advantage of by rigging elections in his favor and appointing only ministers who most benefited himself. America continued to support the Shah’s regime, especially since it benefitted from Iranian oil exports. The Shah sought to grow the Iranian army and viewed American ties as the means to achieve his goal. The United States government poured money into the country and supported the Shah’s secret security force. When President John F. Kennedy entered office in 1961, he recommended that the Shah introduce Western-based reforms in the country, such as industrialization and secularization.

Brewing protests and discontent came to a head in what is now called the White Revolution between 1960 and 1963, when many students could be heard shouting their nostalgic support for the Mossadegh government. The protests were violently quelled. However, their efforts resulted in the passage of some land reforms that especially benefitted the peasants. This supposed solution, however, ultimately failed and increased the rate of poverty and homelessness in the cities.

The most obvious effect of the Shah’s return to power was the Iranian Revolution of 1978. With the White Revolution still on their minds, the citizens of Iran saw the Shah raise oil prices astronomically and witnessed their national leaders spending the money wastefully or simply pocketing it. In the wake of public anger over corruption, the Iranian Revolution of 1978 began. Violent fighting and strikes paralyzed the country between 1978-79, and the Shah fled into exile, bringing into Ayatollah Khomeini power—the very same Islamic leader who was so incensed by the White Revolution. In the case of Iran, the global community witnessed an intervention that led to an increase in the very conflict they are trying so hard to combat today—Islamic fundamentalist extremists and terrorism. It must be realized that American intervention in Iran throughout the 20th century was the very catalyst that caused Khomeini to return to power. With the Iranian citizenry incensed by the Shah’s brutal regime, Khomeini made a triumphant return to his home country that had exiled him for more than 15 years due to his opposition to the Shah. Today, Khomeini is well known as the Iranian religious leader that instituted Sharia law and the modern Islamic Republic of Iran, in addition to serving as Iran’s leader during the Iranian hostage crisis from 1979 to 1981.