



## Episode 1,445: The CIA and 1953 Coup in Iran

Guest: Hunt Tooley

**WOODS:** Hard to believe that in 1450 episodes, I hadn't yet devoted one to Operation Ajax. It's crazy. And yet, given that it's not just ancient history, as it was famously said, it really is of continuing relevance to the world we live in. So I found out that you'd given a talk on this, and I thought this is just absolutely perfect. Let's bring Hunt on, and let's talk about this episode. So we're talking about a coup that took place, in which the CIA was involved along with the British, in Iran in 1953.

**TOOLEY:** Yep.

**WOODS:** And there is a – well, let's set the stage here. What's going on in 1951 that's going to culminate in Operation Ajax in 1953. What development in Iran is going on?

**TOOLEY:** Tom, that is the \$64 question. And it's a piece of this coup – I mean, a lot of people are learning about Operation Ajax and the coup attempt, or the coup that actually succeeded. But there's interesting things, as you point out, that happen before this. In essence, the British since 1913 had controlled all – had been sort of handed over by the corrupt, the old Qajar shah regime. So these kings, these corrupt kings had been sort of handed an oil contract, in which they controlled all of the oil resources at least in the southern part of Iran, where most the oil was, and controlled Abadan, this big refinery complex on an island at the head of the Persian Gulf. And also, from all the proceeds of the oil, the British managed to give the Iranians, the Persians at that time, something like 8 or 10%, once the British had sort of finished the account. So anyway, they owned all that oil. The contract had been rewritten in 1919 to give slightly better circumstance to a new shah, who came in, the Pahlavi regime, and this man was the father of the person we know as the Shah. That was right after World War II.

And in the process, they tried to renegotiate in the '30s, and there was tension between the British and the Iranians. I mean, the Iranians, one thing about our man who was overthrown that we're talking about – when I say our man, our object of study, is Mohammad Mosaddegh, who was the prime minister who would be overthrown in 1953 by the United States. But one thing that he's commented, at some point, when an American representative said to him, *Well, why don't you just let the British come in and negotiate and create this new deal?* Mosaddegh said, *You don't know, everything that they have come here to Persia and done, they have just lied to us in every single case.* So the tension in that world emerging from the British Empire and British colonial control was that the old hardcore opponents of Empire and the old patriots of these countries that the British had ruled over just couldn't stand the British.

So in any case, what happens during the war is that the United States and Russia and the UK invade Iran to prop up – they just fire the old shah and put his son into place. And that's Mohammad Reza Shah, the one that we know from the Iranian Revolution in '79. But he was very weak, and there was a long-standing movement in Iran that was what we would call a kind of classical liberal movement, a movement for a constitution. There was an old constitutional revolution in 1905, 1906, 1907. That's a very interesting and important precursor to all this. But these constitutionalists like Mohammad Mosaddegh were just waiting for their chance to limit the power of these dictatorial kings. These are authoritarian kings.

So there was a movement in the parliament – Iran has had a parliament since 1905. And there was a movement in the parliament to get a better deal with the British. The British refused. And so Mosaddegh, as a member of parliament, the Persian Majles, he led a movement to nationalize the British oil holdings. So that means that Iran would take over all these areas. And in the way that Mosaddegh eventually also would enforce land reform, he was not in any sense a socialist as he nationalized this. His plans were to get this back into the control of the Iranians and do business that way. And in the same way with the lands, he didn't wipe out the aristocracy. He rearranged the unfair holdings and so forth. He was very much a kind of classical liberal republican. He wanted a better constitution. He wanted more controls on the powerful parts, the police parts of government.

And so this move to nationalize, it just made the British furious at a time when they were losing influence in the postwar period all over the world, in India and in many other places. And so since oil was also involved and the British had controlled this oil and had run their navy and everything else on the basis of this oil, then they pulled out the stops to try to end this nationalization, which took place in the first days of Mohammad Mosaddegh's tenure as prime minister. So he was in the parliament, spearheaded this movement to nationalize, then was elected Prime Minister, and was Prime Minister for two years until he was overthrown by the Americans.

So here's the thing. The British responded to this nationalization by means of a blockade, which the British are, of course, experts in. And they blockaded the head of the Persian Gulf. When some other countries tried to say, *Well, you're really illegal, and we're Italians and we get oil from Persia. We can just go buy from the new Persian/Iranian oil company that now owns the oil*, the British would in turn such tankers – for example, there was an Italian tanker called the *Rose Mary* that the British just took it into port. And in this case, it was Aden, the British hangout, not Gibraltar, as the very parallel current case is. But they interned them in Gibraltar, and therefore nobody else wanted to sail to Persia to bring oil out.

So effectively, they stopped the oil. But also, Tom, they stopped everything else. In other words, they put a complete embargo. They froze Iranian assets in other countries. They did all of the usual menu of forcing a country to give up in a dispute. But that still didn't do it. Mosaddegh was tremendously popular. So the British turned to Washington, and it was still Truman in office, and Truman really didn't want to become, at least publicly, a part of this picture, because there was still this residue in the Democratic Party of anti-imperialism. You know, this goes on even during World War II with the Roosevelt administration. There's still, if you read the diplomatic correspondence, all of the imperialist powers of the world that were on our side, but they realized they had to tread lightly if they want the United States' support for their empires after the war. So there was still this residue.

And this came out of the Truman administration. He said, I just don't want to. You know, it's a constitutional regime. It's a democracy, and that's what they're going for, and I just don't think it's right. So the British began to flood the country with agents, MI-6 agents and their assets. They began to pay money to presses, to the various newspapers and news sources in Iran. And still, they couldn't overthrow the government. They hoped they could. They tried to, but they couldn't overthrow it.

So then the election happened in 1952, and in early '53, Eisenhower becomes president. And his Secretary of State, John Foster Dulles, is also of course the brother to the head of the CIA, Allen Dulles, and these two wage a campaign with Eisenhower, who also had his reservations at first. But these two wage a campaign, and they persuade Eisenhower in April 1953 to go through with this whole coup project. And they're going to call it within the CIA, as you mentioned, Operation Ajax.

So what had happened before had helped destabilize some of the factors in Iran, political factions and so forth and so on. But it really just prepared the ground for the United States to come in, redo things, and take the coup and go ahead and overthrow Mosaddegh. So that's the part that you refer to that goes ahead. And it's really important that the same things that we see happening in this region today, I mean, literally the same kinds of actions are at work. It's just amazing.

**WOODS:** Let's pause for a second and ask about how libertarians specifically ought to evaluate this, because the nationalization of the oil industry surely involves the cancellation of legitimate contracts. And I don't know how we evaluate the agreement that the British have in this situation, but in a private society, presumably, there would be some form of retaliation if contracts were just abruptly and arbitrarily cancelled. So now, that doesn't mean that you would be able to respond in any old way and out of proportion to the offense. But I mean, aren't there some wrongs being done here from a libertarian point of view? I'm just wondering how we should think about the whole picture.

**TOOLEY:** Right. Yeah, I think the violation of contract goes back, and I certainly agree with these points. And of course, this was not a libertarian society. I mean, at the beginning of the century, Iran had one of the most corrupt and authoritarian regimes, and corrupt in the sense – and I know it's a long answer to a pointed question, but it was corrupt in the sense that it wanted modern military things and needed the money and therefore just looted the resources of the country. That is to say, they were confiscating land, confiscating tobacco. They just – you know, at one point, the Persian shah in the late 19th century just said, well, all tobacco that all farmers are growing, that's going to be ours. We're going to take all of that, and that will just be income for the government. So that was the situation, and it was part of these kings' deals, to make a deal with the British where the British were supposed to give Persia 16% of the proceeds of the oil. And they set up this Anglo-Persian Oil Company, and that's this thing I mentioned before.

But here's the thing. The Persians, these kings never got even 16%, because the British – and a number of scholars have dealt with this issue – probably more like 6 or 7%. So the British, in a sense, had dealt with this with a corrupt regime, which had just had a revolution to install a constitution and a parliament and whatnot, and the kings made the deal anyway over the hands of the newly elected parliament. And, you know, to tell you the truth, it was a kind of corrupt thing. So after World War I, the Iranians try to renegotiate, and I think contractually the British are the first to break the contract. And in each case, they supply less. So if we're

talking about the contract, I think they had just had enough. I mean, I think the Persians just said, well, you've broken it, you've broken it, you've broken it.

And of course, then a nationalization. That sounds like the nationalization of heavy industry in Britain after World War II and the nationalization of the railways and so forth. And as I say, I think Mosaddegh was more of a classical liberal than that. I think he sometimes talked about national goods and things like that, but he was certainly an individualist and made numerous statements about individualism in society and his hope to reintroduce it. He was a secular politician and in favor of a secular kind of society run by constitution. So I think, at least – I doubt that all of us as libertarians can forgive him, but I can forgive him and forgive the Iranians for just asserting that the British couldn't swindle them any longer.

**WOODS:** Let me ask about the CIA's involvement. Obviously, the British are there first, but what kinds of activities are the CIA implicated in here?

**TOOLEY:** Well, one of the amazing things, Tom, is that we have the book on this. We literally have an inside description of how this all happened. It was written by Kermit Roosevelt, who was the man in charge of the coup. This I think is quite remarkable, because so many times we have to analyze the deep state from the standpoint of ambiguous signals and interpretation of actions and things like this, like the old Sovietologists, who would just have people watching the lights in the Kremlin to see which ministry was working late that night.

But in this particular case, there was a book that Kermit Roosevelt, having carried out the coup, being totally proud of it, wrote the book in the midst of the Iranian revolution of '79-80. So I think this prompted him to say, yes, I set all this up, and I set up the Shah, and I'm going to write what I did with pride. And so we have the book. We know exactly what he did. The CIA finally – I mean, in the wake of all this, it was well known, but the CIA finally admitted that it had done it in 2013 – put some documents online. There are CIA documents relating to Operation Ajax online. So we know a lot about it.

And so I preface these comments. Now I'll list things. Well, Kermit Roosevelt, who was the grandson of Teddy Roosevelt and cousin to FDR, 37 years old, had been an OSS agent in World War II, now was the head of the Middle East desk in the CIA. And here's what he did. He prepared the ground by, well, doubling the amounts the British had given to the press, making sure that the whole press would put out whatever signals he wanted. And then he wrote articles for the press branding Mosaddegh as an atheist and as a communist and all these different charges. In fact, in the book, he says, yeah, it was really fun. I would write an article, and then send it to our Iranian assets. They would give it to the newspaper, and then the CIA analyst across the hall would come into my office and say, "Look at this article that's been translated into English from a Persian newspaper. They hate Mosaddegh." And it would be his own article he'd written four days before. So he had people planting articles.

He made a deal with a couple of brothers who were total monarchists. They were named Rashid, the Rashidi family. And they were also connected with the underworld, so from the very beginning, there was this kind of standing invitation to the various mob elements in Tehran that they would participate on order.

As I've said, the CIA was involved at every level. Kermit Roosevelt arrived on July 16th. So he was actually on the ground for about a month before the coup took place in the middle of August. And meanwhile, he negotiated and gave money to the whole thing. In fact, here's an

interesting part in the summer of '53. Everybody was ready. So there's this young shah in power, and he's not quite sure which way to go. He's not his dictatorial father. He's kind of a playboy. He enjoys a good life. He's in Europe more than he's in Iran. And here in this crisis, then, he's about to accept the role of constitutional monarch, of a real constitutional monarch. And the CIA comes to him and says: well, what about throwing out Mosaddegh and you taking over as more of a powerful guy. And he says, I don't think I want to do it. He said it sounds dangerous, and plus it's a lot of work and all that.

So there's a meeting in the summer of 1953 in – well, they meet in April, actually. So it's Allen Dulles of the CIA; Loy Henderson, the ambassador to Iran; a bunch of British agents and American agents, MI-6 and the CIA; and then Ashraf, the twin sister of this young shah or king. And they bribe her, as they bribed the Rashidi brothers and all the others, and pile things, money and they give her a fur coat and there's all kinds of things involved. And she agrees to bolster up her brother, although even in Tehran, Kermit Roosevelt was meeting the Shah secretly to get all this done. So when the day came for the first uprising – and the coup didn't work on August 16th. They tried. That's when they launched it, and it didn't work. Mosaddegh was not overthrown. But in both coups, that one and the one that came a few days later, it was simply the case that they would essentially hire a mob to go out and break windows and beat people up and hold up signs saying "We love Mosaddegh."

**WOODS:** Yeah.

**TOOLEY:** Yeah.

**WOODS:** Not very subtle. Not very subtle.

**TOOLEY:** I know. And they broke into the parliament. And so they did this, but then there's another mob hired by the same Rashidi brothers to go fight with the first one. So there's chaos in the streets. There's violence. Several hundred people got killed in these things. But you know, the survivors got paid. And then they enlisted the military. They had a general on ice they were waiting to bring out, and that man, Zahedi, is the one who eventually they're going to replace Mosaddegh with, and he's the typical strongman working for the Shah, who becomes in the process a typical strongman.

They pulled out the stops, Tom. They did all kinds of skullduggery. One thing they did was to make sure that the father of Norman Schwarzkopf, that famous commander of Desert Storm, his father also had connections to the Middle East. He was also a general. And in fact, when the Americans and British occupied Iran during the Second World War, he had organized the police, because he had formerly been the commander of the New Jersey State Police, which is a very weird connection. But since he had these connections, Schwarzkopf made a trip to the Middle East and stopped off again to persuade the Shah. So they just pulled out all the stops. Everybody they can think of who might – well, Averell Harriman traveled to Iran to try to talk to the Shah into getting rid of Mosaddegh and ending the nationalization and all that. That was even before the run up to the coup.

But Schwarzkopf, that is General Norman Schwarzkopf Sr., played a further role. In the midst of this, he apparently promised the Shah that if he would stand up tall, okay the overthrow of Mosaddegh, the coup against Mosaddegh, that Schwarzkopf would help reorganize the police even further and set up within those a secret police that eventually became – and he did this. The Shah accepted. And so it was Norman Schwarzkopf Sr. who really created the

organization that became the infamous SAVAK that killed and tortured so many people during the regime of the Shah. I think that is just a startling kind of connection in that regard, that this father of the commander of Desert Storm was playing a role in the Middle East. I mean, they play it generation after generation, much like the Bushes, you might say.

**WOODS:** That is a very interesting connection. Now, the major connection people make is between what happens in 1953 and then what happens in 1979 with the Iranian Revolution. Now, I made reference without mentioning his name to Jimmy Carter's remark at that time, that the coup in 1953 was "ancient history," that it's not relevant to understanding what's going on. Now, I can see sort of a case for that in that Mosaddegh was secular. There was there was no Islamic aspect to any of that, so the idea that that would have been connected to an Iranian Revolution later seems a bit thin, unless the Iranian Revolution was not merely Islamic but also nationalistic. And you know, that I'm sure the Ayatollah Khomeini would not actually have been a fan of Mosaddegh, but he would have been even less of a fan of British intelligence and the CIA interfering in this country.

**TOOLEY:** Oh, yeah. Oh, yeah. I think you're exactly right. And Iran has, and had a hundred years ago, a very complex society. I mean, when historians talk about the run up to all this, they – you know, bazaar merchants, that is to say, the merchants in the big markets in the cities as a class, are a highly respected, highly cohesive class of people in Iran. And so it's a different – in other words, they have a different setting and they have a different kind of market approach in Iran, but that makes the sort of demographics a little bit different categories. Then there's the whole group, as you mentioned, of the mullahs, these Islamic clerics, and their opinion is important. Before the 1905 revolution, by the way, it was the mullahs who pushed it, in league with the bazaar merchants and then some aristocrats who were liberal aristocrats attempting to do away with the depredations of these awful Qajar kings.

So the thing about this is that the mullahs, the clerics, supported an open constitutional system and even an open secular system in 1905. And then here's what happens, just briefly, to the point of any Iranian's view of what's happening. Immediately after the revolution when it looked like Iran would take on a new and revived vigor, the British and the Russians in 1907 just simply invaded and divided that country and called it a condominium so that each of them could take resources out of the country, and ruled it for several years just as an occupied country. Okay, so that's how the British responded to that constitutional revolution.

The British set up a new Shah, who, it turns out, didn't play along after World War II started. So in 1941, the British and the Russians and the Americans invade the country, depose that shah with his son, this person we've been talking about Mohammad Reza Shah, into power, and so forth. Then comes this coup. And so how much do foreign powers have to intervene before people just say, *Well, the heck with that. The British talk about democracy. The Americans talk about democracy. But look at this.* So I think that has a huge impact on many people, not just not just the mullahs, but certainly them, in Iran, when it comes to the Iranian Revolution of '79-80.

You know, the interesting thing is that, in the first governments of the Ayatollah, remember the Ayatollah Khomeini was appointing governments. And one of the first prime ministers was Bakhtiari, who was a member of basically the local Mosaddegh club. I mean, he was a part of that whole movement. So at first there were those elements. You know, one thing that radicalized all of these relationships in '79-80 was the hostage crisis, and that was basically a

kind of radicalization of the revolution on the side of the Ayatollah and his various parts of the, you might say, Islam on steroids, or Shia Islam on steroids that kind of supported him.

**WOODS:** Actually, can I jump in for a second? I think we have enough young listeners who won't even remember the hostage crisis, so can you just tell people what you're talking about?

**TOOLEY:** Oh, sure, yeah. Because in the midst of the Iranian Revolution, some elements of a sort of militia called the Iranian Guard – in other words, part of the revolutionary forces – took over the US embassy and held the people that they captured in there as hostages for many months. And it was during the presidency of Jimmy Carter, and the Carter administration just seemed very ineffectual at getting it back. There was a mission that was a disaster in the desert. At that time, Ross Perot sent in some mercenaries who were able to get out not any of the embassy people, but some other Americans captured along at the same time. It was a thing that, again, it radicalized both sides. And in America, people turned against the Iranians as these demonic people, and it was a very, very ugly, ugly period.

Eventually, the hostage crisis ended when Ronald Reagan became president, and he took credit for it, though a lot of the negotiations had happened before. But yeah, it was a sad – and all the hostages came home, just to fill people in. But it was an awful kind of fight. And as tensions mounted on both sides, this is really – you know, it's part of the enduring image of American-Iranian relations.

You know, Tom, let me say this here. I like to say this when I'm talking about Iran and Persia. You know, this country, this of all countries on Earth, has in large measure provided the functions of civility and courtesy and social kinds of lubricants in the ancient world and in the modern world. It's a funny kind of thing that this people influenced the old Arabic caliphate, and these rude, crude Arabs adopted Persian manners, and then later Crusaders go to the Middle East and they adopt the manners of their enemies, and so forth. They really have played this role. And it is an excessively polite society. When you learn a little bit of the Persian language in the first chapters, they start talking about all the ways to say thank you and how to negotiate arriving at an elevator door at the same time with somebody. It's a society that even now is concerned with politeness. And so, to me, it's a kind of travesty that this this horrible episode of, especially the hostage crisis, created these tensions.

Now, this is not to say that the Iranian Revolution wasn't a violent and bloody revolution, especially as carried out by the most fanatical of the revolutionaries, or the secular revolutionaries thought that they could ride the wave, and they could not. And in the end, so many people were executed or killed or jailed or tortured. So in the end, we're not talking about good guys and bad guys here, because as usual, in talking about history, you know, there are not that many good ones.

**WOODS:** Yeah, no kidding. Well, so as we wrap up, then, we want to assess the significance of this, why this matters, why it's important for Americans to understand it. There is a kind of shortsightedness on the part of Americans that maybe exists in other countries, but it doesn't matter as much because they don't have empires across the expanse of the world. So it doesn't really matter how much knowledge they have. But for Americans to think history started yesterday, then they're not going to evaluate the news properly, because they're going to think people just have grievances that have no grounding in anything. And so I think to me, that's the main reason that we need to understand this episode. How do you feel about this?

**TOOLEY:** I think that's very true. And I think that if ever there was – I think this is quite useful in analyzing the American Empire, in that you see, exactly as you say, that there's a long history behind these things. That other people have opinions, that Iran has its own internal history, and then come these empires to dismantle and disrupt and so forth. And the United States, I regret to say, is part of that. You know, Tom, I didn't mention this, but that constitutional revolution of 1905, 1906 had two American heroes. There was an American missionary, Howard Baskerville, who decided to fight for that revolution, and he died in the first days of the revolution manning the barricades and attempting to get an Iranian constitution in place. The second one was a young businessman from New York who was appointed by the Persian government to work out their finances, a man named Morgan Schuster, who wrote a book about it. And he was disappointed because, as you can tell from the title of his book, it was called *The Strangling of Persia*, and he meant by the British and the Russians.

So anyway, there was a time when Americans were really in favor of helping Iran and helping with education and helping them get their money straight and so forth. But to go to this sad point of today, where we have a Bolton, where we have a Pompeo saying all these things about Iran – and other places, too, but I think this is a really good illustration, a particularly clear one, I would say.

**WOODS:** I want to urge people, even though it's not directly related to our conversation, if you haven't already, you should at least in the course your life read one book on World War I. You just need to. It's a catastrophic and yet fascinating event. And there's no better source to consult than Hunt Tooley's book *The Great War: Western Front and Home Front*. So I'm going to link to that at [TomWoods.com/1450](https://TomWoods.com/1450), our show notes page for today. Well, Hunt, you have done heroic work. You've been here twice in as many weeks, and I will let you now go rest and enjoy the remainder of your summer. But thanks so much.

**TOOLEY:** Tom, thanks so much. I've enjoyed being on the show both times, and I appreciate it very much and enjoy doing it. Thanks.