

**FOREIGN RELATIONS
OF THE
UNITED STATES**

**1969–1976
VOLUME E-4**

**DOCUMENTS ON
IRAN AND IRAQ,
1969–1972**



**DEPARTMENT OF STATE
WASHINGTON**

Foreign Relations of the United States, 1969–1976

Volume E-4

Documents on Iran and Iraq, 1969–1972

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The Office of the Historian at the U.S. Department of State has embarked on a program to release an ebook edition of the *Foreign Relations of the United States (FRUS)* series, which was established in 1861. Far lighter and more portable than printed editions of *FRUS*, the ebook edition offers the full content of each volume and makes use of the full-text search and other reading features of most ebook devices and applications, including bookmarking and note-taking. Unlike the web-based edition of *FRUS*, the ebook edition, once downloaded, can be accessed even without internet connectivity.

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Office of the Historian
Bureau of Public Affairs
U.S. Department of State
June 2018

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Preface

The *Foreign Relations* of the United States series presents the official documentary historical record of major foreign policy decisions and significant diplomatic activity of the United States Government. The Historian of the Department of State is charged with the responsibility for the preparation of the *Foreign Relations* series. The staff of the Office of the Historian, Bureau of Public Affairs, under the direction of the General Editor, plans, researches, compiles, and edits the volumes in the series. Secretary of State Frank B. Kellogg first promulgated official regulations codifying specific standards for the selection and editing of documents for the series on March 26, 1925. Those regulations, with minor modifications, guided the series through 1991.

Public Law 102-138, the *Foreign Relations* Authorization Act, Fiscal Years 1992 and 1993, which was signed by President George H. W. Bush on October 28, 1991, established a new statutory charter for the preparation of the series. Section 198 of P.L. 102-138 added a new Title IV to the Department of State's Basic Authorities Act of 1956 (22 U.S.C. 4351, et seq.).

The statute requires that the *Foreign Relations* series be a thorough, accurate, and reliable record of major United States foreign policy decisions and significant United States diplomatic activity. The volumes of the series must include all records needed to provide comprehensive documentation of major foreign policy decisions and actions of the United States Government. The statute also confirms the editing principles established by Secretary Kellogg: the *Foreign Relations* series is guided by the principles of historical objectivity and accuracy; records should not be altered or deletions made without indicating in the published text that a deletion has been made; the published record should omit no facts that were of major importance in reaching a decision; and nothing should be omitted for the purpose of concealing a defect in policy. The statute also requires that the *Foreign Relations* series be published not more than 30 years after the events recorded.

Structure and Scope of the Foreign Relations Series

This electronic-only volume is part of the subseries of the Foreign Relations series that documents the most important decisions and actions of the foreign policy of the administration of Richard M. Nixon. This is

the fifth Foreign Relations volume to be published in a new format, that of electronic-only publication. Approximately 25 percent of the volumes scheduled for publication for the 1969–1976 subseries, covering the Nixon and Nixon-Ford administrations, will be in this format. The decision to institute this change was taken in full consultation with the Department’s Advisory Committee on Historical Diplomatic Documentation, which was established under the Foreign Relations statute. The advantages of this new method of presenting documentation are evident in this volume: the format enables convenient access to more key documentation on a broader range of issues, all or any portion of which can be easily downloaded. Annotation—the value added element of documentary editing—is still present in limited form, but not to the scale of a Foreign Relations volume. This electronic-only publication results in substantial savings in cost and time of production, thus allowing the series to present a fuller range of documentation, on a wider range of topics, sooner than would have been possible under a print-only format. These advantages compensate for the fact that this Foreign Relations volume is not an actual book bound in traditional ruby buckram. The Department of State, the Historian, the General Editor, and the Historical Advisory Committee are all dedicated to publishing the great majority of the volumes in the Foreign Relations series in print form; these are also posted in electronic format on the Department of State’s website. While the future of research in documentary publications is increasingly tied to the ease of use and availability of the Internet, the Department of State will continue to use both print and electronic-only versions to make the Foreign Relations series available to the widest audience possible. In that sense, this innovation is in keeping with the general principles of the series begun by President Lincoln and Secretary of State Seward and continued by subsequent presidents and secretaries of state for more than 140 years.

Focus of Research and Principles of Selection for Foreign Relations, 1969–1976, Volume EA

This volume documents the foreign policy of the Nixon administration towards Iran and Iraq, 1969–1972, during a period when the United States viewed Iran as its staunchest friend in the Persian Gulf region and Iraq as a potentially dangerous opponent. Since Iran and Iraq were rivals, Washington’s increasingly close ties to Iran widened the gap with Baghdad.

Between 1969 and 1972, the Nixon White House continued the policy of cultivating the Shah of Iran, a connection of mutual benefit that

provided the United States with a cooperative regional ally and Iran with an arsenal for weapons purchases. Although the Department of Defense was vocal in questioning Iran's need for so much weaponry, the U.S. Embassy in Iran, the Department of State, and the Central Intelligence Agency all warned that Washington would lose influence if it were to deny Iranian requests. The volume demonstrates that the debate over whether to restrain Iranian arms purchases ended in May 1972 during Nixon's visit to Tehran, in which the President pledged to supply the Shah with all available arms except atomic weapons.

Another issue in U.S.-Iranian relations that the volume highlights was Iran's demand for higher oil prices. The Shah required higher revenues from Iran's main export for the expansive security role in the Persian Gulf that he envisioned for his country. Washington rejected the Shah's proposal for the purchase of Iranian oil by quota, but in early 1971, U.S. officials assisted the Shah in striking a favorable deal with the Western consortium that extracted Iranian oil. Pleased that the Shah did not join other OPEC members in demanding oil industry ownership, the United States was willing to accept his independent efforts to control his nation's oil resources.

The volume also illustrates the theme of latent popular discontent with the Shah's rule for what his critics charged was a corrupt, extravagant, and dictatorial regime. Although U.S. officials recognized that the number of student protests and terrorist incidents had escalated, the administration perceived no immediate threat to the Shah's stability. Although aware that the Shah's regime was narrowly based and dependent upon the army and the security services, the President and other officials believed that the Shah's benign dictatorship best suited Iran's current stage of development.

The volume outlines less congenial U.S.-Iraqi relations, which had been severed officially in 1967. With no presence in Baghdad, the United States was hindered in handling issues like the Ba'athist persecution of Iraqi Jews in 1969. Still, U.S. officials interpreted the crackdown and other events as a sign of the Ba'athists' weakness, an effort to rally public support by playing up the Israeli threat. Initially resistant to Iran's argument that Iraq constituted a danger, the volume indicates that U.S. policymakers were guided by the apparent expectation that the Ba'athist regime would fall on its own, beset by internal unrest caused by Iraq's armed Kurdish minority. As the Ba'athists consolidated their power, however, their tilt towards Moscow became a concern to Washington. In addition to welcoming Soviet involvement in the Iraqi oil industry, the

Iraqis signed a Treaty of Friendship and Cooperation with Moscow in early 1972.

A second theme emerges with the U.S. perception of a threat from Baghdad. Alarmed at the increased Iraqi potential for “trouble-making” in the Gulf, and eager to thwart Soviet acquisition of a Middle East base, Nixon agreed in May 1972 to the Shah’s longstanding appeal to join his effort to assist the Kurds. The volume shows that the goal of the covert assistance was to prevent the Kurds from making peace with Baghdad, and keep the Iraqi Government too absorbed with internal instability to disturb its neighbors. U.S. officials’ early assessments of the Kurdish aid plan deemed it a success.

Other volumes that complement this one include [Foreign Relations, 1969–1976, Vol. XXXVI](#), [Energy Crisis, 1969–1974 and Vol. XXIV](#), Arabian Peninsula, Middle East Region, 1969–1972.

Editorial Methodology

The documents are presented chronologically according to Washington time. Memoranda of conversation are placed according to the date and time of the conversation, rather than the date the memorandum was drafted.

Editorial treatment of the documents published in the Foreign Relations electronic-only volumes follows Office style guidelines, supplemented by guidance from the General Editor and the Chief of the Declassification and Publishing Division. The original text is reproduced exactly, including marginalia or other notations, which are both visible on the facsimile copy of the document and described in the source note. There is also a text version of the document. The editors have supplied a heading, a summary, and a source note with additional relevant information, as required, for each document included in the volume. Spelling, capitalization, and punctuation are retained as found in the original text, except that obvious typographical errors are silently corrected in the text file. Abbreviations and contractions are preserved as found in the text, and a list of abbreviations, persons, and sources accompanies the volume.

Bracketed insertions in roman type are used on the facsimile copy and in the text file to indicate text omitted by the editors because it deals with an unrelated subject. Text that remains classified after declassification review is blacked-out on the facsimile copy and a bracketed insertion (in

italic type) appears in the text file. Entire documents selected for publication but withheld because they must remain classified are accounted for by a heading, a source note, and a bracketed note indicating the number of pages not declassified. These denied documents are listed in their chronological place in the volume.

Advisory Committee on Historical Diplomatic Documentation

The Advisory Committee on Historical Diplomatic Documentation reviews records, advises, and makes recommendations concerning the Foreign Relations series. The Historical Advisory Committee monitors the overall compilation and editorial process of the series and advises on all aspects of the preparation and declassification of the series. The Historical Advisory Committee does not necessarily review the contents of individual volumes in the series, but it makes recommendations on issues that come to its attention and reviews volumes, as it deems necessary, to fulfill its advisory and statutory obligations.

Presidential Recordings and Materials Preservation Act Review Under the terms of the Presidential Recordings and Materials Preservation Act (PRMPA) of 1974 (44 U.S.C. 2111 note), the National Archives and Records Administration (NARA) has custody of the Nixon Presidential historical materials. The requirements of the PRMPA and implementing regulations govern access to the Nixon Presidential historical materials. The PRMPA and implementing public access regulations require NARA to review for additional restrictions in order to ensure the protection of the privacy rights of former Nixon White House officials, since these officials were not given the opportunity to separate their personal materials from public papers. Thus, the PRMPA and related implementing public access regulations require NARA to notify formally the Nixon estate and former Nixon White House staff members that the agency is scheduling for public release Nixon White House historical materials. The Nixon Estate and former White House staff members have 30 days to contest the release of Nixon historical materials in which they were a participant or are mentioned. Further, the PRMPA and implementing regulations require NARA to segregate and return to the creator of files private and personal materials. All Foreign Relations volumes that include materials from NARA's Nixon Presidential Materials Staff are processed and released in accordance with the PRMPA.

Declassification Review

The Office of Information Programs and Services, Bureau of Administration, Department of State, conducted the declassification review of all the documents published in this volume. The review was undertaken in accordance with the standards set forth in Executive Order 12958, as amended, on Classified National Security Information, and applicable laws.

The principle guiding declassification review is to release all information, subject only to the current requirements of national security as embodied in law and regulation. Declassification decisions entailed concurrence of the appropriate geographic and functional bureaus in the Department of State and other concerned agencies of the U.S. Government. The declassification review of this volume, which began in 2004 and was completed in 2006, resulted in the decision to withhold 4 documents in full, to excise a paragraph or more in 2 documents, and to make minor excisions in 21 documents. The editors are confident, on the basis of the research conducted in preparing this volume and as a result of the declassification review process described above, that this volume is an accurate record of the foreign policy of the Nixon administration towards Iran and Iraq, 1969–1972.

Acknowledgments

The editors wish to acknowledge the assistance of officials at the Nixon Presidential Materials Project of the National Archives and Records Administration (Archives II), at College Park, Maryland, Sandra Meagher of the Department of Defense, who facilitated access to Defense records, and historians at the Center for the Study of Intelligence, who assisted in access to relevant records of the Central Intelligence Agency.

Monica Belmonte did the research, selection, and annotation of the volume. Laurie Van Hook, then the Chief of the Middle East and Africa Division, and Edward C. Keefer, General Editor of the Foreign Relations series, reviewed the volume. Susan C. Weetman, Chief of the Declassification and Publishing Division, and Chris Tudda coordinated the declassification review. Renee A. Goings and Jennifer Walele performed the copy and technical editing. Carl Ashley, Edmond J. Pechaty, and Chris Tudda scanned the documents and prepared them for on-line publication.

Marc J. Susser The Historian
Bureau of Public Affairs
September 2006

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Unpublished Sources

Department of State

Central Files. See *National Archives and Records Administration below.*

Lot Files.

INR/IL Historical Files:

Files of the Office of Intelligence Coordination, including records of the 303 Committee, from the 1950s through the 1970s, maintained by the Office of Intelligence Liaison, Bureau of Intelligence and Research, Department of State.

National Archives and Records Administration, College Park, Maryland

Record Group 59, Department of State Records

Subject—Numeric Central Files. The subject—numeric system is divided into broad categories: Administration, Consular, Culture and Information, Economic, Political and Defense, Science, and Social. Within each of these divisions are subject subcategories. For example, Political and Defense contains four subtopics: POL (Politics), DEF (Defense), CSM (Communism) and INT (Intelligence). Numerical subdivisions further define the subtopics. The following are the principal files consulted for this volume:

AID IRAN: general aid policy, Iran

DEF 1 IRAN: defense plans and policy, Iran

DEF 6 IRAN: armed forces, Iran

DEF 6-3 IRAN: air force, Iran

DEF 12-5 IRAN: procurement and sale of armaments, Iran

DEF 4 IRAQ-USSR: collective defense pacts and alliances, Iraq-U.S.S.R.

DEF 15 IRAQ-USSR: bases and installations, Iraq-U.S.S.R.

DEF 1 NEAR EAST: defense plans and policy, Near East

DEF PERSIAN GULF: defense affairs, Persian Gulf

DEF US-IRAN: military assistance, U.S.-Iran

DEF 19-8 US-IRAN: defense equipment and supplies, U.S.-Iran

DEF 19-9 US-IRAN: advisory and training assistance, U.S.-Iran

DEF US-NEAR E: defense affairs, U.S.-Near East

DEF USSR-IRAQ: defense affairs, U.S.S.R.-Iraq

E 5 IRAN: economic development, Iran

FN IRAN: finance, Iran

INCO DRUGS: industries and commodities, drugs

ORG 7 U: organization and administration, Under Secretary's visits

PET 6 IRAN: petroleum companies, Iran
PET 17 IRAN-US: trade, Iran-U.S.
PET 6 IRAQ: petroleum companies, Iraq
PET 15-2 IRAQ: nationalization and expropriation, Iraq
PET NEAR EAST: petroleum affairs, Near East
PET 3 OPEC: petroleum organizations and conferences, OPEC
POL ARAB-IRAN: political affairs and relations, Arabs-Iran
POL 27 ARAB-ISR: military operations, Arab-Israel
POL IRAN: political affairs and relations, Iran
POL 7 IRAN: visits and meetings, Iran
POL 13-2 IRAN: students and youth groups, Iran
POL 15 IRAN: Iranian government
POL 15-1 IRAN: Head of State, Iran
POL 23 IRAN: incidents and disputes, Iran
POL 23-8 IRAN: demonstrations, riots, and protests, Iran
POL 23-9 IRAN: rebellions and coups, Iran
POL IRAN-IRAQ: political affairs and relations, Iran-Iraq
POL 33 IRAN-IRAQ: waters, boundaries, Iran-Iraq
POL 17 IRAN-US: diplomatic and consular representation, Iranian
leaders in U.S.
POL 17-5 IRAN-US: arrival and departure, Iranian leaders in
U.S. POL IRAQ: political affairs and relations, Iraq
POL 2 IRAQ: general reports and statistics, Iraq
POL 7 IRAQ: visits and meetings with Iraqi leaders
POL 12 IRAQ: political parties, Iraq
POL 13-3 IRAQ: ethnic and national minorities, Iraq
POL 14 IRAQ: elections, Iraq
POL 15-1 IRAQ: Head of State, Iraq
POL 23-9 IRAQ: rebellions and coups, Iraq
POL 29 IRAQ: arrests and detentions, Iraq
POL IRAQ-NEAR E: political affairs and relations, Iraq-Near East
POL IRAQ-US: political affairs and relations, Iraq-U.S.
POL 1 IRAQ-US: general policy, Iraq-US
POL IRAQ-USSR: political affairs and relations, Iraq-U.S.S.R.
POL NEAR EAST: political affairs and relations, Near East
POL 2 NEAR EAST: general reports and statistics, Near East
POL NEAR E USSR: political affairs and relations, Near East-U.S.S.R.
POL PERSIAN GULF: political affairs and relations, Persian Gulf
POL 33 PERSIAN GULF: waters and boundaries, Persian Gulf
POL 33-3 PERSIAN GULF: international canals, Persian Gulf
POL 7 UK: visits, meetings with British leaders
POL UK-US: political affairs and relations, U.K.-U.S.
POL 7 US/CONNALLY: visits and meetings of John B. Connally

POL US-IRAN: political affairs and relations, U.S.-Iran
POL US-IRAN/IRAQ: political affairs and relations, US-Iran/Iraq
POL 17 US-IRAQ: diplomatic and consular representation, U.S. in Iraq
POL 7 US/KISSINGER: visits and meetings of Henry A. Kissinger
POL 7 US/Nixon: visits and meetings of Richard M. Nixon
SOC 11-5 ECOSOC: traffic in narcotics, United Nations Economic and
Social Council
SOC IRAN: social conditions, Iran
SOC 11-5 IRAN: traffic in narcotics, Iran
SOC IRAN/IRAQ: social conditions, Iran/Iraq
SOC 14 IRAQ: human rights, Iraq

Lot Files

NEA/ARN Files: Lot 72D4

Records relating to Iraq, Jordan, Lebanon, and Syria, 1968-1972,
maintained by the Office of Lebanon, Jordan, Syria, and Iraq
Affairs, Bureau of Near Eastern and South Asian Affairs.

NEA/ARN: Lot 75D16

Records Relating to Iraq, Jordan, Lebanon, and Syria, 1968-1972,
maintained by the Office of Lebanon, Jordan, Syria and Iraq Affairs,
Bureau of Near Eastern and South Asian Affairs.

NEA/ARN: Lot 75D442

Records Relating to Iraq, Jordan, Lebanon, and Syria, 1968-1972,
maintained by the Office of Lebanon, Jordan, Syria and Iraq Affairs,
Bureau of Near Eastern and South Asian Affairs.

NEA/IRN Files: Lot 75D351

Iran Subject Files for 1965-1975, maintained by the Office of Iran
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NEA/IRN Files: Lot File 75D365

Iran Subject Files for 1965-1975, maintained by the Office of Iran
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NEA/IRN Files: Lot 75D410

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Country File

Iran

Iraq

Alexander Haig Chronological File

Harold Saunders Files—Middle East Negotiations

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 - Middle East
 - Iran
 - Kurds
 - NSC Secretariat
 - Presidential Correspondence
 - Iran
 - Shah of Iran
 - Presidential/Henry Kissinger Memorandums of Conversation
 - President's Daily Briefings
 - President's Trip Files
 - 1972 Summit Briefing Material
 - Subject Files
 - National Security Study Memoranda
 - National Security Briefing Memoranda
 - VIP Visits
- National Security Council Institutional Files (H-Files)
 - Senior Review Group Minutes
 - National Security Council Meeting Minutes
 - National Security Study Memorandums
 - National Security Decision Memorandums
 - National Security Decision Memorandums Policy Papers
- White House Central Files
 - Country Files
- White House Special Files
 - Annotated News Summaries
 - President's Office Files
 - President's Personal Files
- White House Tape Recordings
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Abbreviations and Terms

AADC, Area Air Defense Commander
ABM, anti-ballistic missile
Ack-ack, anti-aircraft artillery
AID, Agency for International Development
AIM, U.S. Army Mission in Iran/Military Assistance Advisory Group
Amb, Ambassador
API, American Petroleum Institute
ARAMCO, Arabian-American Oil Company
ARMISH/MAAG, U.S. Army Mission in Iran/Military Assistance Advisory Group
ASD/ISA, Assistant Secretary of Defense, International Security Affairs
Atty, attorney
BNDD, Bureau of Narcotics and Dangerous Drugs, Department of Justice
BP, British Petroleum
BPI, Ba'ath Party of Iraq
CENTO, Central Treaty Organization
CFP, Compagnie Francaise des Paroles
CIA, Central Intelligence Agency
CINCEUR, Commander in Chief, U.S. Forces, Europe
CINCMEAFA, Commander in Chief, Middle East/South Asia and Africa South of the Sahara
CINCSTRIKE, Commander in Chief, Strike Command
CINCUSNAVEUR, Commander in Chief, U.S. Navy, Europe
CIS, Confederation of Iranian Students
ConGen, Consul General
COMECON, Council for Mutual Economic Assistance
COMINT, communications intelligence
COMIDEASTFOR, Commander, Middle East Forces Cons, Consulate
CONUS, continental United States
CPI, Communist Party of Iraq
CSAF, Chief of Staff, United States Air Force
CT, Country Team
CU, Bureau of Educational and Cultural Affairs, Department of State
CY, calendar year
DASD, Deputy Assistant Secretary of Defense
DCI, Director of Central Intelligence
DDCI, Deputy Director of Central Intelligence
Dept, Department of State
Deptel, Department of State telegram
DIA, Defense Intelligence Agency
Dissem, dissemination
DOD, Department of Defense
DOD/ISA, Department of Defense, International Security Affairs
DOD/ISA/NESA, Department of Defense, International Security Affairs, Office of Near Eastern and South Asian Affairs
DOS, Department of State
E, Bureau of Economic Affairs, Department of State
ELINT, electronic intelligence
Emb, embassy
Embtel, embassy telegram
ERAP, Entreprise de Recherches et d'Activites Petrolieries
EUCOM, European Community

Exdis, Exclusive Distribution (acronym indicating extremely limited distribution or dissemination)

EXIM, Export-Import Bank

FAA, Federation of Arab Emirates

FBIS, Foreign Broadcast Information Service

FMS, foreign military sales

FonMin, Foreign Minister

FonOff, Foreign Office

FSO, Foreign Service Officer

FSS, Foreign Service Spouse

FY, fiscal year

GAO, General Accounting Office

GENMISH, U.S. Mission to the Iranian Gendarmerie

GNP, gross national product

GOI, Government of Iran

GOI, Government of Iraq

G/PM, Deputy Assistant Secretary of State for Politico-Military Affairs, Department of State

HCR, High Commissioner for Refugees

HFAC, House Foreign Affairs Committee

HIM, His Imperial Majesty

HK, the President's Assistant for National Security Affairs, Henry Kissinger

IAS, Iran-America Society

IBRD, International Bank for Reconstruction and Development (World Bank)

ID, Iraqi Dinars

IDF, Israeli Defense Force

IDP, Internal Defense Plan (Iran)

IFC, International Finance Corporation IIA, Imperial Iranian Army

IIAF, Imperial Iranian Air Force IIF, Imperial Iranian Forces

IMF, International Monetary Fund INOC, Iraq National Oil Company

INR, Bureau of Intelligence and Research, Department of State

INR/RNA, Office of Research and Analysis for Near East and South Asia, Bureau of Intelligence and Research, Department of State

IO, Bureau of International Organization, Department of State

IPC, Iraq Petroleum Company

IRG, Interdepartmental Regional Group

ISA, Iranian Students Association

JCS, Joint Chiefs of Staff

JCSM, Joint Chiefs of Staff Memorandum

JSOP, Joint Strategic Objectives Plan

KDP, Kurdish Democratic Party

LimDis, Limited Distribution

MAAG, Military Assistance Advisory Group

MAP, Military Assistance Program

ME, Middle East

MEMCON, memorandum of conversation

MIDEASTFOR, Middle East Forces

NATO, North Atlantic Treaty Organization

NEA, Bureau of Near Eastern and South Asian Affairs, Department of State

NEA/IRN, Office of Iranian Affairs, Bureau of Near Eastern and South Asian Affairs, Department of State

NEAINE, Office of Near Eastern Affairs, Bureau of Near Eastern and South Asian Affairs, Department of State

NEA/NR, Office of Near Eastern, South Asian Regional Affairs, Bureau of Near Eastern and South Asian Affairs, Department of State

NIE, National Intelligence Estimate NIOC, National Iranian Oil Company

NoDis, no distribution

NoForn, no foreign dissemination

NPT, Nuclear Nonproliferation Treaty
NRM, National Resistance Movement (Kurdish)
NSA, National Security Agency
NSAM, National Security Action Memorandum
NSC, National Security Council
NSCIG/NEA, National Security Council Interdepartmental Group for Near East and South Asia
NSDM, National Security Decision Memorandum
NSSM, National Security Study Memorandum
OAPEC, Organization of Arab Petroleum Exporting Countries
ODASD/ISA, Office of the Assistant Secretary of Defense for International Security Affairs
OBE, overtaken by events
OCI, Office of Current Intelligence, Central Intelligence Agency
ODDI, Office of the Deputy Director of Intelligence, Central Intelligence Agency
OECD, Organization for Economic Cooperation and Development
OER, Office of Economic Research, Central Intelligence Agency
OMB, Office of Management and Budget, Department of State
ONE, Office of National Estimates, Central Intelligence Agency
OPEC, Organization of Petroleum Exporting Countries
OSD, Office of the Secretary of Defense
OSD/ISA, Office of the Secretary of Defense for International Security Affairs
OTR, Office of Technical Research, Central Intelligence Agency
PlanOrg, Plan Organization, Iranian state agency charged with promoting economic development
PM, PRIMIN, Prime Minister
PM/MAS, Office of Military Assistance and Sales, Bureau of Politico-Military Affairs, Department of State
PRSY, People's Republic of Southern Yemen
RAF, Royal Air Force
RCC, Revolutionary Command Council, Ba'athist Government in Iraq
REF, reference
Reftel, reference telegram
Rep, representative
RN, President Richard Nixon
RPT, repeat
SAM, surface to air missile
SAMAA, Special Assistant for Military Assistance Affairs, Joint Chiefs of Staff
SAVAK, Farsi language acronym for Iranian National Bureau of Security and Intelligence (Sazman-i Ittili'at va Amniyat-i Kishvar)
SECDEF, Secretary of Defense
SC, Security Council (UN)
SCS, Supreme Commander's Staff
SEATO, Southeast Asia Treaty Organization
SECDEF, Secretary of Defense
SECNAV, Secretary of the Navy Secy, Secretary of State
SNIE, Special National Intelligence Estimate
SOV, Soviet
S/S, Executive Secretariat, Department of State
STRATCOM, Strategic Command
TAFT, Technical Assistance Field Team
U, Office of the Under Secretary of State, Department of State
UAD, United Arab Emirates
UAR, United Arab Republic
UK, United Kingdom
UN, United Nations
UNHCR, United Nations High Commissioner for Refugees
UNSC, United Nations Security Council

UNSEC, Under Secretary
UNSYG, United Nations Secretary General
USAF, United States Air Force
USG, United States Government
USIA, United States Information Agency
USINT, United States Interests Section, Baghdad, Iraq
USIS, United States Information Services USN, United States Navy
USSR, Union of Soviet Socialist Republics
USUN, United States Mission to the United Nations
VP, Vice President
VIP(S), Very Important Person(s)

List of Persons

Adl, Yahya, the leader of Iran's opposition party, Mardom
Afshar, Amir Aslan, Iranian Ambassador to the United States from September 1969
Agha Khan, Prince Sadruddin, UN High Commissioner for Refugees
Agnew, Spiro T., Vice President of the United States
Akins, James E., Director, Office of Fuels and Energy, Bureau of Economic Affairs, Department of State, April 1969–February 1972; thereafter, energy adviser to the White House
al Bakr, Ahmad Hasan, President and Prime Minister of Iraq, Chairman of the Revolutionary Command Council, and Secretary General of the Ba'ath Party
al Barzani, Mullah Mustafa, Iraqi Kurdish leader of the Kurdish Democratic Party Alam, Assadollah, Iranian Minister of Court
al Tikriti, Hardan Abd Al Ghaffar, Iraqi Deputy Premier and Defense Minister until October 1970
Ammash, Salih Mandi, Iraqi Minister of the Interior until September 1971
Amouzegar, Jamshid, Iranian Finance Minister
Ansary, Hushang, Iranian Ambassador to the United States until July 1969
Armstrong, Willis C. Jr., Assistant Secretary of State for Economic and Business Affairs from February 1972
Atherton, Alfred L., Jr., Deputy Assistant Secretary of State for Near Eastern and South Asian Affairs from March 1970
Azimi, General Reza, Iranian Minister of War from 1971
Barzani, Idris(s), son of Mustafa Barzani
Bennett, Lieutenant General Donald V., Director, Defense Intelligence Agency, September 1969–August 1972
Bhutto, Zulfikar Ali, President of Pakistan from December 1971
Brewer, William D., Country Director for Saudi Arabia, Kuwait, Yemen, and Aden
Chafee, John H., Secretary of the Navy until January 1972
Cline, Ray S., Director, Office of Intelligence and Research, Department of State from October 1969
Colby, William, Executive Director-Comptroller, Central Intelligence Agency from 1972
Connally, John B., Jr., Secretary of the Treasury, February 1971–May 1972
Cushman, Lt. Gen. Robert E., Jr., Deputy Director of Central Intelligence, May 1969–December 1971
Davies, Rodger P., Deputy Assistant Secretary of State, Bureau of Near Eastern and South Asian Affairs
Denney, George C., Jr., Deputy Director, Bureau of Intelligence and Research, Department of State
Douglas-Home, Sir Alec, British Foreign Secretary from June 1970
Dupret, Marcel, Belgian Ambassador to Iraq
Eban, Abba, Israeli Minister of Foreign Affairs
Eliot, Theodore L., Jr., Country Director for Iran; from August 1969, Executive Secretary, Special Assistant to the Secretary and Executive Secretary, Department of State
Eqbal, Manuchehr, Chairman of the Board of Directors and Managing Director, National Iranian Oil Company
Fallah, Reza, Director, National Iranian Oil Company
Faisal ibn Abd al-Aziz Al Saud, King of Saudi Arabia
Farland, Joseph S., Ambassador to Iran from May 1972
Flanigan, Peter M., President's Assistant for International Economic Affairs
Haig, General Alexander M., Senior Military Advisor to the President for National Security Affairs; from June 1970, Deputy Assistant to the President for National Security Affairs

Hannah, John A., Administrator, Agency for International Development, April 1969–October 1973

Harmel, Pierre, Belgian Foreign Minister

Heck, L. Douglas, Deputy Chief of Mission at the Embassy in Iran from July 1970

Helms, Richard M., Director of Central Intelligence

Hoveyda, Amir Abbas, Prime Minister of Iran

Hughes, Thomas L., Director, Bureau of Intelligence and Research, Department of State, until August 1969

Hussein al-Tikriti, Saddam, Vice Chairman of the Revolutionary Command Council of Iraq and Assistant Secretary General of the Ba'ath Party

Hussein I, ibn Talal, King of Jordan

Irwin, John N. II, Under Secretary of State, September 1970–July 1972; Deputy Secretary of State from July 1972

Jarring, Gunnar, Swedish Ambassador to the Soviet Union; detailed to the United Nations to serve as Special Representative, United Nations Middle East Mission

Johnson, U. Alexis, Under Secretary of State for Political Affairs from February 1969

Karamessines, Thomas H., Deputy Director for Plans, Central Intelligence Agency

Katz, Julius L., Deputy Assistant Secretary for International Resources and Food Policy, Bureau of Economic Affairs, Department of State

Kennedy, Colonel Richard, Member of the National Security Council Staff from January 1970 Khalatbari, Abbas, General Under Secretary, Iranian Ministry of Foreign Affairs, January 1970–September 1971; Foreign Minister from September 1971

Khatami, General Mohammad, Commander in Chief, Imperial Iranian Air Force Khomeini, Ayatollah Ruhollah, exiled Iranian dissident religious leader

Kissinger, Henry A., Assistant to the President for National Security Affairs

Kosygin, Alexei, Soviet Prime Minister

Laird, Melvin, Secretary of Defense

Lessard, Robert P., Near East and South Asia Division, Directorate for Plans, Central Intelligence Agency

Lowrie, Arthur L., Interests Section, Baghdad, Iraq, from October 1972

Ludlum, James H., Heroin Coordinator, Central Intelligence Agency

MacArthur, Douglas II, Ambassador to Iran, October 1969–May 1972

Meyer, Armin H., Ambassador to Iran until May 1969

Macomber, William B. Jr., Assistant Secretary of State for Congressional Relations until October 1969; thereafter, Deputy Under Secretary of State for Administration (title changed to Management after July 12, 1971) from October 1969

Mao Tse-tung (Mao Zedong), Chairman of the Central Committee of the Chinese Communist Party

McClelland, Walter M., Deputy Country Director for Iran, Bureau of Near Eastern and South Asian Affairs, Department of State until 1970

McDonald, Walter J., Chief, Free World Division, Central Intelligence Agency

Meir, Golda, Israeli Prime Minister from March 1969

Meyer, Cord Jr., Associate Deputy Director for Operations, Central Intelligence Agency

Miklos, Jack C., Country Director for Iran from July 1969

Moorer, Admiral Thomas H., United States Navy, Chief of Naval Operations until July 1970; thereafter, Chairman of the Joint Chiefs of Staff

Morgan, Thomas E., Chairman, Committee on Foreign Affairs, House of Representatives

Murphy, Richard W., Country Director for Saudi Arabia, Kuwait, Yemen, Aden, Bureau of Near Eastern and South Asian Affairs, Department of State from April 1970

Nassiri (Nasseri), General Nematollah, Chief of SAVAK and Assistant to the Iranian Prime Minister

Nixon, Richard M., President of the United States, January 20, 1969–August 9, 1974

Noyes, James H., Deputy Assistant Secretary of Defense, Near Eastern, African and South Asian Affairs, from 1971

Nutter, G. Warren, Assistant Secretary of Defense for International Security Affairs from March 1969

O'Connell, John W., Acting Chief, Near East and South Asia Division, Central Intelligence Agency

Packard, David, Deputy Secretary of Defense, January 1969–December 1971

Pahlavi, Mohammad Reza, Shah of Iran

Pahlavi, Princess Ashraf, twin sister of the Shah of Iran

Pahlavi, Farah Diba, wife of the Shah of Iran

Peet, Vice Admiral Ray, Director, Defense Security Assistance Agency from June 1972

Podgorny, Nikolai V., President of the Presidium of the Supreme Soviet of the USSR

Read, Benjamin H., Special Assistant to the Secretary of State and Executive Secretary, Department of State, until February 1969

Richardson, Elliot L., Under Secretary of State, January 1969–June 1970

Rockwell, Stuart W., Deputy Assistant Secretary of State for Near Eastern and South Asian Affairs until March 1970

Rogers, William P., Secretary of State

Sadat, Anwar, Egyptian President from September 1970

Samii, Mehdi, Managing Director, Plan Organization, Government of Iran; also Governor, Central Bank of Iran

Samuels, Nathaniel D., Deputy Under Secretary of State for Economic Affairs, April 1969–April 1972

Saunders, Harold H., Member of the National Security Council Staff

Scotes, Thomas J., Officer in Charge of Iraqi Affairs, Bureau of Near Eastern and South Asian Affairs, Department of State

Seamans, Robert C., Jr., Secretary of the Air Force from February 1969

Seelye, Talcott W., Country Director for Lebanon, Jordan, the Syrian Arab Republic, and Iraq, Department of State until September 1972

Shakespeare, Frank, Director, U.S. Information Agency from February 1969

Shultz, George P., Secretary of Labor, January 1969–June 1970; first Director of the Office of Management and Budget, June 1970–May 1972; Secretary of the Treasury, and also Assistant to the President, May 1972–May 1974; concurrently, from December 1972, head of the Council on Economic Policy

Sisco, Joseph J., Assistant Secretary of State for International Organization Affairs until February 1969; thereafter, Assistant Secretary of State for Near Eastern and South Asian Affairs

Sober, Sidney, Director, Office of Regional Affairs, Bureau of Near Eastern and South Asian Affairs, Department of State until November 1969

Thacher, Nicholas G., Deputy Chief of Mission, Embassy in Iran, until September 1970

Torbert, Horace G., Acting Assistant Secretary of State for Congressional Relations until 1970

Toufanian, Lieutenant General Hassan, Iranian Deputy Minister of War for Armaments

Trezise, Philip H., Representative to the Organization for Economic Cooperation and Development, Paris, until July 1969; Assistant Secretary of State for Economic Affairs, July 1969–November 1971

Twitchell, Major General Hamilton, Chief, U.S. Army Mission in Iran/Military Assistance Advisory Group (ARMISH/MAAG) until 1971

'Uthman, Mahmud, personal representative of Mustafa Barzani; Kurdish Democratic Party official

'Uthman, Zayid Ahmad, special representative of Mustafa Barzani

Van der Kerchove, Marcel, Belgian Ambassador to Iraq

Van Reeve, Jan, Consortium Managing Director

Vogt, Lieutenant General John W., Director, Joint Staff, Department of Defense, until April 1972

Waller, John H., Chief of the Near East and South Asia Division, Central Intelligence Agency

Westmoreland, General William C., U.S. Army Chief of Staff until June 1972

Wheeler, General Earle G., Chairman, Joint Chiefs of Staff until July 1970

Williamson, General Ellis W., Chief, U.S. Army Mission in Iran/Military Assistance Advisory Group (ARMISH/MAAG) from 1971

Yahya Khan, Agha Mohammed, President of Pakistan, March 1969–December 1971
Zahedi, Hassan, Minister of Agriculture
Zahedi, Ardeshir, Iranian Foreign Minister until September 1971
Zelli, Manouchehr, Director General, Iranian Foreign Ministry

Documents on Iran and Iraq, 1969-1972

Contents

Iran 1969

1. National Intelligence Estimate 34-69

Washington, January 10, 1969

The estimate examined the implications of Iran's claim to leadership in the Persian Gulf, and its thawing relations with Moscow.

Source: Central Intelligence Agency, NIC Files, Job 79R01012A, Box 368, Folder 3, NIE 34-69-IRAN. Secret; Controlled Dissem.

2. Memorandum From the Executive Secretary of the Department of State (Read) to the President's Assistant for National Security Affairs (Kissinger)

Washington, January 30, 1969

Read briefed Kissinger for his upcoming meeting with Iranian Ambassador Hushang Ansary, and attached a summary of U.S. relations with Iran.

Source: National Archives, RG 59, Central Files 1967-69, POL 17-5 IRAN-US. Confidential with Secret attachment. Drafted by Theodore L. Eliot Jr. (NEA/IRN) on January 29; cleared by Stuart W. Rockwell (NEA). No record of the conversation was found. The first enclosure to the memorandum, "Biography of the Ambassador of Iran," is not published. The January 22 letter from the Shah is *ibid.*, Nixon Presidential Materials, NSC Files, Box 920, VIP Visits, Shah of Iran, Washington DC, October 21-23, 1969.

3. Telegram 416 From the Embassy in Iran to the Department of State

Tehran, February 3, 1969, 1735Z

Prime Minister Hoveyda informed the U.S. Ambassador that if Tehran did not receive \$1 billion in oil income, the Iranian Government would propose unilateral legislation to obtain the required revenue.

Source: National Archives, RG 59, Central Files 1967–69, PET 6 IRAN. Secret; Priority; Limdis. Repeated to London. In 1968, the consortium resorted to shifting the production year from the Gregorian calendar to the Iranian year, from March 21 to March 20. This allowed it to meet Iranian targets temporarily by counting the following year's first quarter into the 1968 figures. By 1969, however, this device could not keep pace with Iranian demands.

[4. Memorandum From the Country Director for Iran \(Eliot\) to the Assistant Secretary of State for Near Eastern and South Asian Affairs \(Sisco\)](#)

Washington, March 6, 1969

Eliot recommended that Sisco inform Iranian Ambassador Ansary in their upcoming meeting that the United States could not intervene with the oil companies over the dispute with Iran.

Source: National Archives, RG 59, Central Files 1967–69, POL 17 IRAN-US. Secret. Drafted by Eliot; cleared by James E. Akins (E/ORF/FSE). In Telegram 35431, March 7, the Department advised the Embassy that Sisco had followed Eliot's suggestions in his meeting with Ansary. (Ibid., PET 6 IRAN)

[5. Letter from the Ambassador to Iran \(Meyer\) to the Country Director for Iran \(Eliot\)](#)

Tehran, March 22, 1969

Meyer shared with Eliot his attempt to use the Shah's interest in a third and fourth squadron of F-4 aircraft as leverage to bring about a swift end to the oil dispute.

Source: National Archives, RG 59, Central Files 1967–69, DEF 12–5 IRAN. Confidential. A handwritten notation indicates that Eliot replied on

March 26.

[6. Memorandum of Conversation](#)

Washington, April 1, 1969

In a meeting in Washington, the Shah enumerated for Secretary Laird his military requirements, including pilot training, air force technicians, and aircraft.

Source: Washington National Records Center, OSD Files, FRC 330-75-089, Box 74, Iran 1969, 091.112. Secret. Drafted by Colonel Robert E. Pursley, and approved by Nutter on April 7. The Shah was in Washington, D.C. to attend the funeral of former President Dwight D. Eisenhower.

[7. Memorandum From Harold Saunders of the National Security Council Staff to the President's Assistant for National Security Affairs \(Kissinger\)](#)

Washington, April 1, 1969

In his briefing, Saunders underscored the need to maintain U.S. influence over the Shah by demonstrating close relations with Iran, and suggested topics for Kissinger to discuss or avoid.

Source: National Archives, Nixon Presidential Materials, NSC Files, Box 1236, Harold Saunders Files, Middle East Negotiations, Iran 1/20/69-9/30/69. Secret. The memorandum is a copy that is not initialed by Saunders. The report to which Saunders referred was telegram 2481, London, March 30, from Ambassador Meyer. Meyer advised that the Shah felt the United States could avoid future Vietnams by supporting "self-reliant and progressive friends like Iran so that such countries can exercise fruitful responsibility in their respective regions." (Ibid, RG 59, Central Files 1967-69, POL 6-2 US/Eisenhower, Dwight D.)

[8. Memorandum of Conversation](#)

Washington, April 11, 1969

In conversation with the President's Assistant for National Security Affairs, Kissinger, the Shah warned of Soviet objectives in the Near East, and touched on Vietnam, the Arab-Israeli dispute, and oil issues.

Source: National Archives, Nixon Presidential Materials, NSC Files, Box 601, Country Files, Middle East, Iran, Vol. I, 1/20/69-5/31/70. Secret. Drafted by Saunders on April 11. The meeting took place at the Iranian Embassy Residence. According to the President's Daily Diary, the Shah met privately with Nixon from 2:37 to 3:20 p.m. on April 1. No other record of the meeting was found. (Ibid., White House Central Files, President's Daily Diary.)

9. Memorandum of Conversation

Washington, April 1, 1969, 10 a.m.

In a tour d'horizon, Secretary Rogers and the Shah reviewed developments in Asia, the USSR, and the Middle East, especially the Persian Gulf.

Source: National Archives, RG 59, Central Files 1967-69, POL 15-1 Iran. Secret. Drafted by Eliot, and approved on April 3 by the Secretary's office. The meeting took place at the Iranian Embassy. This memorandum is part I of III. In part II, the Shah and Rogers discussed the US-Iranian military relationship. (Ibid., DEF 1 IRAN-US.) In part III, the topic was the Shah's hope of exporting more oil to the United States. (Ibid., PET 1 IRAN-US.)

10. Record of National Security Council Interdepartmental Group for Near East and South Asia Meeting

Washington, April 3, 1969

Reviewing Iran's 1969 military credit sales program, the group agreed to recommend the sale of two F-4 squadrons for delivery by 1971, with payment of \$80 million in 1969 and the balance the following year.

Source: National Archives, Nixon Presidential Materials, NSC Files, Box 1236, Harold Saunders Files, Middle East Negotiations, Iran 1/20/69–9/30/69. NSCIG/NEA 69–11. Secret. Drafted by Sober.

[11. Telegram 1371 From the Embassy in Iran to the Department of State](#)

Tehran, April 18, 1969, 1040Z

The telegram reported on the Shah's concern at the Ambassador's private suggestion that Iranian and Iraqi tension over the Shatt al-Arab might have a deleterious effect on US-Iranian relations.

Source: National Archives, RG 59, Central Files 1967–69, POL 33 IRAN-IRAQ/Shatt al-Arab. Secret; Priority. Repeated to London, Jidda, and CINCSTRIKE.

[12. Intelligence Note No. 295 From the Director of the Bureau of Intelligence and Research \(Hughes\) to Secretary of State Rogers](#)

Washington, April 22, 1969

The report, "Iran-Iraq: Dispute Over the Shatt al-Arab Disturbs Relations Periodically," outlined the history and recent developments in the Shatt al-Arab crisis.

Source: National Archives, RG 59, Central Files 1967–69, POL 33–1 IRAN-IRAQ/Shatt Al-Arab. Secret; No Foreign Dissem.

[13. Memorandum From the President's Assistant for National Security Affairs \(Kissinger\) to President Nixon](#)

Washington, April 29, 1969

With his concurrence, Kissinger forwarded to Nixon Secretary Rogers' recommendation to approve the 1969 Iranian Military Sales Program.

Source: National Archives, Nixon Presidential Materials, NSC Files, Box 1236, Harold Saunders Files, Middle East Negotiations, Iran Military, 1/20/69–12/31/69. Secret. Drafted by Saunders. Tab A, a Budget Bureau memorandum, is not published. Nixon initialed his approval.

[14. Intelligence Note 361 from the Director of the Bureau of Intelligence and Research \(Hughes\) to Secretary of State Rogers](#)

Washington, May 9, 1969

Hughes summarized the negotiations between the Iranian Government and the oil consortium in the lead-up to a second round of talks on May 10.

Source: National Archives, RG 59, Central Files 1967–69, PET 6 IRAN. Secret; No Foreign Dissem; Limdis. In Telegram 73790 to Tehran, May 10, the Department authorized Mayer to make representations to the Iranian Government in support of the consortium's compromise position. (Ibid., PET 6 IRAN.)

[15. Telegram 76751 From the Department of State to the Embassies in Jidda, Beirut, and Dhahran](#)

Washington, May 15, 1969, 0043Z

The Department explained the terms of the agreement between the consortium and the Iranian Government, in which the consortium members had held firm against Iranian demands.

Source: National Archives, RG 59, Central Files 1967–69, PET 6 IRAN. Secret. Repeated to London, Tehran and Tripoli. Drafted by Clark (E/ORF/FSE); cleared by Eliot and William D. Brewer, Country Director (NEA/ARP); and approved by Akins.

[16. Telegram 1904 From the Embassy in Iran to the Department of State](#)

Tehran, May 18, 1969, 1020Z

Thacher, the Chargé d'Affaires ad interim, reported that the Shah was somewhat disappointed with the outcome of the oil negotiations, and suggested that the United States urge the consortium members to meet the Shah's needs for the following year.

Source: National Archives, RG 59, Central Files 1967-69, PET 6 IRAN. Secret; Limdis. Repeated to Beirut, Dhahran, Jidda, Kuwait, London, and Tripoli.

[17. Telegram 1925 From the Embassy in Iran to the Department of State](#)

Tehran, May 19, 1969, 1410Z

The Embassy analyzed Iranian motivations and objectives in the Shatt al-Arab crisis.

Source: National Archives, RG 59, Central Files 1967-69, POL 33-1 Iran-Iraq/Shatt al-Arab. Confidential. Repeated for information to Ankara, Bangkok, Jidda, Kuwait, London, Moscow, Rawalpindi, and USUN.

[18. Letter from the Charge d'Affaires ad interim at the Embassy in Iran \(Thacher\) to the Acting Country Director for Iran \(McClelland\)](#)

Tehran, July 12, 1969

Thacher emphasized the Embassy's belief that Washington should show readiness to supply Iran with different types of air defense, while still presenting F-4s as the primary defense against air attack.

Source: National Archives, RG 59, Central Files 1967-69, DEF 12-5 IRAN. Secret. In paragraph four of Telegram 107964 to Tehran, June 30, the Department, concerned at increasing Iranian military expenditures, had promised information on appropriate US weapons for the Shah's needs. (Ibid.)

[19. Telegram 116791 From the Department of State to the Embassy in Iran](#)

Washington, July 15, 1969, 2048Z

In discussions with Secretary Rogers, Ambassador Ansary requested an increase in pilot training slots, and also conveyed the Shah's displeasure that U.S. technicians had not been allowed to go to western Iranian airfields during the recent Shatt al-Arab crisis with Iraq.

Source: National Archives, RG 59, Central Files 1967-69, POL 7 IRAN. Secret; Limdis. Repeated to CINCSTRIKE. Drafted by McClelland and approved by Eliot.

[20. Memorandum From Harold Saunders of the National Security Council Staff to the President's Assistant for National Security Affairs \(Kissinger\)](#)

Washington, September 11, 1969

Saunders advised Kissinger to respond noncommittally to the Iranian proposal that Iran receive a special import quota on oil sales to the United States.

Source: National Archives, Nixon Presidential Materials, NSC Files, Box 601, Country Files, Middle East, Iran, Vol. I, 1/20/69-5/31/70. Confidential. Sent for information. The attachment is not published. In a September 15 letter, Kissinger promised Fallah that he would receive a definitive reply on his oil proposal after the Cabinet Task Force had completed its oil import policy review.(Ibid.)

[21. Telegram 159738 From the Department of State to the Embassy in Iran](#)

Washington, September 19, 1969, 2048Z

Under Secretary of State Elliot Richardson tried to allay the anxiety of the Iranian Foreign Ministry's Director General, Manouchehr Zelli, over

anticipated student demonstrations against the Shah during his visit to the United States.

Source: National Archives, Nixon Presidential Materials, NSC Files, Box 1245, Harold Saunders Files, Middle East Negotiations, Visit of Shah of Iran, Oct. 21–23, 1969. Confidential; Priority; Limdis. Drafted in by William H. Hallman (NEA/IRN); cleared by Miklosand in S/CPR, O/SY, and SCA/VO; and approved by Rockwell. In Telegram 3704 from Tehran, September 15, the Embassy reported Zelli's belief that radical U.S. student groups would combine with Iranian students to mount a large protest, and his request that the FBI keep demonstrations under control. (Ibid., RG 59, Central Files 1967–69, POL 7 IRAN) In Telegram 3974 from Tehran, October 1, the Embassy anticipated a high level of student protest against the Shah in the United States. (Ibid.)

[22. Telegram 4054 From the Embassy in Iran to the Department of State](#)

Tehran, October 6, 1969, 1230Z

The Chargé offered suggestions for the Shah's upcoming U.S. visit, including positions on Iran's role, the Middle East, the Persian Gulf, COMIDEASTFOR, and oil.

Source: National Archives, RG 59, Central Files 1967–69, POL 7 IRAN. Secret; Limdis. Repeated to Jidda.

[23. Telegram 4183 From the Embassy in Iran to the Department of State](#)

Tehran, October 13, 1969, 1300Z

The Shah expressed concern to incoming Ambassador Douglas MacArthur at growing Soviet influence in Iraq, which the Shah felt underscored Iran's need to build up its military.

Source: National Archives, Nixon Presidential Materials, NSC Files, Box 1236, Harold Saunders Files, Middle East Negotiations, Iran 10/1/69–12/31/69. Confidential; Immediate. A handwritten note on the document

reads, "Att to Saunders-Kissinger memo 10/14/69. Subj: President's Wednesday Briefing." The document was also found in Ibid., RG 59, Central Files 1967-69, POL 17-1 US-IRAN.

[24. Telegram 4185 From the Embassy in Iran to the Department of State](#)

Tehran, October 13, 1969, 1310Z

The Shah announced his intention to discuss with Nixon Iran's interest in selling more oil to the United States in exchange for purchases of U.S. military and civilian equipment.

Source: National Archives, Nixon Presidential Materials, NSC Files, Box 601, Country Files, Middle East, Iran, Vol. I, 1/20/69-5/31/70. Confidential; Immediate; Limdis.

[25. Intelligence Note No. 743 from Deputy Director George C. Denney, Jr. of the Bureau of Intelligence and Research to Secretary of State Rogers](#)

Washington, October 17, 1969

Denney summed up the Shah's priorities of Iranian defense and oil revenue, citing the problems which the Shah's military designs posed for the United States, Iran's neighbors, and Iran itself.

Source: National Archives, RG 59, Central Files 1967-69, DEF 1 IRAN. Secret; No Foreign Dissem.; Limdis.

[26. Memorandum From Secretary of State Rogers to President Nixon](#)

Washington, October 17, 1969

Rogers provided Nixon with recommended positions and talking points for the Shah's forthcoming visit.

Source: National Archives, Nixon Presidential Materials, NSC Files, Box 920, VIP Visits, Shah of Iran, Washington DC, 10/21–10/23/69. Secret. Scope, objective paper, and talking points were enclosed but are not published.

[27. Memorandum From Harold Saunders of the National Security Council Staff to the President's Assistant for National Security Affairs \(Kissinger\)](#)

Washington, October 20, 1969

Prior to the Shah's visit, Saunders reviewed the debate between the Departments of State and Defense over whether to accommodate Iranian military demands.

Source: National Archives, Nixon Presidential Materials, NSC Files, Box 920, VIP Visits, Shah, Washington, 10/21–10/23/69. Tab A is Document 28. Tab B is not published. A handwritten notation on the source text reads: "Back from HAK, October 22, 1969."

[28. Letter from Secretary of State Rogers to Secretary of Defense Laird](#)

Washington, October 20, 1969

Rogers impressed upon Laird the importance of indicating to the Shah a willingness to meet Iran's defense needs.

Source: National Archives, RG 59, Central Files 1967–69, POL 7 IRAN. Secret. The letter is a true copy of the original in the Washington National Records Center, OSD Files, FRC 330–75–089, Box 74, Iran 1969, 091.112.

[29. Memorandum From the President's Assistant for National Security Affairs \(Kissinger\) to President Nixon](#)

Washington, October 21, 1969

Kissinger briefed Nixon on the significance of the Shah's visit, and on points to avoid in their conversation, including specific commitments on the Shah's oil import proposals or military credits.

Source: National Archives, Nixon Presidential Materials, NSC Files, Box 920, VIP Visits, Shah of Iran. Secret. The attachments are not published.

[30. Memorandum From the President's Assistant for National Security Affairs \(Kissinger\), to President Nixon](#)

Washington, October 22, 1969

Kissinger advised Nixon about the Shah's plan to sell oil to the United States, and attached a memorandum from CLARK MOLLENHOFF explaining the background to the proposal.

Source: National Archives, Nixon Presidential Materials, NSC Files, Box 920, VIP Visits Shah, Washington, DC, 10/21-10/23/69. No classification marking. Sent for information. Nixon wrote on the memo, "Get this done by the companies if possible—not by a change of quota." Saunders indicated on an attached covering memorandum that Mollenhoff's views on the proposal were "consistent with our own." The covering memorandum is not published.

[31. Memorandum for the Record](#)

Washington, October 22, 1969

Director of Central Intelligence Richard Helms met with the Shah for a wide-ranging discussion of Sino-Soviet relations, regional developments, and U.S. intelligence installations in Iran.

Source: Central Intelligence Agency, 80 B 01285 A, Box 11, Folder 9, DCI (Helms), Memo for the Record, 01 January 1965-31 December 1972. Secret. The meeting took place at Blair House. The briefing memorandum was not attached.

32. Memorandum of Conversation

Washington, October 22, 1969, 10 a.m.

In a meeting with Rogers, the Shah expressed his satisfaction at his previous day's talks with the President on the oil quota scheme.

Source: National Archives, Nixon Presidential Materials, NSC Files, Box 1245, Harold Saunders Files, Middle East Negotiations, Visit of Shah of Iran, October 21-23, 1969. Secret; Limdis. Drafted by Miklos. The meeting took place at Blair House. The conversation is part 1 of 8. Parts 2 to 5 are also published; parts 6 to 8 are not. According to the President's Daily Diary, Nixon met the Shah privately for an hour and forty minutes on October 21 before they were joined briefly by Peter Flanigan, the President's Assistant for International Economic Affairs. (Ibid., White House Central Files) Flanigan's summary of the conversation can be found Ibid., Subject Files, Conference Files, 1969-1974, Box 63. In Telegram 4465 from Tehran, October 29, the ambassador conveyed the Shah's satisfaction following the visit and the Iranian impression that the Shah had received the warmest reception ever in the United States. (Ibid., RG 59, Central Files 1967-69, POL 7 IRAN)

33. Memorandum of Conversation

Washington, October 22, 1969, 10 a.m.

The Shah emphasized to Rogers his concern over the security situation in the Persian Gulf, notably Iraqi instability and Soviet efforts to gain influence in the region.

Source: National Archives, Nixon Presidential Materials, NSC Files, Box 1245, Harold Saunders Files, Middle East Negotiations, Visit of Shah of Iran, October 21-23, 1969. Secret; Limdis. Drafted by Miklos. The meeting took place at Blair House.

34. Memorandum of Conversation

Washington, October 22, 1969, 10 a.m.

The Shah told Rogers that his first defense priority was his air force and underscored his need for more aircraft, technicians, and pilot training.

Source: National Archives, Nixon Presidential Materials, NSC Files, Box 1245, Harold Saunders Files, Middle East Negotiations, Visit of Shah of Iran, October 21–23, 1969. Secret; Limdis. Drafted by Miklos. The meeting took place at Blair House.

[35. Memorandum of Conversation, Blair House](#)

Washington, October 22, 1969, 10 a.m.

The Secretary conveyed to the Shah Washington's hope that Iran would work to strengthen moderate governments in Saudi Arabia and Lebanon.

Source: National Archives, Nixon Presidential Materials, NSC Files, Box 1245, Harold Saunders Files, Middle East Negotiations, Visit of Shah of Iran, October 21–23, 1969. Secret; Limdis. Drafted by Miklos. The meeting took place at Blair House.

[36. Memorandum of Conversation](#)

Washington, October 22, 1969, 11:30 a.m.–12:30 p.m.

The Shah explained to Secretary Laird that Iran had to build up its military due to its unstable neighbors, while the Secretary described the constraints on U.S. military assistance.

Source: Washington National Records Center, OSD Files, FRC 330–75–089, Box 74, Iran 1969, 091.112. Secret. Drafted by Robert J. Pranger and approved by Nutter. The meeting took place at Blair House.

[37. Memorandum From the Special Assistant for National Security Affairs \(Kissinger\) to President Nixon](#)

Washington, October 23, 1969

Kissinger recommended that Nixon encourage the Shah to aid in U.S. efforts to reduce the global heroin supply.

Source: National Archives, Nixon Presidential Materials, NSC Files, Box 601, Country Files, Middle East, Iran, Vol. I, 1/20/69–5/31/70. Confidential. According to the President's Daily Diary, he met with the Shah from 10:55 to 11:17 a.m. on October 23, along with Kissinger, and later, briefly Rogers. No other record of the farewell talk was found. (Ibid., White House Central Files) In Telegram 203729 to Tehran, December 8, the Department requested background information in order to devise a proper approach on Iranian opium production. (Ibid., RG 59, Central Files 1967–69, SOC 11–5 IRAN.) In Airgram A-5 to the Department, January 7, 1970, the Embassy reported that the Iranian Council of Ministers had allocated 6200 hectares for poppy planting. (Ibid., INCO DRUGS IRAN.) In telegram 211 from Geneva, January 20, 1970, the U.S. delegation to the UN recommended that the Department refrain from open criticism of Iran's opium production, hoping that in return Iran might agree not to export its crops. (Ibid.)

[38. Memorandum From Harold Saunders of the National Security Council Staff to the Assistant Secretary of State for Near Eastern Affairs \(Sisco\)](#)

Washington, November 5, 1969

Saunders offered Sisco his views on how to respond to Tehran's request for an oil quota, as well as how to develop a long-term U.S. presence in the Middle East.

Source: National Archives, Nixon Presidential Materials, NSC Files, Box 1236, Harold Saunders Files, Middle East Negotiations, Folder Iran 10/1/69–12/31/69. Confidential; Exdis. The memorandum is an unsigned copy. According to a handwritten note by Saunders, a copy went to Rockwell and Miklos. The attachments were White House staff comments of November 5 on an NSC paper on oil policy, which was not attached. The summary and conclusion of the paper are scheduled for publication in Foreign Relations, 1969–1976, Volume XXXV: Energy Crisis, 1969–1974.

[39. Memorandum From Harold Saunders of the National Security Council Staff to the President's Assistant for National Security Affairs \(Kissinger\)](#)

Washington, November 12, 1969

Prior to Kissinger's meeting with Iranian Ambassador Afshar, Saunders provided him with an update on the status of Tehran's oil quota plan.

Source: National Archives, Nixon Presidential Materials, NSC Files, Box 601, Country Files, Middle East, Iran, Vol. 1, 1/20/69-5/31/70. Confidential. Sent for information. The attachment is not published. No record of the meeting with Kissinger was found.

[40. Telegram 197323 From the Department of State to the Embassy in Tehran](#)

Washington, November 25, 1969, 0026Z

The Department advised the Embassy on the status of the Shah's requests for pilot training, USAF technicians, aircraft and his oil import program.

Source: National Archives, RG 59, Central Files 1967-69, POL 7 IRAN. Secret. Repeated to CINCSTRIKE/CINCMEAFSA. Drafted by McClelland; cleared by Miklos, by E/FSE, OASD/ISA, PM/MASP, JCS, and USAF; and approved by Rockwell.

[41. Telegram 4827 From the Embassy in Iran to the Department of State](#)

Tehran, November 27, 1969, 0845Z

Ambassador MacArthur reported that the Shah had pressed him on Iran's need for additional oil revenues in order to exercise a stabilizing influence in the Persian Gulf and Middle East.

Source: National Archives, RG 59, Central Files 1967-69, PET 17 IRAN-US. Secret. A handwritten note on the White House copy of this telegram reads: "Att:Saunders-Kissinger Memo 11/28/69, Subj: President's Saturday

Briefing." (Ibid., Nixon Presidential Materials, NSC Files, Box 1236, Harold Saunders Files, Middle East Negotiations, Folder Iran 10/1/69–12/31/69)

[42. Telegram 4833 From the Embassy in Iran to the Department of State](#)

Tehran, November 27, 1969 1435Z

The Ambassador informed the Department that the Shah was aggrieved at the U.S. tendency to suggest that some of his military requests were superfluous, since Iran's security and independence were at stake.

Source: National Archives, RG 59, Central Files 1967–69, DEF 19–8 US-IRAN. Secret; Exdis. A handwritten note on the White House copy of this telegram reads: "Att: Saunders-Kissinger Memo, 11/28/69, Subj: President's Saturday Briefing." (Ibid., Nixon Presidential Materials, NSC Files, Box 1236, Harold Saunders Files, Middle East Negotiations, Folder Iran, 1/20/69–12/31/69)

[43. Memorandum From the Executive Secretary of the Department of State \(Eliot\) to the President's Assistant for National Security Affairs \(Kissinger\)](#)

Washington, December 1, 1969

The Department was concerned about reports from Tehran that the Iranians were anticipating a favorable reply to the oil import scheme on the basis of alleged assurances from President Nixon during the Shah's visit.

Source: National Archives, Nixon Presidential Materials, NSC Files, Box 601, Country Files, Middle East, Iran, Vol. I, 1/20/69–5/31/70. Secret; Exdis. The enclosures, Telegrams 4792 and 4834 from Tehran, November 24 and 27, are not published.

1. National Intelligence Estimate 34-69¹

Washington, January 10, 1969

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IRAN

NOTE

Over the past several years, Iran's hostility and suspicion towards the USSR has declined. Iran has purchased some military equipment from Moscow, and economic relations between the two countries continue to expand. In addition, with the impending British withdrawal from the Persian Gulf, Iran is vigorously asserting its own claim to a leading position there, thus running afoul of the aspirations of Saudi Arabia. In this estimate, we examine the implications of these and related developments for US interests in the area.

CONCLUSIONS

A. The initial successes of the Shah's program of social reform—the so-called "White Revolution"—and Iran's notable progress in economic development have given the Shah considerably greater confidence that he is master in his own house and considerably greater assurance in seeking for Iran the position in regional affairs that he deems to be rightfully his. At the same time, he has come to see a lessening in

both the threat of direct Soviet aggression and the likelihood of US support in case of threats to Iran from other sources.

- B. In consequence, the Shah now feels that Iran can and should be less dependent on the US than in the past, though he will continue to regard the US as the ultimate guarantor of Iran's security and his preferred source of arms. His desire for a position of primacy in the Persian Gulf will involve recurrent frictions with Saudi Arabia, a state of affairs that will pose problems for the US and provide the USSR with opportunities for some expansion of its influence in Teheran.
- C. The USSR has established itself as an important factor in Iran's economic development. As relations between the two countries continue to "normalize," the Shah may become more responsive than in the past to Soviet pressures on particular issues, for example the maintenance of US special facilities on Iranian soil. This would be especially the case if he came to believe that the US was providing insufficient support on matters of particular interest to him.
- D. In the domestic field, the Shah's reform program now seems to be entering on a period of consolidation likely to last for some time. Demands for greater political participation by educated groups are likely to grow. If such participation is not permitted and if Iran's economic progress should falter, this could pose serious problems for his still narrowly-based regime, particularly if dissent were to find support within the heretofore loyal military.
- E. Iran's remarkable economic progress has been underwritten largely by sharply rising oil revenues. We believe that differences between Western companies and the Shah over production levels will be composed and that continuing high levels of oil receipts will enable Iran's economic growth to continue at a rapid rate and progress to be made on the many intractable problems that hamper modernization of Iran's economy.

DISCUSSION

I. THE DOMESTIC POLITICAL SITUATION

1. The past five years have been marked by political stability and rapid economic growth under the leadership of an increasingly self-assured Shah. During this period he has shaken off his previous insecurity and hesitance, emerging as a confident and purposeful leader. His successes in discomfiting his political enemies and in cutting down possible challengers have left him unrivaled at the center of power. These achievements, often scored in disregard of the advice of his long-term foreign allies, have reinforced his conviction that the country's welfare

and progress depend on his continuing rule. The elaborate coronation ceremonies staged in October 1967 symbolized his determination to assert his and Iran's prerogatives against all comers.

2. The Shah has ambitious plans for his country. He sees rapid economic development as a way to acquire the power and prestige he wants for his country internationally. For this he recognizes that some social change and the spread of education are essential. His program of economic and social change, expressed in the so-called "White Revolution,"¹ has propelled some of Iran's semifeudal landowners into the modern world, and has undermined the powers and influence of the more reactionary. While these reforms successfully stole the thunder of the radical opposition, they have greatly increased the role of the government in Iranian life. It has become responsible for such endeavors as providing the peasants credit and assistance formerly supplied by the landlords.

3. The structure of formal changes embodied in the reform program has now been erected; the far more difficult task of carrying out the new governmental functions effectively is not being pursued with the earlier vigor. Nor does the Shah appear to have any dramatic new programs in mind. In short, the White Revolution now seems to be entering on a period of consolidation likely to last for some time. The effort to spread education through the literacy corps of teachers assigned to village schools has enjoyed considerable success, though mere literacy at a bare functional level seems unlikely of itself to produce far-reaching change. Locally elected courts have worked well. Land reform has transformed patterns of peasant ownership. But the overall position of the peasant in the countryside has not yet changed very much, and efforts to alter attitudes, to raise living standards, and to increase production present a continuing challenge that seems destined to absorb the government's energies and attention for many years to come.

4. The Shah has succeeded in presenting himself as a nationalist reformer, but he has concentrated all political power in his own hands and the regime remains narrowly based. In the last analysis it depends on the army and security forces, which as far as we can tell are faithful to the Shah. His efforts to enlist the support of well-educated technocrats in important posts in government have borne fruit and many members of the once politically restive middle class have had their attention diverted to moneymaking. They were attracted by the scope for action they have been allowed in the economic field. Yet their support is not based on any widespread devotion to Iran's political system; an economic recession

could quickly reduce their sense of commitment to the regime. This could also take place if the Shah's sense of infallibility should lead him to restrict further their participation in the decisionmaking process. Over the long term, economic development probably will not provide a satisfactory substitute for greater political participation. Hence, in a few years unrest may again begin to reach significant levels among politically aware elements. In time this could pose serious problems for the regime, particularly if dissent were to find support within the military.

5. The Shah has attempted to institutionalize the regime by providing a mechanism for succession. Despite traditional Iranian opposition to women in political life, he has sought to build up the stature of the Queen, who has been designated as regent for their seven-year old son if the Shah should disappear from the scene for any reason. Although the Shah has made some progress in breaking down these prejudices, such a succession arrangement would be basically unstable. Initially at least both the civilian political structure and the military would probably support the monarchy, since both of these groups are essentially interested in political stability. However, the former derives its power from its support by the Shah; after his departure the military would exert proportionately more influence. The military would almost certainly be more alert to any possible diminution of their interests and, since they appear to be more conservative than the Shah, might find it more difficult to accept the primacy of the Queen as Regent. But at least in the beginning, a regime which was dominated by these officers would probably continue to follow much the present course.

II. THE IRANIAN ECONOMY

6. During the past three years, economic growth has been proceeding at an annual rate of over 10 percent without incurring inflation, without a major increase in debt, and without serious balance of payments problems. This remarkable performance has been possible mainly because rapidly increasing oil revenues permitted greatly expanded public development expenditures and imports, with only minor strain on Iran's foreign exchange position. The growing oil income coupled with liberal credit policies has restored business confidence, encouraging a rapid rise in private sector investment as well. Per capita income has risen to a point where Iran is in the middle range of less developed countries.

7. Development activity in Iran started in earnest with the resumption of oil revenues in 1954. Since then the Iranian Government has been attempting to direct the expansion of the economy through a series of

development plans. These plans at first concentrated on developing a communications network, then after 1962 gave greater emphasis to investment in industry and agriculture. The Third Plan (1962-1968) surpassed its target of six percent average annual growth largely because private sector investment recovered from the doldrums of the early 1960's and was 75 percent higher than forecast. But throughout, the mainstay of the development program has been the rapidly rising oil revenues, most of which have been pledged to public sector investment.² Especially in the early years of the Plan period considerable private investment went into housing; domestic investors have only recently begun putting much money into manufacturing and agriculture. Despite the Plan's overall success, many intractable problems remain that will hamper attempts to expand and modernize the Iranian economy.

8. Agriculture, which is still the most important source of income in Iran, has lagged behind other sectors. While the sweeping land reform program did not bring about the decreased productivity that normally follows such disruptions, agricultural production recently has increased at a rate not far above that of population growth. This modest rise has been attributable more to favorable weather conditions than to improvements in techniques. Even with the completion of the distribution phase of the land reform program, the average Iranian peasant remains a subsistence farmer, working small plots by primitive methods at low yields. Many of the farming units created by land reform are too small to make mechanized cultivation economic. The bureaucracy, short of skilled manpower and more accustomed to ignore than to encourage the peasant, is adapting only slowly to its role in stimulating development. In view of the enormity of the problem, it will be some time before the government is able to fill the needs of the new system, particularly requirements for credit and marketing facilities as well as those of water, fertilizer, and seeds.

9. The industrial sector has fared considerably better. Industry, including manufacturing and mining, has grown rapidly and now almost equals petroleum in importance as a contributor to gross national product (GNP). Although most manufacturing enterprises thus far have been in the textile or other consumer-oriented fields, the government is undertaking to establish heavy industry. A steel mill is under construction and the development of petrochemical and aluminium industries has begun. This activity is laying the base for continuing industrial growth. Yet it is already beginning to tax Iran's limited resources in managerial talent and skilled labor, which form the principal constraint to the expansion of industry.

10. Oil has been the key to the success of the Iranian economy, and the Shah is determined to increase his revenues from this source as much as he can. He has pressed the Consortium of Western oil companies³ very hard for a commitment to guarantee Iran total payments of \$5.9 billion over the next five years—a sum which would mean an average annual increase in oil revenue of about 16 percent. The companies would prefer to expand production of cheaper oil in other Middle Eastern countries, hence they have resisted his demands. Currently the Consortium seems prepared to make total payments of about \$5.0 billion over the five-year period, an amount which would—under the current tax and royalty structure—require a nearly 8 percent annual increase in oil production. After a hard bargaining session in the spring of 1968, the Shah accepted a compromise proposal by the companies whereby oil revenues accruing to the Iranian Government during 1968/1969 would meet plan goals (\$865 million), but figures for next year's offtake have not yet been agreed. He has since shifted his ground somewhat and is now pressing for rapid expansion of facilities necessary to permit sharp annual increases later in the current five-year period.

11. Both the Shah and the companies find oil production in Iran profitable and neither wishes to precipitate a break. In this situation, the two sides will no doubt explore numerous alternatives in involved negotiations throughout the course of the next five years. The Shah appears to be counting on the domestically owned National Iranian Oil Company to expand its markets, primarily in Eastern Europe, sufficiently to be able to dispose of the additional oil necessary to meet Iran's targeted oil income. This will be a difficult task, particularly if the Suez Canal remains closed, though more rapid progress will probably be recorded after a large Israeli pipeline is completed in 1969. The Shah also hopes for some improvement in the profit split on the operation of the Abadan refinery. No such arrangements are likely to meet Iran's demands in full, but we believe that in the end the Shah will accept a compromise for the five-year period.

12. In part we reach this conclusion because we believe that Iran will not be able to spend money at quite the rate set in the Fourth Development Plan (1968-1973). This Plan, which calls for investment of \$6.4 billion from the government and \$4.4 billion from the private sector, envisages annual economic growth of 9.4 percent. Already, however, some major projects carried over from the Third Plan are running behind schedule. Administrative and construction delays reflecting unforeseen technical problems probably will hamper investment somewhat in the future as well. Nonetheless, these shortfalls in meeting Plan targets are likely to be

modest, and Iran probably will be able to sustain an average annual increase in GNP of about eight percent over the remainder of the Plan period.

13. Presently projected increases in military expenditures probably will not materially slow Iran's economic development. The Shah plans to increase defense outlays at an annual rate of nearly 12 percent; as in the past this target may significantly understate actual expenses. Iran has already obtained from the US arrangements for credit sales of a substantial quantity of military equipment. Repayment will not begin until the goods are delivered and will stretch out over a number of years, however, thus mitigating the immediate economic impact of these purchases. Moreover, only about 10 percent of Iran's foreign exchange earnings are currently committed to foreign economic and military debt repayment. Hence, although Iranian free foreign exchange reserves have recently declined somewhat, the country can afford to borrow from abroad. Indeed, we believe that for some years to come Iran can continue without significant strain to finance both its military and economic programs at currently planned levels.

III. FOREIGN AFFAIRS

14. The Shah's present foreign policy has three major elements. One is his longstanding reliance on the US as the ultimate support for Iran's security. The second, more recently developed, is his belief that Iran can and should seek the advantages of good relations with the USSR and that the political and economic benefits thereof outweigh the risks to Iran. Third is an active concern for asserting Iran's influence in the region, both to enhance access to oil resources and to block the expansion of revolutionary Arab nationalism. Since the UK's announcement of its intention to withdraw its forces by 1971, the Shah has focused particular attention on the Persian Gulf.

A. The Persian Gulf

15. The Shah is determined to discourage any outside power from playing an influential role in the Gulf after the British leave. UAR withdrawal from Yemen and the resounding Egyptian defeat in the six-day war with Israel have to some extent eased the Shah's fears of NASSER's ability to foment troubles in the Gulf. Nonetheless, he still regards radical Arab nationalism as a threat to his position and an especial danger to his province of Khuzistan, where the main Iranian oil fields are located and which has a large Arab population. He therefore

feels impelled to expand his influence, particularly over the weak feudal states on the Gulf, an aspiration encouraged by his confidence that no country in the region can match Iran's power.

16. Iran's territorial claims in the Gulf are a major irritant in its relations with the Arab states of the area. The Shah finds it hard to abandon recently revived pretensions to Bahrein, though these undoubtedly run counter to the desires of the overwhelming majority of its population. While he evidently has no intention of asserting these claims by force-and indeed would perhaps be willing to drop them if a face-saving arrangement could be worked out-he opposes the nascent Federation of Arab Emirates (FAA). This tenuous venture at combining the seven crucial sheikhdoms with Bahrein and Qatar seems unlikely to achieve any significant unity; it may even fall of its own weight before the British depart. Despite the Shah's efforts to woo the sheikhs individually, his continuing opposition to the inclusion of Bahrein in this grouping may further encourage the federation's tendency to look to Saudi Arabia as its main source of support. If the FAA should collapse, the Shah probably hopes to establish close ties with some of the sheikhdoms-a relationship that they might welcome as an alternative to the prospect of domination by Saudi Arabia.

17. Iran also has claims to islands in the lower Gulf. The Shah fears the possibility that hostile forces might gain control of the Strait of Hormuz and close access to the Persian Gulf. However remote this contingency may be, it nonetheless reinforces his desire to control Abu Musa and the Tunb islands which are held by two of the small Gulf sheikhdoms. In conversations with the British the Shah has asserted his right to jurisdiction over these islands, but he may be willing to settle for arrangements which would allow him to use them for defense purposes.

18. An even more important consideration in determining the Shah's success in influencing developments in the Persian Gulf will be his ability to maintain cordial relations with Saudi Arabia. Both countries share concern lest radical Arab nationalism gain a foothold in this area. Furthermore, each is interested in deriving maximum benefits from undersea oil deposits. An agreement to resolve the most pressing dispute-the location of the Saudi-Iranian portion of the median line in the Persian Gulf-was reached in November 1968, although ratifications have not yet been exchanged. But other stumbling blocks to cooperation remain. Neither monarch wishes to admit the primacy of the other in the Gulf; more importantly, the two have not been able to devise any common approach to the FAA. These factors will probably increase

frictions in the relationship of the two countries already strained by centuries-old rivalries between Sunni Arabs and Shia Iranians. Particularly unless both feel threatened by some external force in the Gulf, enduring cooperation between the two rulers appears unlikely.

B. Other Regional Relations

19. Iran views its other regional concerns as less immediate. The Shah is not as afraid of Iraq as in times past. Yet he would be reluctant to abandon his intrigues with the Kurds in northern Iraq whose dissidence he sees as insurance in the event a more dangerous and purposeful regime should come to power in Baghdad. Iran's interest in CENTO has declined considerably in recent years, though the Shah has no desire to see it disappear entirely. Iran never set much store by the Regional Cooperation for Development arrangement,⁴ its prospects have been further dimmed by coolness in Iran's relations with Pakistan. In response to Pakistani support for NASSER, the Shah is encouraging more intimate ties with India which he visited early in 1969.

C. Relations with the US

20. As a sign of his increased independence the Shah in recent years has sought publicly to appear less aligned with the West. Nonetheless, he considers a relationship with the US as the cornerstone of his policy and he looks to the US as the principal source of the weapons which he feels he needs. He believes that he must have the capability not merely to defend Persian shores and airspace, but to keep open the Strait of Hormuz and perhaps to intervene on the Arab littoral as well. These desires have led him to seek F-4 Phantom fighter-bombers, patrol craft, C-130 air transports, Sheridan tanks, and other equipment from the US. While he is basically content with the May 1968 military credit sales program that could provide up to \$600 million in such equipment over a six-year period, he will continue to press for accelerated delivery of the major items. If significant revolutionary activity were to erupt in the Gulf, we would expect the Shah to request major additional arms from the US; if he could not get some satisfaction from these efforts, he would almost certainly seek weapons from other Western sources and from the Soviet Union. At the same time, he may calculate that if he were to pursue an overly aggressive policy in the Gulf, American arms might be denied him.

21. Beyond the give and take of these arms negotiations, US-Iranian relations are likely to be subjected to relatively little strain for the next

few years. Some longstanding irritants-such as litigation by a former Iranian national attaching the assets of the Shah's brother and sister-have disappeared in recent years. Despite the mounting nationalist fervor that animates the Shah's actions, he continues to value his association with the US. Hence the Shah has accepted with equanimity the end of the AID program in 1967; he is prepared to view his rapidly rising oil income as an acceptable substitute. He also encourages private American investment in Iran. The presence of our special facilities in Iran has not been a point of contention.

22. How long these facilities remain available and whether any expansion would be possible will depend on a complex interplay of Iranian, American, and Russian attitudes and actions. The Shah is aware of the relationship between these facilities and Iran's own security. On the other hand, one aspect of the Shah's increasing self-confidence and independence is his willingness to adopt a more "normal" attitude toward the Soviet Union. At some stage the Soviets may elect to urge that the maintenance of US special facilities on Iranian soil is incompatible with correct relations between Iran and the USSR. Such a line of argument might seem persuasive to the Shah, especially if pressed at a time when he felt that the US was not sufficiently forthcoming on matters of particular interest to him, such as supply of military equipment or support of Iran's desire for a position of primacy in the Gulf.

D. Relations with the USSR

23. The Shah is interested in fostering Moscow's "good neighbor" policy. It offers him useful economic relationships, in the fields both of trade and of development. It provides an additional source of military equipment. It has attractive political aspects as well; the Shah may calculate that a more cordial relationship between Teheran and Moscow will serve to temper the ambitions of Moscow's Arab clients-those radical states which the Shah sees as the most immediate threat to] his own aspirations in the Gulf. At the same time the Shah undoubtedly finds it useful within Iran. It serves to undercut the criticisms of the left, while the economic deals can be held up as hard bargains much beloved by Iranians of any class. Considerations such as these probably underlay the Iranian decision to purchase over \$110 million of arms-not including advanced weaponry-from the USSR, though the immediate occasion was the withholding of US credits. At the same time, the Shah recognizes that to procure surface-to-surface missiles and other advanced weapon systems from the Soviet Union would call into question continuation of

military deliveries from the US. Hence, we believe that the Shah will not turn to the Soviets for major items of sophisticated equipment as long as he is reasonably satisfied by Western supply.

24. In the economic field, Iran continues to expand its relations with the Soviet Union. The principal deal thus far involves an exchange of natural gas for a steel mill and other items. While Iran will have to make substantial investments of its own in connection with these projects, the Shah is particularly pleased by this arrangement, which brings him a substantial return for gas that had previously been flared in the process of oil production. The pipeline essential for delivery of this gas is somewhat behind schedule, however, mainly because of construction delays, occasioning some friction between the two parties.

25. In June 1968 the USSR extended a credit of about \$200 million for development projects under the Fourth Plan also to be repaid by natural gas deliveries. Present economic deals will use about \$545 million of Iran's expected \$900 million in Soviet barter credits for the period 1970-1985. The uncommitted credit balance could rise further if the gas pipeline capacity should be enlarged, a project perennially under consideration. In any event, though dwarfed by comparison with the activities of the Western oil companies, the USSR has established itself as a major factor in Iranian economic development.

26. The Iranian Government is careful to restrict the flow of Soviet technical aid personnel into Iran, and the omnipresent security force keeps them under surveillance. The Shah has been particularly sensitive about permitting Soviet contact with Iranian military personnel. Only a few have been sent to the Soviet Union for specialized training-and these for short periods. Some Soviet technicians were permitted to accompany military equipment sent from the USSR, but they remained only a few months; there do not appear to be any Soviet military advisers in Iran at present. Moreover, the USSR's interest in the Indian Ocean and the Persian Gulf may give rise to new strains in Soviet-Iranian relations. Although the Shah felt constrained to permit a visit by three Soviet naval vessels to the Persian Gulf port of Bandar Abbas in June, he clearly does not want to see the Soviets become more active in this area-a possibility that will become more immediate when and if the Suez Canal is opened. Indeed, there are limits beyond which the Shah is not likely to go in deemphasizing his ties to the West and in improving relations with the Communist countries. At bottom, the Shah remains wary of the Soviet Union and suspicious of the revolutionary potential of its Arab clients.

¹ Source: Central Intelligence Agency, NIC Files, Job 79R01012A, Box 368, Folder 3, NIE 34-69-IRAN. Secret; Controlled Dissem.

¹ The “White Revolution” is the name given in 1962 to the Shah’s six-point program of land reform, profit sharing for workers, eradication of illiteracy, electoral reform, nationalization of forests, and the sale of government enterprises. It was subsequently broadened to include the Health Corps, the Development Corps, the village court system, nationalization of water resources, regional development, and a program to increase administrative efficiency in government.

² The current Fourth Plan calls for 80 percent of revenues to be devoted to this purpose.

³ Forty percent of the Consortium shares are held by US companies, 40 percent by British Petroleum, 14 percent by Royal Dutch/Shell, and 6 percent by a French firm.

⁴ The members of the Regional Cooperation for Development are Iran, Turkey, and Pakistan.

2. Memorandum From the Executive Secretary of the Department of State (Read) to the President's Assistant for National Security Affairs (Kissinger)¹

Washington, January 30, 1969

SUBJECT:

Your Meeting with Iranian Ambassador Ansary, Friday, January 31, 1969, at 3:00 p.m.:
BRIEFING MEMORANDUM

Ambassador Ansary is calling on you prior to his departing on February 4 to consult with the Shah who is now vacationing in Switzerland. Enclosed are a biography of the Ambassador and a summary statement of our relations with Iran.

Ambassador Ansary's primary purpose in calling on you is undoubtedly to get an indication of the new Administration's attitude toward Iran which he can report to the Shah. Before he departs for Switzerland, he is also calling on Secretary Rogers and Under Secretary Richardson and on Secretary of Interior Hickel.

In the event that the Ambassador raises with you specific bilateral matters, we suggest that you respond by saying that you will look into them. He may raise the matter of our military credit program for Iran; following receipt of necessary economic data from the Government of Iran, we expect to be in a position to make policy recommendations in March. He may also raise Iran's desire to export additional oil to the United States, a subject he will undoubtedly raise with Secretary Hickel and which involves our import quota policy.

We suggest that you tell the Ambassador that you know of the President's admiration for the progress Iran has made under the Shah's leadership and of the President's desire to strengthen our close ties with Iran. You might refer with pleasure to your brief meeting with Prime Minister Hoveyda in December. If the Ambassador raises the Shah's desire, expressed in his letter of January 22 to the President, to meet soon with the President, you might say we are giving the matter serious attention and that the President hopes to reply soon.

Benjamin H. Read
Executive Secretary

U.S. RELATIONS WITH IRAN

I. U.S. Interests in Iran

The principal United States interest in Iran derives from Iran's strategic location on the Soviet border and athwart the air and communications routes from Europe to South Asia and the Far East. We have an interest in keeping this strategic territory out of Soviet hands and in using it for our own strategic purposes. We also have an interest in maintaining close ties with an increasingly powerful Iran so as to influence Iranian policies in the direction of promoting stability in the Middle East. We also have specific commercial interests, primarily in petroleum, but also increasingly in other fields as well as Iran's economy grows.

II. Current State of U.S.-Iranian Relations

Our relations with Iran have been for many years and remain today close and intimate. We have maintained this relationship through a transitional period in recent years during which we have ended grant economic assistance to Iran and shifted our military aid from grant to credit sales and during which Iran had adopted a more independent foreign policy of its own, demonstrated especially by improved relations and economic and military deals with the Soviet Union. Iran's basic orientation remains with the West, and Iran continues to rely on the United States for its fundamental security. (Our bilateral agreement with Iran of 1959 states that we will take appropriate action, including the use of armed forces, in accordance with our Constitution, and as may be mutually agreed upon, to assist Iran against aggression.)

III. Iran's Foreign and Domestic Situation

Iran has in recent years played an increasingly active role in regional affairs. The Shah has become concerned about possible radical Arab penetration, perhaps with Soviet collusion into the Persian Gulf following the withdrawal of British forces in 1971. He has therefore moved to protect Iran's Gulf life-line and rich southern oil resources through a carrot-and-stick policy toward Saudi Arabia and the Gulf Sheikhdoms. Iran's relations with Turkey and Pakistan are good, and relations with Afghanistan have been improving. While, as a Moslem country, Iran's public stance on Arab-Israeli matters is generally pro-Arab, Iran's distaste

for radical Arabism as sponsored by NASSER has led to the development of close, although informal, relations with, Israel.

Iran's internal political situation is stable, with the Shah in firm control and with any potential opposition quieted by the success of the regime's economic development and social reform programs and by the appeal of the Shah's nationalistic foreign policy. Economic growth, based primarily on burgeoning oil revenues but also on better use of Iran's well-trained younger generation, has been proceeding rapidly, with annual rates of GNP growth approximating 9 per cent in recent years.

IV. U.S. Objectives

The objectives of our Iranian policy are:

- To support an independent, self-reliant Iran.
- To maintain our close ties with Iran, especially with the Shah.
- To assure Iranian vigilance against Soviet long-term aims.
- To maintain our communications and intelligence facilities and overflight privileges in Iran.
- To influence Iran to promote stability in the Middle East.
- To maintain western access to Iranian oil, protect and promote American investment in Iran, and obtain for the U.S. the largest possible share of the growing Iranian market.

V. U.S. Strategy

To achieve our objectives, we have devised a political, military and economic strategy.

a.

Political

In our dealings with Iran we respect Iran's independence and welcome its self-reliance while seeking to maintain our special security relationship. We use all possible opportunities, for example in connection with our military credit program, to urge upon the Shah and Iranian government leaders the importance of concentrating financial and manpower resources on economic development. We encourage good relations with Saudi Arabia and the full Sheikhdoms in the interest of maintaining stability and of keeping out forces bent on making trouble. While expressing understanding of the economic

benefits Iran reaps from its improved relations with the USSR, we remind the Iranians of low-term Soviet objectives and encourage vigilance. Of special importance since the ending of our AID program in order to promote close ties between us are programs involving exchanges of persons between our two countries, whether under public (Peace Corps, Fulbright program) or private auspices, and programs of cooperation in scientific and other areas where Iran is in need of advanced technological or management assistance.

b.

Military.

The key to our relations with the Shah and his regime is our assistance for the modernization of Iran's armed forces. Beginning in FY 1970, except for training and MAAG support, all of this assistance will be in the form of credits. The Shah's demands for military equipment from us are insistent and large, and have increased since the announcement of the British withdrawal from the Gulf. We have to examine these requests carefully, from the standpoint of their effect on area stability and on Iran's economic development, but it is also clear that unless we remain Iran's principal military supplier our interests in Iran, including our ability to maintain our own strategic interests there and to influence the Shah in the direction of constructive foreign and domestic policies, will be seriously weakened.

C. Economic

Although our grant economic aid has ended, we continue to do all we can to encourage Iran's economic growth and a balanced allocation of resources between military and economic. Our military credit program gives us our best opportunity to pursue these goals, but others also exist, including private American resources. Of vital importance to Iran's development is the maintenance of constructive relations between Iran and the major oil companies operating there. Our diplomatic efforts are aimed at preserving the good relations that now exist: Finally, our own commercial interests are promoted through the Export-Import Bank, private American-investment, trade fairs and the like which assist the export of American products to Iran.

¹ Source: National Archives, RG 59, Central Files 1967-69, POL 17-5 IRAN-US. Confidential with Secret attachment. Drafted by Theodore L. Eliot Jr. (NEA/IRN) on January 29; cleared by Stuart W. Rockwell (NEA). No record of the conversation was found. The first enclosure to the memorandum, "Biography of the Ambassador of Iran," is not published. The January 22 letter from the Shah is *ibid.*, Nixon Presidential Materials, NSC Files, Box 920, VIP Visits, Shah of Iran, Washington DC, October 21-23, 1969.

3. Telegram 416 From the Embassy in Iran to the Department of State¹

Tehran, February 3, 1969, 1735Z

REF:

Tehran 0408

Summary: At Shah's instructions, PriMin Hoveyda has "notified" Ambassadors of four countries represented in consortium that unless \$1 billion is forthcoming in oil revenues during coming Iranian year, Iran will undertake unilateral legislation either depriving consortium of 50 percent of its interests or making "cost oil" available for GOI marketing. Obviously Shah hopes USG and others will exert pressure on companies to increase liftings.

1. Noting that consortium had indicated to Shaw at Zurich that expected \$1 billion in revenue to GOI during next Iranian year would be cut to \$900 million, PriMin Hoveyda evening third said he notifying Ambassadors of four countries represented in consortium that unless consortium produces as GOI expected unilateral legislation will be enacted, either a) depriving member companies of 50 percent of their interest which will then be made available to other companies: or b) requiring member companies to provide oil at cost for GOI to market as it sees fit. Hoveyda added that legislation is already being drafted.
2. With Hoveyda apparently awaiting my reaction, I pointed out that unlike British USG not rpt not directly involved. As friend of GOI and consortium, however, we sincerely hoped partnership which had proved so fruitful would continue. Consortium's record, I said, is almost phenomenal. From 1954 when Iran was flat on its back consortium production has reached point where Iran is in neck and neck race with Saudi Arabia for MidEast leadership. In past two years alone, production has shot up 32 per cent.
3. Hoveyda said GOI has carefully calculated all factors, including commercial capabilities of member companies as well as Iran's needs. echoing point Shah continually emphasizes, Hoveyda insisted consortium members should take into account Iran's constructive policies and support progress of Iran rather than paying vast sums to tiny sheikhdoms, e.g. Kuwait and Abu Dhabi, whose needs are only fraction of those of Iran. He exhibited advertisement from some British newspaper describing enormous profits to be made in oil-rich Dubai.

4. Hoveyda went on to say that Iran's momentum simply had to be maintained. One billion dollar income from consortium (aside from extra income from other oil activities) included in budget he has presented to Parliament. Military budget cannot be cut. Hence \$100 million shortfall would affect development budget. If later is reduced, anticipated 12 percent growth rate would suffer sharply and this intolerable.
5. Parenthetically, I noted morning papers indicated military budget up 20 percent which contrary to 12 percent figure which PriMin had forecast during our annual review last spring. Hoveyda contended that military increase is actually only 13 percent of total budget, i.e. current and development.
6. Noting regret that oil issue has so quickly reached point of such drastic ultimatums I gave as my impression there been break-down in communications. Hoveyda insisted he himself had told consortium reps in Paris and again in New York that specific amount of \$1 billion would be required. When I asked whether they had indicated compliance, Hoveyda acknowledged they had only indicted matter would be studied. I suggested more forthright exchanges of views between two parties.
7. Expressing sincere hope GOI-Consortium partnership would not break down, I pointed to sorry plight of Iraq, which had gone down road of unilateral legislation. Hoveyda said conditions are different from Mosadeq days. Oil would not rpt not stay in ground. GOI itself can find markets. Besides there are plenty of private entrepreneurs, including Americans definitely interested. He also noted French anxiously seeking more oil supplies. I expressed doubt GOI Could readily pick up \$1 billion from other sources for coming year's budget.
8. Hoveyda said if rupture takes place with consortium, oil industry throughout MidEast would be adversely affected. I voiced counter view that Arab producers would be delighted to market additional oil if Iran gets in trouble. I also referred to Edith Penrose's thesis on likelihood of break in oil prices as more entrepreneurs get into act.
9. Reiterating USG considers itself friend of both parties, I praised Iran's remarkable progress which in no small measure due to oil income. We share his desire, I said, that momentum continue for Iran is wholesome example for MidEast. Hoveyda recalled warm words which President Johnson and other leaders had voiced in this connection. At stake, I said, is not only creditworthiness of Iran but over-all favorable investment climate for which, as John McCloy has stated during his Tehran visits, GOI's relations with oil companies is "bellwether."
10. Asked whether publicity campaign of type employed by GOI year ago would be undertaken, Hoveyda said that not rpt not anticipated for

the present.

11. Meeting closed with both of us expressing hope that problem can be resolved without major upheaval.
12. Comment: Hoveyda seemed to have little info other than that Shah had ordered him to “notify” us four ambassadors. Fact that he had note-taker present (for first time) would indicate, he wished have record to show Shah both of his remarks and our responses. Hoveyda was aware Shah greatly upset, but his demarche was restrained, an apparent attempt to put most reasonable face on GOI’s position.

Meyer

¹ Source: National Archives, RG 59, Central Files 1967-69, PET 6 IRAN. Secret; Priority; Limdis. Repeated to London. In 1968, the consortium resorted to shifting the production year from the Gregorian calendar to the Iranian year, from March 21 to March 20. This allowed it to meet Iranian targets temporarily by counting the following year’s first quarter into the 1968 figures. By 1969, however, this device could not keep pace with Iranian demands.

4. Memorandum From the Country Director for Iran (Eliot) to the Assistant Secretary of State for Near Eastern and South Asian Affairs (Sisco)¹

Washington, March 6, 1969

SUBJECT:

Your Meeting with Iranian Ambassador Ansary, Thursday, March 6, 1969 at 12:15 p.m.:

BRIEFING MEMORANDUM

The Ambassador is calling at his request. He has indicated that he has two things on his mind: oil and any late developments on the Arab-Israeli situation as a result of the President's trip to Europe. I have told him, on the second subject, that I was sure you would tell him what you could.

Regarding oil, I had a good talk with him yesterday evening, the record of which is attached. He appears to be as eager as we are to have this year's problem settled. He feels that the Consortium's justification of its inability to meet Iran's demands is weak, especially concerning its failure to give Iran increases which at least match the average increase for the area and concerning its member companies' activity in the Sheikdoms. He has instructions to make a formal demarche to the Department.

I suggest you make the following points in response:

1. We have no control over the policies of the American companies, and it would be inappropriate for us to make their policies. We have, however, passed on to them the substance of Prime Minister Hoveyda's statements to Ambassador Meyer. The companies have made it clear to us that they will not be able to meet Iran's demands for \$1 billion in revenues for the, next Iranian year, and they have told us nothing, that would lead us to believe that they can improve in any significant way, on their offer of \$900 million. In short, Iran's demands pose serious problems for the companies.
2. We hope that no rash action will be taken as a result of the discussion between the Consortium delegation and the GOI in Tehran next week.
3. We hope that discussions will continue in the spirit, of the mutually profitable relationship that has existed for many years between the Consortium and the GOI.

Attachment
Memorandum of Conversation

Washington, March 5, 1969

SUBJECT:
Iranian Oil Dispute

PARTICIPANTS:
His Excellency Hushang Ansary, Ambassador of Iran
Theodore L. Eliot, Jr., Country Director for Iran

I called on the Ambassador at his request to discuss the current dispute between the Iranian Government and the Oil Consortium. The Ambassador inquired about the position which the Consortium delegation will take in its talks in Tehran next week.

I told the Ambassador that I did not know what position the delegation would take. From the talks we have had with the companies, however, it seems clear that they will not be able to meet the Iranian request for \$1 billion in revenues for the next Iranian year (1348). In fact, nothing that I had heard led me to believe that the Consortium could improve on its current offer of \$900 million in any significant way. I said that different company officials say different things, with a range in outlook from those who hope to keep the door open for further discussions in order to avoid a blow-up to those who are tired of the constant pressure from the Iranian side and believe the time has come for a showdown.

The Ambassador said that he could not understand this talk about pressure from the Iranian Government. If the Iranians had put on a lot of pressure last year, why was it that Iran's offtake increase by the same amount as Saudi Arabia's? If Iran had put pressure on the companies, it certainly didn't appear to have produced any results. In addition, he was not convinced by another company argument to the effect that threats of unilateral action by Iran force the companies to diversify their position and to expand their operations in the Sheikhdoms. How can the companies, after so many years of good relations with Iran, feel that their investment will be safer in Arab countries who less than two years ago acted against the companies? Finally, and most importantly, he could not understand the Consortium's argument that Iran would be treated equitably when in fact offtake from Iran was increasing at a slower rate than that of the area as a whole. In short, the Government of Iran was willing to discuss this matter with the companies, but the companies had

to have more credible justifications for their positions than they have so far put forward.

I said that the companies make the point to us that over the years, and especially during the past two years, they have increased their liftings from Iran at at least the average rate of increase for the area as a whole. In 1968, this did not happen, partly because of the economics favoring full use of the reopened IPC pipeline. The Ambassador noted that the companies made good in one year production in the Arab countries whose own actions had disrupted their activities, whereas it had taken 17 years for Iran to recover from the Mosadeq era.

I told the Ambassador that it is my hope that both sides would want to keep the discussions going and that next week's meetings in Tehran would not result in hasty or rash action by anyone. At the same time, it was clear that such a discussion was going to be difficult because the companies find Iran's demand for \$1 billion out of the question. I asked if the companies could expect any give in the Iranian position.

The Ambassador noted that the Prime Minister had told Ambassador Meyer that the Government of Iran is willing to grant any request by the companies for an extension of time and for further discussions. If the companies were to request such an extension, it would not be taken to mean that they were planning to improve their offer.

I mentioned to the Ambassador that one of the problems is that, given the figures for oil revenues in Iran's Fourth Plan, the situation will become worse in each of the next three years. This aspect of the matter disturbs the companies too.

The Ambassador agreed that this was a problem. We both agreed that this year's dispute and any similar disputes in future years could have repercussions on other aspects of our bilateral relations. We agreed further that the time had come for all concerned to think seriously about how such disputes can be avoided. The Ambassador expressed the hope that not only could the dispute this year and the next three years be resolved but that the overall relations between Iran and the Consortium could be put on a firmer foundation for the next several years ahead so that neither country would have to worry about this problem.

¹ Source: National Archives, RG 59, Central Files 1967-69, POL 17 IRAN-US. Secret. Drafted by Eliot; cleared by James E. Akins (E/ORF/FSE). In Telegram 35431, March 7, the Department advised the Embassy that Sisco had followed Eliot's suggestions in his meeting with Ansary. (Ibid., PET 6 IRAN)

5. Letter from the Ambassador to Iran (Meyer) to the Country Director for Iran (Eliot)¹

Tehran, March 22, 1969

Dear Ted,

As old Persian hands, it was not surprising that you and I jumped to similar conclusions (your letter of March 13) re the choosing of two months for the consortium moratorium. Dropping the note of warning re the impact on F-4's of a blow-up re oil undoubtedly had an effect. Unfortunately, not exactly the one we might have had in mind, i.e. an early resolution of the current crisis on mutually satisfactory terms.

In support of our surmises, I note that Mehdi conjectured with Bob re the program for nailing down the next tranche, e.g. my final review with HIM prior to his mid-April visit to Tunisia, and Mehdi's plans to come to Washington for credit negotiations the first week of May (before May 10!)

When I returned from Khuzistan, there was waiting a call from ALAM. He wished to have tea. Denis had also been summoned. In both cases, it turned out that oil was only subject #2. For Denis, the primary cause was Bahrein (separate letter re this). For me, it was Seventh Tranche, and ALAM spoke from notes taken in a discussion with HIM.

The Shah, ALAM said, had certain indications there might be a delay re the F-4's. I outlined where we are on the annual review, etc. I also described my own feelings about haste making waste .. in the F-4 program as in the petrochemical industry which I had just visited. ALAM's notes included reference to the increased millions it would cost if the fourth F-4 squadron were deferred a year. I agreed this was a formidable factor, and then went on to explain the problem of crowding two squadrons into one \$100 million tranche and still having something left over for other needs. In discussing this matter, I made clear that the actual delineation of the tranche must in any case await the USG decision whether the next \$100 million of credit would be available. In this connection, I did acknowledge our hope that as of the present the indicators were still good.

When discussing the military subject, I did not again this time make direct linkage with the oil talks. However, later on when we were discussing oil, I again emphasized to ALAM what a calamity it will be, including specifically in the creditworthiness field, if the oil problem is not resolved.

Incidentally, re F-4's, I noted the general consensus that it would be preferable if Iran did not have to shell out extra millions and, therefore, the desirability of placing the orders this year. I did, however, make clear my own rpt my own serious doubts whether the delivery of the fourth squadron need take place before December 31, 1971. I referred to the technician problem, and what a calamity it would be if in such hastiness one or more \$3 million F-4's were piled up. Alam, as usual, was fully sympathetic, but unfortunately I find him increasingly out of tune with his impetuous boss.

In any event, the fact that the Shah commissioned ALAM to raise the military subject is significant. I suspect the fact that I have not asked for an audience may also have contributed to the Shah's uneasiness. This may be healthy.

But it does pose for you and for me a problem. Do we or do we not place orders for the third and fourth F-4 squadrons before May 10? The answer may lie beyond your capability and mine, for I suspect there may be quite a body of opinion around Washington which will wish to delay until the May 10 crunch is over. On the other hand, if it is obvious that we are dragging our feet, it can propel our friend at Niavarand into undesirable directions. Frankly, I do not know the answer. But I would like to think that we can carry on business as usual, dropping in such notes of warning as we have in the past month, leaving any dramatic suspension of the F-4 program until after a breakdown in the consortium-GOI relationship if that unhappy event should in fact take place.

My own belief is that, although both sides are dug in more deeply this time than in previous years, a way out is still possible. The Shah's "compromise" proposal isn't much, but at least it shows that he wants to find a way out. As you may have noted, I really bore down hard on ALAM to the effect that virtually no compromise resolution this year is possible if the consortium must expect even worse ordeals in each of the next three years.

Which leads me to one line of thought with which I have been toying. Do you suppose we could get both the consortium and the Shah to agree to the Shah's compromise proposal (which the consortium reps amazingly did not reject out of hand in their farewell talk with me) provided that we can also get HIM's agreement that in the next three years of the plan he will rely on the consortium's good faith to lift oil in sufficient quantities to keep Iran at a level no less than that of the Middle East generally? It strikes me this would have some appeal to the consortium chaps. It might even have some appeal to HIM, for, as ALAM has disclosed, HIM himself is getting a bit uncomfortable about having these crunches every year.

In this connection, my own belief is that stretching out the Fourth Plan may indeed be a distinct possibility (your letter of March 7). Mehdi certainly has had thoughts along that line. I may even drop the idea into the hopper at a suitable (non-oil) occasion. But it is our strong conviction here that if the consortium boys were so much as to hint at such a stretch-out, it would be the kiss of death.

Anyhow, these are my current thoughts. Some of them may be showing up in the traffic in the days ahead. In the meantime, if you have any suggestions, let me know.

Sincerely,
Armin H. Meyer American Ambassador

¹ Source: National Archives, RG 59, Central Files 1967-69, DEF 12-5 IRAN. Confidential. A handwritten notation indicates that Eliot replied on March 26.

6. Memorandum of Conversation¹

Washington, April 1, 1969

SUBJECT:

Conversation with Iranian Delegation, April 1, 1969

PARTICIPANTS:

Iran

The Shah of Iran
Ambassador Ansary

United States

Secretary Melvin R. Laird
Ambassador Meyer
Dr. G. Warren Nutter, Assistant Secretary of Defense for International Security
Affairs
Colonel Robert E. Pursley

PILOT TRAINING: The Shah initiated the conversation by indicating he would like to train all Iranian pilots in the United States. Some pilot training was now being conducted in Pakistan. For a number of reasons, such as the exposure of the pilot trainees to pro-Chinese propaganda, the Shah felt it was highly desirable that the training being conducted in Pakistan be terminated. Secretary Laird responded he was in sympathy with the Shah's sentiments but gave no assurance or promises concerning accommodation of the Shah's desires.

THREATS FACING IRAN: The Shah cited various threats with which Iran was concerned. The first was the USSR. In point of fact, the Shah indicated, he did not fear outright aggression by the Soviet Union since it was his belief such aggression would elicit a concerted Free World response. That provided, in his judgment, a satisfactory deterrent. The more probable and more logical threat was that of local and limited war. The Shah said he sought adequate strength to ward off any "foolish aggressor."

Continuing that theme, the Shah indicated he did not know how the Arab-Israeli conflict would be resolved. He expressed agreement with the US approach to the situation, particularly the dimension of balance—or more even-handedness—being sought among the Israeli and Arab factions. The Arabs had provoked in an unwarranted fashion, the Shah felt, an extremely serious situation. In the Shah's words they had

“botched the things.” On the other hand, Israel should not be allowed to hold territory gained by force. It was not clear how and when a resolution of this exceedingly complex situation could be attained. The Shah added, almost as an aside, that Iran had been afraid for awhile the US was pro-NASSER. (While expressing this apprehension, the Shah added “God forbid.”)

IRAN’S DESIRE FOR USAF TECHNICIANS: Turning to Iran’s force structure, the Shah indicated he would like to speed up the F-4E program. To do that, he felt, he would need more USAF mechanics. In a pragmatic vein, he confessed one of the principal reasons was that of cost. It was obvious that Air Force mechanics would represent less of a burden to Iran than McDonnell Douglas personnel. Ambassador Meyer added that while the Air Force presently had 54 mechanics in Iran, more would be needed in 1971 when the F-4E were introduced.

Secretary Laird was non-committal concerning this request, noting only that the United States faced serious problems in retaining highly-qualified Service personnel. The result was a personnel bind and an ancillary cost problem for us.

AIRCRAFT CONSORTIUM AND OTHER WEAPONS PROGRAMS: Continuing to discuss the hardware segment of the Iranian forces, the Shah said he was anxious to be a member of a consortium on the Northrop P-530. He felt this aircraft would be a logical complement to the four squadrons of F-4Es Iran was planning. The P-530 would be a cheaper aircraft than the F-4 and an easier aircraft to maintain. At the same time, it would have an effectiveness, the Shah felt, greater than the F-5. The latter aircraft, he maintained, would not be good enough for the needs of the early to mid-1970s.

Pressing the point in encouraging US support for a P-530 consortium, the Shah felt the Netherlands would be willing to be a member, that perhaps the Italians would be interested, and perhaps even the Federal Republic of Germany. He was not so sure about others, such as the Belgians or the Japanese. While discussing the point of possible Japanese involvement in an aircraft consortium, the Shah deplored the low interest the Japanese had shown in carrying a fair part of the Free World defense burden. He noted, for example, the Japanese defense budget was only about 1% of its gross national product. Secretary Laird shared the Shah’s misgivings about other Free World nations carrying so little of the security load and expressed the conviction that such nations would have to increase their burden-sharing in the future. If that did not occur,

Secretary Laird continued, there would be increasing discontent in the United States. Already the military establishment is under increasing Congressional and public fire, the Secretary noted.

Returning again to the discussion of specific military hardware, the Shah indicated he wanted the P-530 for an interceptor role. He explained that Iran had forgone purchase of the Hawk missile because of its limited area defense capability. Aircraft, he reasoned, have a greater flexibility with a capability to cover wider areas. Almost parenthetically, the Shah added that he was considering discussing with Saudi Arabia the prospects of purchasing common weapons types. Such an eventuality, he felt, would be a reasonable approach to regional arms arrangements.

As a final note, The Shah concluded that Iran would not have a large standing army. Costs would simply be prohibitive. Nonetheless, he felt, it was essential for Iran to manufacture its own unsophisticated weapons. He listed in that category such generic items as ordnance, spare parts, and even possibly engines. As something of an afterthought, he expressed some interest in the Sheridan tank for Iran. He was particularly interested in its speed, range, and the possibilities for the Shillelagh missile.

REGIONAL OUTLOOK:

Turning from hardware to a more philosophical vein, the Shah expressed grave concern about the turn of events in Pakistan. He felt the new regime might have some prospect for establishing order if it could successfully fight the deeply ingrained corruption. He did not seem optimistic, however. He was also apprehensive about events in Turkey. It was clear, in the Shah's view, that Turkey must be able "to prevent minorities from betraying their own country."

Secretary Laird asked the Shah what effect the United Kingdom's move from those regions east of the Suez would have. The Shah felt the outcome would have both plus and minus aspects. On the positive side, it would create incentives for others in the region to work together. On the negative side, there would be considerable resultant chaos. Some countries in the region, the Shah felt, were simply not ready for the added responsibility that would befall them. If some of the countries in the Persian Gulf region, like Iran and Saudi Arabia, were to get together, he suggested, they could handle the regional problems. The Shah did not speculate on the prospects for such an eventuality. Again, parenthetically,

the Shah deplored the trouble the United Kingdom historically leaves in its wake everywhere it goes.

Returning to the Arab-Israeli theme, the Shah expressed hope that the United States' efforts at peace might be successful. If that were to happen, however, the Shah wondered about the resultant uses of the sizable Arab forces. Where would they go, and to what purposes would they be put? It was clear the Shah was concerned that a peace between Israeli and Arab nations could, ironically, result in a threat by the Arab nations to Iran.

Beyond that prospect, the Shah felt, the Soviet Union's large shipbuilding program and presence in the Indian Ocean area were curious. The prospect of Soviet control over what he (the Shah) described as the triangle of Suez-Aden-Djibouti was alarming. Even worse would be a Syria and Iraq joined under a Red regime. It was clear to the Shah the Soviet Union wanted to penetrate the Persian Gulf area. It was equally clear that the Shah was concerned, in a general way, about the Soviets' behavior in the area and, more specifically, about the Iraqis' "reckless behavior."

¹ Source: Washington National Records Center, OSD Files, FRC 330-75-089, Box 74, Iran 1969, 091.112. Secret. Drafted by Colonel Robert E. Pursley, and approved by Nutter on April 7. The Shah was in Washington, D.C. to attend the funeral of former President Dwight D. Eisenhower.

7. Memorandum From Harold Saunders of the National Security Council Staff to the President's Assistant for National Security Affairs (Kissinger)¹

Washington, April 1, 1969

SUBJECT:

Your Talk with the Shah—7:00 p.m. Tonight

The attached report of a long talk between Ambassador Meyer and the Shah will give you the flavor of his current thinking.

Points to Stress

The Shah's main desire is to reassure himself that he continues to have a close, personal working relationship with the US President and those around him. We have an interest in his feeling so because there are times when the Shah is on the brink of doing something rash and when only a word from the President can make him think twice. Obviously, this is more an impression you convey than something you say.

Points to Avoid

1. CENTO—no point raising this subject until we have some better ideas of our own. Our policy now is not to kill it but to keep it alive until we can think of something for it to evolve into.
2. Oil and Military Sales. These are things the Shah may raise (see below), but apart from hearing him politely, you will probably find it more interesting to get onto other subjects.

Talking Points

1. What does the Shah think is needed to break the Arab-Israeli impasse? What does he think the US-USSR or US, UK, USSR, France can accomplish? Where does he feel Iran's interests lie? [Iran has a clandestine and a semi-official relationship with Israel. For instance Iran has contracted to sell the oil for Israel's Eilat Ashdad pipeline by-passing the Suez Canal, and Iran and Israel clandestinely support Iraq's Kurds.] Does he see any special role for Iran (mediation, resettling Palestinian refugees)?

2. How does he see the Soviet threat today? (He used to worry about cross-border invasion but now thinks in terms of Soviet-supported radical Arabs in the Persian Gulf.) What is Iran's best response? What role do his arms purchases play against the threat of subversion in the Gulf? What specific threat?
3. How does the Shah see political evolution in the Persian Gulf as the British prepare to pull out? (The Shah and Faisal are moving closer, but the Shah probably sees Iran—not Iran and Saudi Arabia—as the keeper of the peace in the Gulf. Bahrain is a critical issue: The Shah claims it, would like to drop the claim because it's Arab but needs a face-saving way out.)
4. How does he see the new situation in Pakistan? (He was close to Ayub and has had some contact with the new governing group.)

Points the Shah May Raise

1.

Two oil problems:

- a. The Shah is highly irritated at the consortium of oil companies who lift and market most of his oil. He has asked them for \$1 billion in revenues next year, and they have offered only \$900 million. He insists that Iran is a crucial country, the revenues are essential for his development budget and that the US Government should force the American companies to meet the Shah's revenue requirements. The companies argue that they are doing the best they can given their need—and the Shah's—to limit the flow of oil to maintain its world price. We in the Government have said that we can not force the companies to do something that they do not see in their interest. I think your best answer is to say that we are in frequent touch with the companies and they understand our view of the national interest in a strong Iran; but in our system, government just can not properly dictate to private companies.
- b. In his persistent drive to increase oil exports, the Shah has proposed that we revise our oil import policy so as to permit him to barter some of his oil for imports of American equipment. He argues that we would gain from developing an Iranian export market while he would gain from acquiring essential equipment for industrial development without having to spend new foreign exchange.

Last year President Johnson told him that this would not be feasible until the current oil import policies were changed and we could not

change them. Now, your answer is easier because you can say that President Nixon has ordered a complete review of all import policy.

2. Military Sales. The Shah may stress his desire to buy his third and fourth squadrons of Phantom aircraft this year. This is part of a \$600 million program of military purchases, contracted in 1968 and reaching out over five more years. This is largely a technical problem of how you fund \$130 million worth of airplanes in one year when you want to keep annual purchases at the \$100 million level. Your best response is to listen non-committally and say that you will watch this as it works its way through the Pentagon. [We are having an IG meeting shortly on this subject.]

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 1236, Harold Saunders Files, Middle East Negotiations, Iran 1/20/69–9/30/69. Secret. The memorandum is a copy that is not initialed by Saunders. The report to which Saunders referred was telegram 2481, London, March 30, from Ambassador Meyer. Meyer advised that the Shah felt the United States could avoid future Vietnams by supporting “self-reliant and progressive friends like Iran so that such countries can exercise fruitful responsibility in their respective regions.” (Ibid, RG 59, Central Files 1967–69, POL 6–2 US/Eisenhower, Dwight D.)

8. Memorandum of Conversation¹

Washington, April 11, 1969

PARTICIPANTS:

The Shah of Iran
Henry A. Kissinger
Hushang Ansary, Ambassador of Iran
Harold H. Saunders

Dr. Kissinger called on the Shah at the Iranian Embassy Residence the evening of April 1. They had a pleasant conversation in the main drawing room of the residence.

The Shah opened the conversation by saying that he had read some of Dr. Kissinger's articles and agreed with his viewpoint. When Dr. Kissinger asked what particular aspects of his articles the Shah had particularly noted, the Shah, after some generalization, came to the point that US military strength is diluted when it is used for "non-essential" problems. Dr. Kissinger asked whether the Shah felt that Vietnam fell in that category. The Shah said that he feels now that it does, although he would not argue the earlier decision for the US to involve itself. The crucial point now is for the United States to extricate itself and turn the problem over to the South Vietnamese. Dr. Kissinger pointed out that once the US had committed 500,000 troops, the matter is "no longer a local issue." The Shah indicated his understanding, but said he felt the US must now seek an "honorable solution." Dr. Kissinger said that is the President's policy and asked the Shah how he thought it might be done. The Shah said he felt the USSR would be the key factor in a solution, and the conversation then turned to the Soviet Union.

The Shah felt the Soviets are deeply disturbed about China, and he cited the Soviets' unusual performance in going to the West German Government to express its concern over recent Chinese aggressiveness on the Soviet Chinese border. The Shah pointed out that the Soviet Union needs a settlement in Vietnam, although he also said that the USSR was almost in a position of not being able to afford either a victory or a defeat in South Vietnam. He said that when he had last been in Moscow, Kosygin had told him that the Soviet Government does want to work with the US to achieve peace.

Dr. Kissinger asked the Shah's opinion of the Soviet leaders. The Shah described Brezhnev as a "Slav", a "Russian", and noted that he was primarily a party man. He spoke of Podgorny, pointing to his head and shaking his head, indicating that he wasn't very smart. When Dr. Kissinger said he had heard the same about Brezhnev, the Shah said, not to the same extent."

The Shah said that he felt the current collegial leadership is more venturesome than Stalin had been. Dr. Kissinger agreed but suggested that the real danger from the Soviet Union is not so much that its leaders will do something rash as it is that they will get themselves into something that they do not know how to extricate themselves from. But he agreed generally, though noting some exceptions such as Hitler where one-man rule proved highly dangerous. The Shah had said that where one man alone ruled, he is normally much more cautious.

Dr. Kissinger suggested that the Soviet Union's position in the Near East is one example of a situation that it has got itself into but may not know how to draw back from to avoid danger. He asked the Shah what he thought the Soviets' objectives there are, and the Shah, noting long Soviet interests in a strong influence in that part of the world, said he thought they were trying to dominate the Mediterranean by establishing control over a triangle with its points at Suez, Aden and Djibouti. The Shah felt that they wanted to get the Suez Canal open largely to consolidate their control in the Red Sea and to ease their access to the Indian Ocean and ultimately to the Persian Gulf. The Shah felt that the main Soviet motive in trying to reach an Arab-Israeli settlement was to free the energies and troops of the radical Arabs for use elsewhere, such as against Libya and, again, eventually in the Persian Gulf.

The Shah indicated that he had discussed Israel's position with Foreign Minister Eban. He felt that the Israelis are still "drunk" with their victory and must get over their "euphoria" before the Arabs learn how to make effective military use of what will soon be 120 million people.

The Shah, when asked about what he thought about the Mid-East four-power negotiations, said he felt they provided a useful cover for US-Soviet talks. He indicated that he felt the latter were by far the more important. When Dr. Kissinger asked whether he felt that a consensus among the great powers would be of any value, the Shah indicated that he felt it would be useful, but he also noted that lines drawn on a map by powers outside the area were not necessarily the most viable.

The Shah spoke of his high regard for King Hussein and implied that he was in a very shaky position because his country was one drawn by outsiders and not really a stable entity in itself. Dr. Kissinger asked whether the Shah felt the people of the Near East needed to fear some sort of US-Soviet deal that would work to their disadvantage. The Shah said he did not feel so because the US is not the kind of nation to sell out its friends.

Dr. Kissinger noted the difficulty of trying to work out a peace that would prevent the Arabs from simply getting ready to attack again. He wondered whether we could hope for anything better than the current situation between India and Pakistan. The Shah felt that, if a good refugee settlement could be part of the overall arrangements, we need not necessarily fear that a peace settlement still contained in it the seeds of another war.

As the conversation drew to a close, the Shah mentioned his concern about two oil matters. First, he noted his desire to sell oil to the United States in return for the export of American industrial equipment. Second, he went on at some modest length about the injustice of the oil consortium taking oil and supplying so much in revenue to small Arab sheikdoms that had no great use for it while they refused to increase the Shah's revenues to the point necessary to support Iran's explosive growth.

In concluding the conversation, Dr. Kissinger expressed his gratitude for the opportunity to talk with the Shah. He noted that we had planned to arrange a visit for the Shah. The Shah said that close consultation is extremely important since we are "natural allies" and needed to coordinate our policies "for the next four, hopefully eight, years."

As we were walking to the door, the Shah noted that the King of Greece is discouraged over his present situation and was looking for a ray of hope from us. When Dr. Kissinger asked how we might supply that hope, the Shah suggested that we talk with the King. Dr. Kissinger said he would try to.

Harold H. Saunders

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 601, Country Files, Middle East, Iran, Vol. I, 1/20/69-5/31/70. Secret. Drafted by Saunders on April 11. The meeting took place at the Iranian

Embassy Residence. According to the President's Daily Diary, the Shah met privately with Nixon from 2:37 to 3:20 p.m. on April 1. No other record of the meeting was found. (Ibid., White House Central Files, President's Daily Diary.)

9. Memorandum of Conversation¹

Washington, April 1, 1969, 10 a.m.

SUBJECT:

Iran, the Middle East, the USSR and Asia (Part I of III)

PARTICIPANTS:

Foreign

His Imperial Majesty the Shahanshah of Iran
H. E. Hushang Ansary, Ambassador of Iran

United States

The Secretary
Hon. Joseph J. Sisco, Assistant Secretary for NEA
Theodore L. Eliot, Jr., Country Director for Iran, NEA/IRN

The Shah reviewed Iran's growing internal strength. He mentioned Iran's 10-percent annual economic growth rate for the last four years and outlined such reforms as land distribution, nationalization of forests and water resources, women's rights and the establishment of various development corps, including girls' corps.

At the two ends of Asia, the Shah said, there are two strong countries: Japan and Iran. In between there is unfortunately much instability and poverty. Progress has been made to some degree in India, but wretched poverty prevails there. Iran's friend and ally, Pakistan, is plagued with corruption among high public officials and is paying the price for this corruption. He had warned his friend Ayub about this. He is somewhat optimistic about the new leadership, saying that YAHYA KHAN is a "clean" man. The Shah also noted that Iran had assisted Pakistan during the Indo-Pak war but that Iran's friendship had not been reciprocated in such matters as relations with the Arab world and Communist China.

The Secretary commented that able leadership is an essential ingredient for any country. He asked the Shah's views on Soviet-Chinese relations.

The Shah responded that he has long been aware of the threat of Communist China and had mentioned this to the Russians some years ago. The Russians were, however, slow to realize the nature of the threat. On his last visit to the Soviet Union in 1968 the Russians mentioned the necessity for "white men" to guard against this peril. The Secretary noted that the Soviets had recently given us a note on this

subject, and he and the Shah agreed that it is remarkable that the Soviets have taken this matter up with the Germans.

The Shah then described Iran's foreign policy of "independent nationalism." He stressed Iran's desire to be self-reliant. Naturally Iran, like every country, had to have friends and does have friends, but no country can expect its friends to come directly to its aid more than once or twice. He emphasized that Iranians and Americans think alike and react alike. "Iran and the United States," he said, "are natural allies, no doubt."

The Secretary said there can be no doubt about that. He mentioned that he had attended NSC meetings during the Eisenhower Administration and knew of the dangers confronting Iran then and the progress Iran had made since that time.

Describing Iran's relations with the Soviet Union, the Shah said that the Soviets had twice, once in Stalin's time and once in Khrushchev's, tried to absorb Iran. Nevertheless, Iran had tried to establish normal, neighborly relations with the Soviet Union. But the Soviets should have no question in their mind that Iran is a strong and independent country. And Iran would continue to keep its guard up, both through counter-intelligence operations against Russians working in Iran and by continuing cooperation in such matters with the United States.

Going on to a discussion of the Middle East as a whole, the Shah mentioned Soviet attempts immediately after the Second World War to gain a base at the Dardanelles or to obtain a mandate over Libya or Eritrea. He referred to historical Russian efforts to obtain warm-water ports. He said that together with Iran, Israel could be considered a strong force in the area, but the Israelis' are preoccupied with the Arabs and he sees no early solution of that problem. (He commented parenthetically that no solution was possible without a solution of the refugee problem. He also said he agrees with present US policy, implying concurrence with the four-power approach. The Secretary said we must try every possible avenue, and the Shah agreed while saying that he is not optimistic about an early solution.)

Even if there should be a solution of the Arab-Israeli problem, the Shah continued, there would arise the question of where all the arms supplied by the Soviets to Nasser would be used. The danger was that they would be used in the Red Sea area, in Yemen and Aden and eventually around to the Persian Gulf. This possibility, he said, had been of concern

to him for a long time. He feels that there is a continuing Russian-Nasserist threat to the Suez-Aden-Djibouti triangle and in due course to the Persian Gulf.

The Shah reviewed the situation in the Gulf itself. He said that Iran desired to cooperate with the Arabs on the other side of the Gulf and had indicated a willingness to enter into an informal or a formal agreement or alliance: "whatever they want." Of great importance is Iran's relationship with Saudi Arabia. The Shah said that King Faisal is a good and wise man and that progress is being made internally in Saudi Arabia. He said that Iran is, however, having some problems with the British over certain islands in the Gulf which they had taken from Iran and now, as they are about to leave the Gulf, want to hand over to the Arabs. The Shah indicated that he had no intention of permitting the British to do this. With respect to Bahrain he said he had said publicly that he would let the people decide whether they wanted to be part of Iran or not. This was a generous offer, and Iran had no intention of using force on Bahrain. He had made the offer despite the prospect of adverse repercussions in Iran; he had been pleased to note the absence of such repercussions.

Summarizing his view of the situation in the Gulf, the Shah said that whatever the outcome of Iran's current efforts to establish close relations with the Arabs on the other side and to resolve outstanding disputes, it was essential for Iran to have the strength to keep open the Strait of Hormoz and to protect Iran's commerce in the Gulf.

The Secretary said that he would appreciate the Shah's comments on our bilateral relations. Before getting into specific matters (see separate memcons concerning oil and military sales), the Shah commented on US policy in Southeast Asia. He said that he had originally been a "hawk," but that was before the turn for the better in Indonesia. Before then, he felt that we had to fight the Communists in Vietnam if we were to keep the Chinese Communists from taking over all of Southeast Asia, including eventually the Philippines. Now the situation is somewhat different, with the US bogged down in Vietnam. Referring to Iran's quick and forceful action in retaking Azerbaijan in 1946, the Shah said that it might have been better if the US had moved more rapidly and with greater force to counter the North Vietnamese. The US, in the Shah's view, had shown too many scruples in Vietnam. It was also a mistake, in the Shah's view, for the US to oust Diem who was a strong leader and was making some progress in combatting corruption.

The Secretary commented that he too had not approved of the gradual escalation of the Vietnamese war. Regarding Diem, the Secretary questioned whether the US had ousted him, but agreed that the US should not interfere in the internal politics of other countries.

The Shah commented, and the Secretary agreed, that it was unlikely that the US would want to get involved in many more Vietnams. The conversation throughout was friendly and warm, with a number of injections of humor on both sides. The Secretary mentioned his looking forward to visiting Tehran in May, and the Shah said he was looking forward to receiving him at that time.

¹ Source: National Archives, RG 59, Central Files 1967-69, POL 15-1 Iran. Secret. Drafted by Eliot, and approved on April 3 by the Secretary's office. The meeting took place at the Iranian Embassy. This memorandum is part I of III. In part II, the Shah and Rogers discussed the US-Iranian military relationship. (Ibid., DEF 1 IRAN-US.) In part III, the topic was the Shah's hope of exporting more oil to the United States. (Ibid., PET 1 IRAN-US.)

10. Record of National Security Council Interdepartmental Group for Near East and South Asia Meeting¹

Washington, April 3, 1969

Record of NSCIG/NEA Meeting—April 3, 1969

The meeting was devoted to the FY 1969 military credit sales program for Iran. The discussion focused on the Country Director's paper, with factual appendices, circulated prior to the meeting (NSCIG/NEA 69-9).

The Group agreed that our military credit sales program is the touchstone of our special relationship with Iran, which provides us with a variety of benefits in the political and security fields. Iran's support for the US position on numerous international questions and our own ability to influence the Government of Iran on regional matters (such as on a policy to promote peace and stability in the Persian Gulf) are valuable political assets. Our close relationship with Iran provides us with easy overflight and transit rights for US military aircraft, staging rights, and the hospitality of Iranian soil for important communications and intelligence facilities. Our military mission in Iran, whose continuance depends very largely on our ability to maintain a satisfactory military credit sales program, is the best channel we have to influence Iranian military thinking and specifically to limit pressures to divert Iran's resources unnecessarily to military purposes. The Group agreed that the importance of our ties with Iran has increased following Britain's announcement of its withdrawal from the Persian Gulf by the end of 1971, continuing Soviet inroads in the Middle East, instability in the Arab world, and recent events affecting the maintenance of US facilities in neighboring countries.

Ambassador Meyer noted that close collaboration between the United States and Iran is important for our ability to play an effective role in the area. The recent conclusion by Iran and Saudi Arabia of an agreement over the median line in the Persian Gulf was made possible, in part, by our good relationship with both countries. We are now trying to play a useful role regarding the future status of Bahrein. Ambassador Meyer stated that the Shah will be looking at our decision regarding military credit sales as a sign of the new Administration's attitude toward Iran.

Economic Factors. The Group noted the indications that Iran's economy is still booming. Real GNP has increased at an average annual rate of about ten percent over the last four years. Oil revenues have continued to rise, although not as fast as the Shah would have liked. Iran estimates its annual growth at 9.4 percent during the period of its fourth 5-year plan, the first year of which has just been completed. Our Embassy in Tehran believes this rate is attainable. The IMF and the IBRD believe that Iran's economy is likely to grow somewhat more slowly, i.e., 7-8 percent a year, but even at that pace Iran's progress would be outstanding.

The Group agreed that, although Iran's economic progress has been unusually rapid, certain warning signs have developed. These include a decline in foreign exchange reserves, a growing debt service ratio, a substantial and rapid increase in budget outlay for military purposes, and a fairly static situation in agricultural output. Progress has been made in education and health, but much more remains to be done. Ambassador Meyer stated that the adverse financial trends arise largely out of Iran's desire to press ahead as fast as possible with both internal economic development and defense.

The Group agreed, that the key question is whether the increase in Iran's income from oil will keep pace with the Shah's demands and Iran's expenditures. The annual disputes between the Government of Iran and the oil Consortium on the levels of oil exports and revenues are a matter of considerable concern. A breakdown in the Consortium-GOI relationship would endanger Iran's economic development and military programs as well as our own past major investment in Iran. In particular, the Group noted that shortfalls in the Shah's expectations for oil revenues should not mean that the development program would take the major reduction in favor of external defense expenditure, since the Shah's basic long-term security depends largely on economic and social development.

Ambassador Meyer noted that Iran's continued firm commitment to a vigorous economic development program is indicated by a recent shift of personnel which has brought Mr. Mehdi Samii, perhaps Iran's soundest financial leader, to the head of its Plan Organization.

The Group emphasized the importance of the continuing annual USG-GOI reviews of Iran's economic situation and its ability to finance its proposed military program. The is of the review recently concluded indicate that Iran's economy can carry the additional burden of a \$100 million credit for military purchases from the United States this year,

despite the matters for concern noted above. The annual economic review should continue to be a key part of our consideration of Iran's military purchases from the United States.

The Group agreed that at the present time Iran is not "diverting its own resources to unnecessary military expenditures to a degree which materially interferes with its development." This is the language of Section 35(A) of the Foreign Military Sales Act. The statement is considered valid Whether or not Iran is properly to be considered a "developed" or a "less developed" country under the FMS Act.

Military Factors. The Group noted the following important factors influencing the Shah's thinking on Iran's military requirements: (1) the inherent Soviet threat to Iran remains; (2) the Persian Gulf is Iran's lifeline, and he is concerned over the possible opportunities for radical Arab inroads in the Gulf, possibly Soviet-encouraged, particularly after the British depart in 1971; and (3) Iran must be able to defend itself in the region. Noting these concerns of the Shah, the Group agreed that it is in the interest of the United States to maintain strong ties and effective influence with Iran, the most powerful Persian Gulf nation, and to encourage it to play a statesmanlike and constructive role in the Gulf. In this regard, it is important that Iran make a major effort to obtain the cooperation of other littoral states, particularly Saudi Arabia.

The Group agreed to recommend the sale this year of two F-4 squadrons desired by the Shah as a supplement to the two squadrons which we agreed to sell in 1966. The two additional F-4 squadrons are intended as a response to any possible threat posed to Iran by surface forces intruding into the Gulf, as well as against missile boats reportedly to be delivered to Iraq by the USSR. These aircraft, which have been recommended in the Persian Gulf Defense Study we carried out at the Shah's request, will take the place of a land-based missile system originally desired by the Shah. The Group agreed that it is in our interest to meet the Shah's request for delivery of the two additional F-4 squadrons by the end of 1971 when the British forces will leave the Gulf.

The Group noted that Iran continues to need US technicians (at GOI cost) for the first two squadrons of F-4's. It was agreed that, if requested by Iran, we make available for one additional year approximately 50 USAF technicians for duty in Iran on the understanding they would be replaced by civilian technicians thereafter if needed by Iran.

The Group agreed that certain lesser items desired by Iran should also be sold this year by the United States in addition to the two F-4 squadrons. These items might include an oil tanker, a floating crane, variable depth sonar installations, 18 Sheridan tanks and communications equipment, and a few other items, with an estimated Cost of slightly under \$20 million.

Amount and Terms of Sale. The Group agreed, to recommend a FY 1969 military credit sale to Iran of \$100 million of which at least \$80 million should be applied toward the cost of F-4's and the remainder for other items. In considering lower and higher alternatives for the 1969 military sales credit figure, the Group concluded that \$100 Million was appropriate, among other reasons so as to avoid breaking through that annual planning ceiling with regard to subsequent years and also so as to meet a minimum requirement for the continuance of our relationship with the Shah.

Having in mind the desire of the Bureau of the Budget to reduce actual FY 1969 obligations below the sum authorized by Congress, the Group agreed, that the \$100 million credit package proposed for Iran in FY 1969 should include a private credit component of at least \$20 million to be guaranteed by the USG. The balance would be in FMS direct credit by the US Government.

Ambassador Meyer noted the considerable importance attached by the Government of Iran to obtaining what it considers to be a satisfactory overall interest rate for the credit sales package. The Iranians have indicated their desire for an overall rate no higher than 6 percent. The Treasury representative noted that the present cost of money to the Treasury is 6k percent. The National Advisory Council had approved a guideline that in cases of mixed private and government credit the weighted average interest rate should not be less than the cost of money to the Treasury except in exceptional situations. This guideline anticipates that USG direct credit can be extended at below 6 1/4 percent so as to bring the overall package rate to that level. The Treasury representative estimated that, given the rates now prevailing in the private money market, which would apply to the \$20 million minimum of private credit proposed for Iran, it would cost the US Government some \$3 million to subsidize the direct government loan for the remainder of the \$100 million package in order to bring the overall weighted average interest rate down to 6 1/4 percent.

The Group agreed, that instructions should be given to the US negotiators to offer \$80 million in USG credit at 6 1/4 percent and to offer a USG guarantee for private credit of \$20 million at the current market rate. (The estimated average weighted interest for the total package in that event would be about 6-3/4 percent.) The Group agreed, however, that the question of the interest rate could be critical to the successful conclusion of negotiations with Iran, and that if it were determined necessary for successful negotiations, the interest rate for the direct USG portion of the total credit should be reduced sufficiently to bring the overall weighted rate down to 6 1/4 percent.

The Treasury and DOD (military assistance) representatives noted that we could meet two additional conditions set by the Government of Iran for including some private credit in the total package: (1) the sums borrowed from private sources would not be taken from already agreed COI lines of credit in US banks, and (2) the sums borrowed privately for military purchases would be outside the ceiling prescribed in Federal Reserve guidelines on foreign lending by private US banks. While these points can be accommodated within our current policy and operating guidelines, the details would have to be worked out in actual negotiations with the private banks.

It had been estimated that it would cost Iran some \$130 million for the two additional F-4 squadrons if ordered before June 1969. In view of the proposed limit of \$100 million on the FY 1969 military sales credit, it had been proposed that the Government of Iran commit itself by a "Dependable Undertaking" for the total cost of the F-4's, but allocate only \$80 million for that purpose out of the FY 1969 credit. Such an arrangement would permit Iran to utilize the remaining \$20 million credit for other items in 1969. If there is a FY 1970 USG military sales credit, Iran could use it to pay off the balance of the undertaking for the F-4's; if not, the GOI would borrow commercially pay the balance out of its own funds, or could cancel the contract. The Group agreed to recommend this procedure.

Summary Recommendations. The Group agreed to submit the following recommendations for approval by higher authority:

- 1) Extend to the Government of Iran (GOI), in FY 1969, \$100 million in foreign military sales (FMS) credits.
- 2) Authorize the GOI to purchase two additional squadrons of F-4 aircraft through the Department of Defense on the basis of a

- “Dependable Undertaking” with the GOI utilizing at least \$80 million of the FY 1969 credit to meet payments on this undertaking.
- 3) Authorize the GOI to utilize up to \$20 million of the FY 1969 credit for defense items to be agreed upon in addition to the F-4’s.
 - 4) Provide the \$100 million credit in a mix of direct FMS credit and USG-guaranteed private credit in proportions to be determined in the negotiations with the GOI, but with at least \$20 million to be USG-guaranteed private credit.
 - 5) Seek GOI acceptance of an interest rate of 6 1/4 percent (cost of money to the Treasury) for the direct FMS credit, and the current market rate for the USG-guaranteed private credit. However, if necessary for the conclusion of negotiations with the GOI, the interest rate for the direct FMS credit should be reduced to a level needed to bring the overall average rate for the total \$100 million credit down to 6 1/4 percent.
 - 6) If the GOI so requests, offer to make available for another year. approximately 50 U.S. Air Force technicians for duty in Iran on a reimbursable basis, on the understanding that thereafter civilian technicians may have to be utilized.
 - 7) After Executive Branch approval of this program and before its presentation to the Shah, undertake consultations to apprise appropriate +/embers of Congress of the program and obtain sympathetic understanding of our reasons for undertaking it.
 - 8) Instruct Ambassador Meyer, when presenting the program to Shah, to include appropriate remarks touching on Iran’s economic situation, GOt obligations under the “Dependable Undertaking” for the F-4’s, and the purposes for which the funds are provided.
 - 9) Make a finding, if needed, that Iran is not diverting its own resources to unnecessary military expenditures to a degree which materially interferes with its development.

Sidney Sober Staff Director

MEMBERS PRESENT:

Chairman: Mr. Sisco
ACDA: Mr. Van Doren
AID: Mr. Williams
CIA: Mr. Blee
DOD: Mr. Schwartz J
JCS: Brig. Gen. Doyle
NSC: Mr. Saunders
Treasury: Mr. Hausman
Ambassador Meyer
AID: Mr. White
BOB: Mr. Shaw
DOD: Mr. Fede (ODMA), Mr. Reed
State: Mr. Rockwell, Mr. Eliot

Staff Director

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 1236, Harold Saunders Files, Middle East Negotiations, Iran 1/20/69–9/30/69. NSCIG/NEA 69–11. Secret. Drafted by Sober.

11. Telegram 1371 From the Embassy in Iran to the Department of State¹

Tehran, April 18, 1969, 1040Z

SUBJ:

Iran-Iraq Crisis

REF:

Tehran 1367

Summary: Possibility that flare-up in Shatt al Arab may have repercussion on healthy US-Iran relationship has disturbed Shah. He has been given explanation that, although no USG instructions been received, Embassy is concerned because of known sensitivity these days, particularly on Capitol Hill, to things military and interest of whole world in avoiding new areas of conflict. Likelihood is that Iran will undertake test voyage down Shatt but hope is that incident will not cause wider flare-up.

1. Calling me to his home early morning eighteenth, Acting ForMin Afshar said he wanted to discuss brewing Iran-Iraq crisis in Shatt area. He opened by stating Iran's position that 1937 Shatt Treaty is invalid: a) because Iraqis never carried out provision for joint commission on administration which was to be established in one year: and b) because no reckoning of Shatt transit dues received and dispensed by Iraqis had ever been provided Iran.
2. Asked re status of this Iranian position vis-a-vis Iraqis, Afshar said former Foreign Minister Aram had twice made public statements declaring 1937 Treaty invalid and Undersecretary Khalatbary had verbally apprised Iraqis during his recent Baghdad visit. Subsequent to Khalatrary visit, Iraqis had notified Iran of their intention to inspect ships bound to and from Iranian ports.
3. According to Afshar, specifics current Iranian position are: a) Iranian flag must be flown by all Iranian-bound ships while they are in "Iranian territorial waters" i.e. Iranian side of Thalweg: b) Iran will brook no inspection by Iraqis: c) to assure Iranian "rights" Iranian naval escorts will be provided: d) previous procedure of using Iraqi pilots will be observed although Iranian emergency standby pilots are to be available: and e) Iran is not raising question as to dues.
4. As test case, Afshar said, Iran is planning to send Iranian ship down Shatt "in three or four days" carrying Iranian flag and with naval

escort. Iraqis aware of this, he said, and have served notice they will board ship and remove any Iranian military personnel.

5. Afshar then came to main point. Certain remarks I had made previous evening to General Fazeli, he said, had been reported to Shah in Tunisia (Tehran 1367). In nutshell Fazeli had reported my saying that if shooting occurs in Shatt all US military support for Iran will be terminated. This had irked Shah who had sent message to Afshar to ask me for explanation. Shah added he doubted I would have so spoken. Shah also added that if Fazeli's report correct, Afshar should ask me whether Shah in assuring Iran's legitimate self-defense should seek supplies from quarters where no conditions attached.
6. In responding I said Fazeli's report inaccurate. Noting that I under no instructions, I had merely voiced to Fazeli certain concerns as true friend of Shah and Iran. I also emphasized that decision as to what to do or not to do in Shatt is strictly for Iran to make.
7. Shah's and Iran's prestige, I told Afshar, have never been higher in US, and I reluctant to see it tarnished in any way. USG is counting heavily on Shah's statesmanship in MidEast. Fact is, however, that at present time there is unprecedented sensitivity in US re things military. Senate is making intensive investigations and this morning BBC reported Secretary Laird also setting up investigation of military factor in society. Besides this our new military credit sales tranche must be cleared with Congress. Whole world I noted, is deeply depressed by tenaciousness of tensions in various regions and no one would welcome outbreak of new area of conflict. With this background, I was voicing deep concern that any shooting in Shatt could have effect in Congress and could cause trouble for fine US- Iran relationship existing. It was this concern I had tried to convey to Fazeli in expressing fervent hope there would be no shooting in Shatt. I added that Pueblo and reconnaissance plane incidents in Korean waters were much more flagrant violations of a nation's rights than Shatt Treaty dispute but Secretary Rogers pointed out it behooves strong nations to exercise forbearance. Afshar seemed sympathetic to this thought, but observed that if it had been feasible USG would certainly have given Pueblo full military protection.
8. In making above case, I noted that some outsiders might couple Shatt violence with unrelated previous developments, such as Iran's breaking of relations with Lebanon and NYT story previous day quoting "Iranian source" in Washington to effect Iran prepared to "seize" consortium installations. Re: latter, I noted word "seize" is like red flag to Congressmen these days, in view of Peruvian oil crisis which been getting front-page attention in US.

9. Afshar noted that Iraqis irresponsible, which assessment we should share after Baghdad cut relations with US. I agreed Iraqis been no rpt no particular friends of ours, but doubted antipathies which might exist in USG re Iraq would supercede our profound regret to see new area of conflict emerge.
10. During discussion, I told Afshar of my concern that frequently inaccurate and highly inflammatory reports have moved from lower eschelons in Shatt area to decision-makers in Tehran. My colleagues, I said, are under instructions to avoid undue interest in developments in Shatt area so I not rpt not able to evaluate recent developments, but two or three weeks ago there had come to my attention from other diplomatic colleagues indications that Tehran was being fed information re Iraqi military dispositions considerably at variance with the facts. Hopefully, GOI would base its critical decisions, only on info clearly established and confirmed.
11. Also raised question as to what captain of third country ship should do when confronted at FAO by conflicting orders re flag. Afshar said Iran's position is clear, i.e. Iranian flag must be flown in Iranian "territorial waters". When I asked whether captain must decide on which side of Thalweg he is and must change flags every time he crosses it, Afshar acknowledged Iran has not rpt not yet come to grips with this question but he would let me know the answer at an early date. I pointed out this is legitimate interest for Ambassador of any maritime nation.
12. Conversation was amicable and in conclusion Afshar agreed to do his best to keep Shah calm. I reiterated I was speaking as Shah's close personal friend who wished to avoid any problems arising in healthy US-Iran relationship. Afshar said he confident Shah reciprocates this friendly regard, citing as evidence Shah's indication of doubt that I had said exactly what had been reported in telegram to him. In leaving, Afshar and I shared hope that no rpt no shooting would take place. He assured me that if any did, Iran would only be acting in self-defense and I said whatever decisions are made Iran should assure that its case will be able to secure ready support of peace-minded world.
13. Comment: No doubt injection of question our military relationship has struck sensitive nerve, particularly as jazzed up for Shah by FornMin Zahedi who is accompanying him. However, it seemed unwise to ignore factor which will undoubtedly complicate US-Iranian relationship if hostilities break out in Shatt region.
14. Since GOI is determined to force issue of carrying flag, at least in test case, we doubt Shah will rescind orders for Iranian ship to proceed down Shatt. It was interesting note that while Fazeli had indicated

ship would move "within day or so", Afshar indicated it might be three or four days. So perhaps some slowing down of Iranian gunghoism is already taking effect. We must hope that whatever incident might accompany test case would not cause larger flare-up.

Meyer

¹ Source: National Archives, RG 59, Central Files 1967-69, POL 33 IRAN-IRAQ/Shatt al-Arab. Secret; Priority. Repeated to London, Jidda, and CINCSTRIKE.

12. Intelligence Note No. 295 From the Director of the Bureau of Intelligence and Research (Hughes) to Secretary of State Rogers¹

Washington, April 22, 1969

SUBJECT:

IRAN-IRAQ: Dispute Over the Shatt al-Arab Disturbs Relation Periodically

Shatt al-Arab Crisis Flares Again. After a ten-year period of quiescence, the long-standing dispute between Iran and Iraq over the Shatt al-Arab once again precipitated a crisis. In its lower portion the river forms the boundary between Iran and Iraq. With a few exceptions, this boundary, as most recently stipulated in the treaty between Iran and Iraq of 1937, lies along the low water mark on the Iranian side. The river thus is for the most part Iraqi internal waters even where it forms the boundary between the two countries. This state of affairs has long been galling to the Iranians. In addition, the Basra Port Authority has continued to provide pilots for vessels travelling in the river and to collect all dues, although the 1937 treaty foresaw the conclusion within one year of a convention dealing with the maintenance of the navigable channel, pilotage, dues and similar matters. Iran has tried on various occasions to renegotiate this treaty, but has never been successful.

Also, Tehran has during past crises used the argument that the treaty was no longer applicable, mainly because of non-implementation by Iraq and because it constituted a remnant of "British colonialism."

When the crisis passed, conditions generally returned to the status before the crisis and the question of continued applicability of the treaty was no longer raised. In the present instance Iran has again put the validity of the treaty into question.

Present Crisis Sparked By Iraqi Demands. The present flareup in the Shatt probably had its immediate cause, following a period of heightening tensions, in Iraqi insistence that it had a right to inspect ships of Iranian and foreign registry in the Shatt al-Arab. Iran reacted strongly, alleged Iraqi military moves (so far unconfirmed), and concentrated land and naval forces in the area. Iran also has mounted a test case by providing a military escort for an Iranian vessel flying the Iranian flag and sailing down the Shatt to the Persian Gulf. This ship

was not challenged by the Iraqis but it remains to be seen whether this particular voyage will establish the precedent which the Iranians are seeking. The vessel was less than the 1,000 tons which the Iraqis may regard as maximum for ships to pass unchallenged.

Iran Declares the 1937 Treaty Void. In a speech before the Iranian Senate on April 19, Deputy Foreign Minister Amir Khosrow Afshar stated that Iraq had "itself repudiated the main provisions of the 1937 agreement" and that the Iranian government therefore regarded the treaty as "null and void". Afshar added several other reasons why the treaty should be considered abrogated. Among these were that circumstances had changed since 1937 and that it had been concluded at a time when "British colonialism was at its height forcing Iran under pressure to sign the 'agreement'" Finally Afshar made the point that the Shatt al-Arab as a great navigable river should not be under the control of one party and that both Iran and Iraq should have equal rights regarding the river. Afshar's statement appears to cumulate various earlier arguments against the continued validity of the 1937 treaty.

Likely Iranian Motivation in the Latest Crisis. The latest crisis over the Shatt al-Arab has been characterized so far by relative Iraqi moderation and Iranian belligerence. It is unlikely that Iran actually wants to provoke a military showdown. More likely, the Iranians are taking this occasion to draw attention once more to the unsatisfactory situation in the Shatt and force a renegotiation of the 1937 treaty. This may also be the aim of Afshar's declaration that the treaty is null and void. In any renegotiation the main Iranian goal would be to have the boundary with Iraq shifted to the thalweg in the river. The problems of pilotage and of a division of dues, while important, are probably regarded by the Iranians as less vital. It is at least doubtful whether the present weak government of Iraq could undertake so important a negotiating venture even if it were willing to do so. A formal abrogation of the 1937 treaty without replacement by another instrument would raise serious questions about the boundary as well as navigation in the Shatt.

Situation May Return to Its Previous Status. If tempers cool, the situation may revert to the status before the latest crisis, that is the Basra Port Authority will control pilotage and collect dues as heretofore and the question of the validity of the 1937 treaty will once again become dormant. Unless the two countries achieve a solution of this long-standing and involved dispute at some time, however, crises will recur, and by miscalculation or design some such crisis might reach dangerous proportions.

¹ Source: National Archives, RG 59, Central Files 1967-69, POL 33-1
IRAN-IRAQ/Shatt Al-Arab. Secret; No Foreign Dissem.

13. Memorandum From the President's Assistant for National Security Affairs (Kissinger) to President Nixon¹

Washington, April 29, 1969

SUBJECT:

This Year's Military Sales Program for Iran

Attached is Secretary Rogers' recommendation (Tab B) that we now go ahead with the FY 1969 sale of military equipment to Iran under the Foreign Military Sales Act. This is a yearly slice of a program that has been going on under a general memo of understanding at the rate of about \$100 million a year since 1964. This year's package, which includes some F-4, F-5 and C-130 aircraft and tanks, is part of the Shah's broad military modernization program.

The general issue since this program began has been its effect on the Iranian economy. So far it has proved financially manageable, but Iran's future financial soundness is still fragile, depending as it still does on the continued flow of oil revenues at a high level. The Shah annually squeezes the American oil companies as hard as he can to maximize those revenues, and if he squeezes to the breaking point or overprograms his income, repayments on these military sales credits would become a serious burden. For this year, this problem still seems under control.

The specific issues in this proposal are fairly technical:

1. Defense proposes to maximize the use of private bank credit in order to stretch its own appropriated funds. This is a sensible direction in which to go and is consistent with your general desire to increase private involvement, but it creates a second issue—
2. Using private bank credit naturally raises the interest rate because of the current high price of money. If we need 100% U.S. Government credit, the interest rate would come out about 6.25%. Private rates are around 8%, and when we mix public and private credit the rate averages out between. In this case, the interest rate is an issue with the Shah because the Russians and others make attractive lower offers, and he does not see why his friends cannot do as well. Therefore, State recommends staying as close to 6.25% as possible. The Budget Bureau, however, recommends (Memo at Tab A) that we not make a special effort to keep the interest rate down because Iran can afford to

pay and by the criteria in our legislation we must limit concessional lending mainly to those who need it for economic reasons. Of course, it is tempting to try to give the Shah what he wants, but there is an element of bargaining in his position too.

We cannot ask you to make a judgment on the precise division between private and Government credit or about the interest rates. However, it is probably desirable in relaying your decision on this memo to note these problems in order to stiffen the spines of our negotiators. A mere suggestion that you are aware of the budgetary implications will keep them as alert to our financial interests as they will be to Iran's.

Recommendation: That you approve Secretary Rogers' proposal and that we note in relaying your decision to State your recognition of the desirability of using private credit to the maximum extent possible and of minimizing the use of concessional credit.

Approve RN

Disapprove

Tab B

Memorandum From Secretary of State Rogers to President Nixon

Washington, April 18, 1969

SUBJECT:

FY 1969 Military Credit Sales Program for Iran

Recommendation:

With the concurrence of the Secretary of Defense, I recommend that you approve, subject to the satisfactory conclusion of Congressional consultations, the extension to the Government of Iran in FY 1969 of \$100 million in credits under the Foreign Military Sales Act, to finance 32 F-4E aircraft and other items on terms to be negotiated.

Approve: _____ Disapprove: _____

Discussion:

Beginning in 1964 we have been shifting our military assistance to Iran from a grant to a credit basis. FY 1969 is the last fiscal year in which we

will supply military materiel to Iran on a grant basis, although we will continue to provide military training and support for our Military Assistance Advisory Group under the grant program. Since 1964 we have extended \$400 million in direct and guaranteed military credits to assist the modernization of Iran's military forces. The principal equipment items financed under this program have been 32 F-4D aircraft, now being delivered, 26 F-5 aircraft, 460 M-60 tanks, 22 C-130 aircraft and 16 Sheridan tanks.

After approval by President Johnson and satisfactory Congressional consultations we informed the Shah in May, 1968 that the Executive Branch would undertake annually for the next five years to seek Congressional authority and appropriations for such credit sales as both governments would agree were indicated to carry out a military modernization program for Iran. The amount of credit to be extended each year, as well as the amount of sales to be made for cash, would be subject to an annual military and economic review with the Government of Iran. The Shah was informed that the actual amount and the terms of each annual credit would depend on the amount of credit authorization and appropriations approved by the Congress, on prevailing credit market factors and on other United States requirements worldwide. We subsequently agreed with the Government of Iran on a tentative figure, strictly for planning purposes, of \$100 million in annual credits.

Our military credit sales program is the touchstone of our close relationship with Iran. This relationship provides us with ready means for influencing Iran on international matters, particularly the promotion of peace and stability in the Persian Gulf area, and for limiting pressures to divert Iran's resources unnecessarily to military purposes. Our relationship also provides us with other benefits, including overflight privileges and communications and intelligence facilities. The importance of our ties with Iran has increased as a result of the announced withdrawal of British forces from the Gulf in 1971, the growing Soviet threat to the Middle East, the continuing instability of the Arab world and recent events affecting the maintenance of our facilities in neighboring countries.

The Shah's military modernization program is based in large part on his belief that threats to Iran are most likely to materialize in ways which would not justify direct United States involvement on Iran's side. He is particularly interested in protecting Iran's vital Persian Gulf lifeline after the British depart. While having demonstrated a desire to cooperate with the other Gulf powers and to work for solutions of outstanding problems

between them, the Shah wishes to have the military power to defend, if necessary, Iran's lifeline against radical Arab, possibly Soviet-inspired, penetration of the Gulf and to deter sneak attacks on Iran's oil installations in the Gulf area. His program attaches highest priority to the Iranian Air Force.

Following British withdrawal from the Gulf Iran will be the dominant military power there. This could create concern among Iran's neighbors in the Gulf. However, for our part, we find Iran's present policy in the Gulf essentially reassuring and our ability to encourage constructive Iranian policies there enhanced by our close military relationship.

Iran's economy is booming, with its real GNP having increased at an average annual rate of about 10% over the last four years. Some of the strains which such a growth rate can be expected to cause have become evident, particularly in declining foreign exchange reserves and a growing debt service ratio. Overall military expenditures, in large part related to our credit sales program, have been rising rapidly. These factors will be kept under review in connection with possible future military credits to Iran. A key question is whether Iran's oil income will keep pace with the Shah's demands and Iran's expenditures. A breakdown in the relationship between the oil Consortium and Iran would endanger Iran's economic development and military programs. In this light, the current negotiation between Iran and the Consortium is a matter for concern.

We believe that the proposed FY 1969 program would not cause a significant slowing in Iran's rate of economic growth and that Iran's debt servicing burden would continue to be manageable. Section 35(a) of the Foreign Military Sales Act prohibits sales to any economically less developed country when the President finds that such country "is diverting its resources to unnecessary military expenditures to a degree which materially interferes with its development." It is our opinion that Iran is not in violation of Section 35(a) at the present time.

In sum, we believe that our proposed program for FY 1969 will assist the maintenance of our close ties with Iran, promote our important interests in the area and meet the Shah's desires.

The Proposed FY 1969 Program

The proposed program, as approved by the NSC Interdepartmental Group for the Near East and South Asia, contains the following elements:

1. Extension of \$100 million in credits, at least \$20 million of which would be USG guaranteed private bank credit, if arrangements can be worked out with the banks, with the remainder (or the entire \$100 million in the event arrangements for private credit cannot be worked out with the banks) being direct USG credit. Funds for direct USG credit and for the USG guarantee of private credits have been authorized and appropriated by the Congress and are available for this program.
2. At least \$80 million of the credit would be used to finance two squadrons of 16 aircraft each of F-4E aircraft. The total cost of these aircraft is estimated at \$130 million, and the Government of Iran would sign a dependable undertaking to finance the remaining cost estimated at about \$50 million. If we decide to provide additional military credits to Iran in FY 1970, such credits could be used to finance this remaining cost. This "split financing" is desirable in order to permit ordering of all 32 aircraft prior to June 1, when substantial price increases are anticipated, and to permit financing this year of up to \$20 million of other items, while at the same time keeping within our \$100 million annual planning ceiling.
3. Up to \$20 million of the \$100 million in credits would cover the cost of other equipment to be agreed. Iran has indicated a desire to purchase additional electronic equipment for its Persian Gulf defense, logistics ships for its navy and additional Sheridan tanks to add mobility to its ground forces.
4. We would seek Iran's acceptance of an interest rate of no less than 6.25 percent (cost of money to the Treasury) for the direct USG credit and of the current market rate (not to exceed 8 percent) for the USG-guaranteed private credit. It is likely, however, that the Iranian negotiators will strongly object to these terms and will insist on a lower interest rate. In order not to dilute the political benefits we hope to obtain from this program, our negotiators would be authorized, if necessary to complete the negotiation, to agree to reducing the interest rate for direct USG credit to a level needed to bring the overall average rate for the total \$100 million credit down to no less than 6.25 percent. This could involve a total loss of interest receipts to the Treasury of up to \$3 million during the course of the credit. This procedure is consonant with State-Defense-Treasury guidelines on financial standards and criteria for foreign military sales. (The Treasury Department has indicated that it would prefer the interest differential, if any, to be subsidized by an addition to military grant aid rather than by a concessionary interest rate on the direct credit, but this does not appear feasible, at least in this fiscal year.)

5. The provision for the possible inclusion of guaranteed private credits in the \$100 million credit package has been made in an effort to save USG budgeted funds, because we have to set aside only 25 percent of such credits in a guarantee reserve, and these are not expended unless there is a default. However, arrangements to this end have not yet been worked out with the banks.
6. In presenting the program to the Shah, our Ambassador would be instructed to note that it is a token of our confidence in the Shah and in Iran's desire to contribute to the stability of the area and to urge that Iran's economic progress not be adversely affected by her military expenditures. He would make clear that we cannot guarantee the availability of future credits in advance of Congressional authorization and appropriations or of our annual economic review and that to the extent we cannot extend such credits, Iran will have to finance the remaining cost of the F-4's being partially financed under this program or cancel the contract.

William P. Rogers

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 1236, Harold Saunders Files, Middle East Negotiations, Iran Military, 1/20/69-12/31/69. Secret. Drafted by Saunders. Tab A, a Budget Bureau memorandum, is not published. Nixon initialed his approval.

14. Intelligence Note 361 from the Director of the Bureau of Intelligence and Research (Hughes) to Secretary of State Rogers¹

Washington, May 9, 1969

SUBJECT:

IRAN: Showdown in Negotiations With the Oil Consortium is Imminent

The two months moratorium agreed upon on March 10 at the first session of the talks between the Oil Consortium and Iran is ended and the all-important second round is scheduled to begin May 11. The "breathing spell" has been marked by intense behind-the-scene negotiations as each side has sought to shore up its position. At the same time, however, there has been genuine effort at finding a compromise solution and the gap between the two parties doesn't seem as wide as in March although serious differences remain unresolved.

Iran Requests Increase in Revenues. The basic Iranian position is that Iran must receive \$1 billion in oil revenue for the current Iranian year 1348 (March 21, 1969–March 20, 1970). The Shah has indicated that he is personally committed to the \$1 billion figure and that even \$5 million less will be unacceptable. By investing his own prestige the Shah has served notice that this demand is a fundamental issue in the negotiations. Thus the Consortium will be under intense pressure to satisfy this revenue demand in some manner.

Consortium Fears Escalating Demands. Consortium officials have flatly stated that \$1 billion from crude offtake alone is an impossible requirement to meet and that Iran must accept this position. They have, therefore, been thinking in terms of increasing their planned offtake revenue \$25 million above the \$900 million they were prepared to offer in March. The gap between this figure and the \$1 billion the Shah is demanding would be made up in the form of an advance cash payment to be repaid during the course of 1349. The Consortium is reluctant to be even this forthcoming since the oil companies fear that to satisfy the Shah's demands this year will merely whet his appetite for further increases in revenues in the years to come. However, the Shah may not consider this offer satisfactory.

The oil companies are especially worried over the level of projected oil revenues that the Iranian Plan Organization has postulated for the remaining years of the Fourth Five Year Plan. The Consortium claims that these projected revenue levels are completely unrealistic and that they are in no way obliged to meet them since the oil companies were not involved during the preparation of the Fourth Plan goals. Thus, one of the points which the Consortium has been insisting must be included in an agreement on the revenue level for 1348 is a reduction of these projected-payments for future years. There is a strong feeling within the Consortium that little is to be gained by meeting the Shah's demands this year if similar crises are going to be encountered annually.

Breakdown in Negotiations Could Have Serious Consequences. If earlier crises in Consortium-government relations are any guide, a compromise solution will probably be found eventually. Should the negotiations break down or become stalemated, however, the impact could be far-reaching. The Shah has threatened several actions if his demands are not met. Prominent among these is a take-over by the National Iranian Oil Company (NIOC) of 50% of the Consortium's operations with the oil thus obtained being marketed by NIOC. Such a take-over would, no doubt, be unacceptable to the oil companies and they would take various counter-measures, probably including legal action. The dispute would be likely to draw in sooner or later the UK and the US as home governments of most of the Consortium members and thereby affect relations between them and Iran. The relationship between the oil companies and the governments of other oil producing countries could also be affected. Again judging by earlier experiences, however, it is not unlikely that other Persian Gulf oil-producing countries, such as Kuwait, Saudi Arabia and Abu Dhabi would try to take advantage of a conflict between Iran and the Consortium to increase their own exports and revenues. It is this prospect, incidentally, which might dissuade Iran from letting negotiations break down.

¹ Source: National Archives, RG 59, Central Files 1967-69, PET 6 IRAN. Secret; No Foreign Dissem; Limdis. In Telegram 73790 to Tehran, May 10, the Department authorized Mayer to make representations to the Iranian Government in support of the consortium's compromise position. (Ibid., PET 6 IRAN.)

15. Telegram 76751 From the Department of State to the Embassies in Jidda, Beirut, and Dhahran¹

Washington, May 15, 1969, 0043Z

REF:

London 3746; Tehran 1863(NOTAL), Tehran 1860, Dhahran 412, Kuwait 431

SUBJECT:

Iranian Oil Consortium Agreement

1. Begin FYI. Iranian government and Consortium agreed 14 May on revenue to GOI for year ending March 31, 1970. Agreement provides that revenue from offtake will be "about dollars 930 million", a 10 percent increase over year ending March 31, 1969. In addition Consortium will make interest free advance of "about dollars 80 million" in March 1970 so that total GOI revenue from Consortium will probably be slightly over dollars one billion demanded by Shah for current Iranian fiscal year 1348.
2. Proposed advance repayable June through August 1970, but because of impact of this repayment on revenue for Iranian year 1349, Consortium would be "willing to review with Iran on a realistic basis the offtake and revenue position for 1349, and, possible adoption of a similar advance procedure for end of that year (March 1971). Such a review could be repeated in each of two following years." Consortium has thus attempted to link renewal of the original advance with lowering rate of increase of Iranian revenue demands for following years.
3. Export capacity to be 4.5 million b/d by beginning 1971.
4. Further discussions re Iranian revenue demands for remaining years of five-year Plan will be held in October.
5. Consortium's position remained basically the same throughout discussion with final agreement for this year little changed from proposals made to NIOC 11 May at start of talks. END FYI.
6. If in your judgment occasion arises you may tell local sources we believe projected production targets for this year in Iran agreed upon by Consortium do not repeat not pose serious threat to revenue goals which Consortium member companies have told other Persian Gulf producers they will attempt to reach in their respective countries. Terms of Consortium's concession agreement have not been altered. We believe Consortium member companies have keen awareness of their interests and responsibilities in all Gulf states, and we do not expect

that new arrangements with Iran will affect existing off-take pattern in neighboring states.

7. In discussing Consortium-GOI agreement with others, addressees should not go beyond para 6 above, plus NIOC communique (Tehran 1860) and statement Consortium members prepared make if asked to effect that Iranian demands met partly by off-take and partly by short-term advances.

Richardson

¹ Source: National Archives, RG 59, Central Files 1967-69, PET 6 IRAN. Secret. Repeated to London, Tehran and Tripoli. Drafted by Clark (E/ORF/FSE); cleared by Eliot and William D. Brewer, Country Director (NEA/ARP); and approved by Akins.

16. Telegram 1904 From the Embassy in Iran to the Department of State¹

Tehran, May 18, 1969, 1020Z

SUBJ:

Postmortem GOI/Oil Consortium Agreement

Summary: Iranian press reaction generally low-key so far though papers have picked up quotes from UK press and heralded them as Iranian victory in battle for oil revenues. If Shah, as shown by Durdin interview, somewhat disappointed, US company reps satisfied with outcome of negotiations though recognizing that little progress made in educating Iranians and next year's negotiations probably equally difficult. Building on company gratitude for vigorous USG support of their final position, we might look for opportunities stress our hopes consortium members will indeed do their best meet \$930 million revenue level for 1348 and we might also encourage efforts bridge communications gap with Shah.

- I. Because of holidays, May 17 papers provided first Iranian press reaction which was moderate, and consistent with tone of NIOC communique. Latter merely said negotiations carried on in atmosphere of understanding and cooperation, "agreement reached with respect to government's 1348 revenue requirements" and that it also agreed further talks to be held later for review of future position. May 17 editorials reminded readers Iran itself will decide when and how much is to be produced but papers pleased breakdowns in negotiations and serious subsequent repercussions avoided. Headlines May 18, however, pick up quotes from UK press and assertion "Shah Wins Battle for Oil Revenues." Articles say Iran secured billion-dollar income for 1348 composed of revenue and interest-free advances. So far press has not carried any excerpts Shah's somewhat sour comments to Times correspondent Durdin (Tehran 1872).
2. If Shah disappointed, American reps, on other hand (Parkhurst and Moses), left Tehran quite satisfied and very grateful to Ambassador Meyer for his vigorous endorsement directly to Shah (Tehran 1795) and subsequently to Shah through Alam (Tehran 1826) of consortium proposals. Company reps admitted, however, little progress achieved in educative process making Iranians understand impossibility companies providing firm projections of future revenues over two or three year

period. Thus Moses and and Parkhurst accept resignedly prospect that next year will bring another round equally difficult negotiations.

3. Throughout negotiations consortium reps strove underline fact that revenue figures mentioned were estimate only. They admitted that on this issue consortium and NIOC talking on different levels and that sums mentioned will undoubtedly be regarded by Iranians as commitments. Iranian money shortage, engagement Shah's prestige and mounting Iranian impatience with consortium position have greatly strengthened Iranian conviction (as against previous years) that amounts mentioned must be forthcoming from consortium.
4. Two thoughts for future occur to us: (A) building on favorable company attitudes because our vigorous support for their final position, USG might look for opportunities coming months to stress to US members our hope companies will indeed do their best meet \$930 million revenue level during 1348: Consortium members might consider paving way for October negotiations by trying to bridge communications gap with Shah. Thus we would hope companies could encourage authorized spokesmen (perhaps just O'Brien or Addison) periodically to discuss informally with Shah world oil supply/demand trends and other industry developments without necessarily going into actual consortium operations. Visits by individual members such as Shell Chairman Barran have drawbacks (Barran may have aroused some unjustified optimism) yet such encounters have advantage also in letting Shah know he has friends interested in keeping him informed and who are concerned with Iranian progress and welfare. Desirability such visit would be heightened should Shah, as his interview with Durdin may imply intend continue without let-up program of active pressure on companies.

Thacher

¹ Source: National Archives, RG 59, Central Files 1967-69, PET 6 IRAN. Secret; Limdis. Repeated to Beirut, Dhahran, Jidda, Kuwait, London, and Tripoli.

17. Telegram 1925 From the Embassy in Iran to the Department of State¹

Tehran, May 19, 1969, 1410Z

SUBJ:

Iran-Iraq Dispute Over Shatt

REFS:

A-173, Tehran 1170: 1399 Notal:

Bangkok for Sober

Summary: Iran-Iraq crisis over Shatt was forced by GOI, probably to strengthen Iranian leadership in Gulf. Risks of conflict were kept low. Tension has abated. Negotiations unlikely soon but Iran has established new river regime for Iranian ships wholly owned and chartered. Iranian determination to press for "rights" in Gulf probably stronger.

1. Tension between Iran and Iraq over Shatt-al-Arab has eased with high-level Iranian officials claiming "objectives" reached. Elements of discord remain (troops of both sides still deployed, Iran possibly still studying ways to affect river regime for third country shipping, Iraq still mistreating and expelling Iranians and apparently energizing Khuzistan Liberation Front) but both sides seem for moment at least not to wish to heat situation up again. Emb offers following comments on this "crisis."
2. Although Iraqi Govt in this as in other matters has been undiplomatic, insensitive, and brusque, confrontation was pressed by Iran. Issue was joined by Iranian denunciation of 1937 Treaty which took place some time shortly after abortive Khalatbary Mission to Baghdad (Jan 27-Feb 12), (A-173). Diplomatic word battle ensued and Iraqis irritated Iranians by harassing Iranian fishermen in Shatt and particularly by searching two Iranian river craft some time in late March (Tehran 1170). Iraqis made major diplomatic gaff April 15 by indicating intention to search Iranian vessels and to resort to use of force if needed to remove improperly flown Iranian flag and Iranian naval personnel from merchant ships (never clear just what this actually referred to in Iraqi mind). However, Iraqi position seems to have been rather transparent bluster. We have no indication Iraqis made any troop dispositions at this time to lend force to words and Iraqi govt hastened to term unfortunate statement a "mistake" April 17 (Tehran 1399 Notal). Iranian

Govt ignored retraction and issued public treaty denunciation April 19. Moreover, throughout March and April, Iranian transfers of forces into Khuzistan area and Shatt ports preceded Iraqi military moves and exceeded them in scale and extent.

3. GOI almost certainly considered risk of actual conflict quite low and had no intention of provoking it. Aware of commitment most Iraqi forces to Israeli confrontation and to fighting Kurds (and undoubtedly cognizant of some coincidental intensification of Kurdish military action), GOI felt, as subsequent events showed, Iraqis in no position to accept military challenge. Iranian disposition of preponderant forces in local area was probably intended to provide additional insurance of Iraqi inaction. It is also clear that, although Iranians took somewhat risky action of putting armed troops on two Iranian merchant vessels which provided test cases, all Iranian forces were under strictest injunctions neither to provoke Iraqis nor to fire except in defense (quite possible partially in response to Ambassador's caveat to Gen. Faseli).
4. What is not clear is what Iranians aimed to achieve re Shatt. It is our distinct impression that, although Shatt crises in past years gave bases for planning and expectations, Iranians had not thought matter through very thoroughly. In actuality, sole change they have affected is to establish new river regime for Iranian ships wholly owned and chartered, to and from Iranian ports (Iranian flag only and Iranian pilot). Possibly they count on this new status quo to validate treaty denunciation and help force renegotiation at future date (FonOff officials have made clear they do not expect current Iraqi Govt to be able to negotiate). But to generate telling pressure on Iraqis in local context of Shatt Iran would have to bring about change of de facto river regime for third country shipping. For time being this has foundered, as it did in previous years, on lack of Iranian pilots and shippers' view of their insurance provisions. Still possible Iran may try to divert some or all this shipping to non-Shatt ports and/or obtain few qualified Iranian pilots but seems unlikely either or both could be done in short range or without considerable cost and effort.
5. Number of Iraqi actions and positions recently doubtless nettled Iranians: blatantly giving Iraqi diplomatic passport to Shah's enemy number one, General Bakhtiar: Takriti visit of Gulf states and Iraqi press comment on Gulf: seizure and mistreatment of Iranian citizens since Al-Bakr take-over: published article about Iranian backing of Barzani. All of these together may have constituted significant irritant. But on balance, we do not find Iranian action fully explicable in terms of Shatt dispute. Seems likely GOI seized opportunity to engage in muscle-flexing in order to convey to Iraqis particularly and possibly

Gulf Arab states in general that Iran will be dealing from a strong position in regional affairs.

6. Reaction of Iranian public difficult to define. April 19 statement was sprung on them cold and there has been considerable puzzlement as to what it's all about. There is general Iranian disdain for Iraqis and for present day Iraq as 'non-country' and most Iranians consider 1937 Treaty unfair and denigrating. Hence, assertive Iranian posture found considerable measure initial public support and certain amount irresponsible statements about marching on Iraq. Informed circles, however, seem inclined to be apprehensive. Over any danger of armed conflict for what is regarded as quite limited purpose and as confrontation wore on there was some talk of undesirable possible costs attending maneuvers themselves and certainly any actual military operations. At moment Iranian attention focused mostly on Iraqi mistreatment and expulsion Iranian citizens and pressure on pilgrims and holy places. GOI fanning issue somewhat but it seems to be subsiding.
7. At this stage we have following thoughts on consequences of confrontation: (a) GOI will hold to change of regime for Iranian ships, wholly owned and chartered. But regardless of outcome re Shatt, Iranians will conclude "we showed them," and this may lead to more muscle-flexing. (b) US relations not damaged by our caution to Iranians re undesirable effects outbreak of shooting would produce and advisability of contemplating other consequences. Shah no doubt reassured regarding basic US policy by approval of 1969 military credit sale which followed confrontation. (c) quite possible Iranian behavior may add to risks Soviets would foresee in backing radical Arab proxy forces in Gulf area and thus increase somewhat deterrence of such intrusion.

Thacher

¹ Source: National Archives, RG 59, Central Files 1967-69, POL 33-1 Iran-Iraq/Shatt al-Arab. Confidential. Repeated for information to Ankara, Bangkok, Jidda, Kuwait, London, Moscow, Rawalpindi, and USUN.

18. Letter from the Charge d'Affaires ad interim at the Embassy in Iran (Thacher) to the Acting Country Director for Iran (McClelland)¹

Tehran, July 12, 1969

Dear Mac:

While waiting for the information promised in paragraph 4 of Deptel 107964, we have been considering how best to manage the delicate problem of keeping a voice for the U.S. in Iran's air defense deliberations at the same time not encouraging the purchase of weapons or stimulating a request for a cash sale.

General Twitchell tells us that General Casbeer has found several opportunities to reiterate doubts about the desirability of giving up reliance on the F-4s as Iran's principal defense against air attack. However, expressions of interest in point defense have continued (from General Khatemi and others) and have been insistent to the point where it is obvious we will have to express some willingness to consider how Iranian desires can be met or we will be out of the ball game altogether. This does not mean we intend to give up stressing that the F-4s plus existing AA weapons are still the best defense. General Twitchell hopes to have a chance to elaborate this view again in an audience with the Shah which he is seeking for next week.

This morning General Toufanian stated the GOI was about to sign letter of intent for purchase of the Swiss Oerlikon and the British Rapier, an indication of the speed with which the Iranians are moving. Pursuing the line set out in your telegram, General Twitchell will indicate to Toufanian in general terms that we are preparing to see how we might be helpful and, while no commitments can be made, it would seem sensible to think of financing additional AA equipment through the next increment in U.S. credit.

We think it particularly important that the Iranians be encouraged to study the whole matter much more intensively than they have so far.

The study process should take a few months, bringing us closer to the time when we will be contemplating again the nature of the next

increment in U.S. military credits for Iran.

We have even discussed the possibility of suggesting something like an air defense study of the kind done on Persian Gulf defense a year ago. But this was such a slow and cumbersome operation, that the General is thinking of asking instead for some people to come out from the Air Force to work with him in determining the character of Iranian air defense needs and how they can best be met.

Meanwhile, the Shah has asked for a complete strategic review of his ground forces. ARMISH/MAAG, acting under CINCSTRIKE directives, must move warily in helping in an exercise of this kind, since we do not wish to seem to be accepting any inflated threat estimates the Iranians may put forward. Nevertheless, such a study may offer opportunities for suggesting further streamlining and improving the quality of the ground element.

Along with this ARMISH/MAAG has in mind reviewing the six-year Modernization Plan to see how practical it now looks in the light of another year's experience. This should help also in deciding how or if point defense equipment can be fitted somewhere into the four annual credit tranches remaining under our current program for future military sales to Iran. Our preliminary view is that they could be worked in though probably some items now contemplated might have to be postponed to the later years.

As you can see we are poised again on the horns of the usual dilemma. But given the speed with which the Iranians seem to want to move in this field, we see a need for some degree of U.S. involvement as the best means of slowing the headlong rush to purchase a third country weapon without full planning and appraisal. You may be sure that the General is stressing, as ever, manpower shortages and citing the absurdity of acquiring gear when trained men may not be on hand to operate it when it arrives.

We share your aversion to Raytheon's high pressure tactics. They have talked with ARMISH/MAAG and will be discussing their ideas further with Embassy officers. On all of these occasions we are taking the opportunity to reiterate that it is too early for them to meet with the Iranians. Is there still no means by which DOD can trim the sails of these traveling vendors before we are prepared to see their products put before the customers?

With all the best,
Sincerely,
Nicholas G. Thacher Charge d'Affaires ad interim

¹ Source: National Archives, RG 59, Central Files 1967-69, DEF 12-5 IRAN. Secret. In paragraph four of Telegram 107964 to Tehran, June 30, the Department, concerned at increasing Iranian military expenditures, had promised information on appropriate US weapons for the Shah's needs. (Ibid.)

19. Telegram 116791 From the Department of State to the Embassy in Iran¹

Washington, July 15, 1969, 2048Z

1. Following is unclassified memcon, FYI only, NOFORN, and subject to revision upon review:
2. Iranian Ambassador Ansary called on Secretary July 14 after returning from Tehran consultations previous day. Secretary began by saying President sincerely regretted not being able stop in Tehran during forthcoming trip, noting Shah would be visiting Washington in October. Furthermore, President hoped visit Iran next year.
3. Ansary said Shah dismayed and alarmed about developments in Middle East, specifically (a) recognition of East Germany by Syria, Iraq and UAR, and (b) Soviet shipment of four squadrons of aircraft and ships to Iraq. Despite these uncertainties and instability on Arab side of Persian Gulf, GOI still had no reply from USG to request for additional pilot training in US. Ansary said GOI had determined it needs train 25 pilots formerly trained in Pakistan every year in US, in addition to the 75 per year USG has promised to train. Also PEACE RUBY radar net still "in air." If these two items unresolved, Shah had said IIAF would be "deaf and blind."
4. Secretary said problem is that with Vietnam and many requests by other countries for pilot training he was not sure extra capacity was available. Country Director Eliot pointed out that when USG agreed provide training for 75 pilots in 1972 and 1973 and for 53 pilots in 1974, it had taken into consideration that the 25 Iranian pilots being trained in Pakistan would cease such training in October 1968. Numbers required by Iran had been worked out between Chief ARMISH/MAAG and Gen. Khatami and Eliot recommended that Shah's request for 100 pilots per year be urgently discussed in same forum. Secretary agreed. Comment: Instructions follow.
5. Ansary said Shah also displeased that US Ambassador, a few months ago, said US technicians could not go to western Iranian airfields during Shatt crisis and function there. Eliot explained that IIAF General Khatami had raised hypothetical question with Chief Armish/MAAG who stated subject was one requiring Ambassador's and Washington's instructions. After Ambassador discussed subject with Khatami, latter withdrew his question. Matter was never referred to Washington for decision. Secretary asked Ansary to ensure Shah aware

that asking such hypothetical questions could well sour Iran's good relations with the Congress. If USG suggested it might get involved in local conflict in Iran—even if it does not intend to—serious Congressional problems could be raised for Iran. Everyone would immediately put situation into a Vietnam analogy. Ansary said that since USG does not have relations with Iraq and does have "close relations" with Iran, Shah naturally expected USG generally favor Iran. "What is use of friendship if it is not good when chips are down?" In response Secretary's question whether Iran really worried about Iraq since Iran much stronger, Ansary could not say what countries together with Iraq would be stronger than Iran. However he implied Iran worried that if Iraq has more planes than its personnel can pilot and service, Soviet pilots and ground crews might become involved. Secretary said our analysis is that Soviets are so concerned with Chicoms they do not wish serious trouble in Middle East. We see Soviet remarks about possible Asian security pact also in context of Soviet concern re Chicoms.

6. Ansary then said Shah had mentioned to Secretary during latter's visit to Iran that GOI wanted to manufacture its own conventional arms, but USG had taken no action. Eliot pointed out that DOD team had gone to Iran to study co-production, had only recently returned, and was working to follow up results of its trip. Ansary appeared unaware this visit.
7. Finally Ansary said he was bringing these items to the attention of the Department since Shah will want discuss them with President during his visit in October. He asked that President be informed about the subjects discussed and was assured that he would be.

End

¹ Source: National Archives, RG 59, Central Files 1967-69, POL 7 IRAN. Secret; Limdis. Repeated to CINCSTRIKE. Drafted by McClelland and approved by Eliot.

20. Memorandum From Harold Saunders of the National Security Council Staff to the President's Assistant for National Security Affairs (Kissinger)¹

Washington, September 11, 1969

SUBJECT:

What To Tell Herbert Brownell on Iranian Oil Proposal

The Iranian Proposal.

The memorandum Reza Fallah (the Shah's oil representative) left with you (attached) makes two proposals:

1. That the US give Planet Oil—an American firm which Herbert Brownell represents—a quota to import 200,000 barrels of oil a day from Iran. Planet would buy the Iranian oil for distribution in the US, and Iran would use the proceeds only for Iranian purchases in the US. (This arrangement eliminates any balance of payments loss.)
2. To further the quota request, Iran is prepared to discuss selling oil to the US Government for a strategic stockpile. Fallah assumes that US domestic production cannot meet an oil crisis and that storage in salt caverns and mines is economic. Under this arrangement, Iran would ship oil for our stockpile, for which we would pay only the actual production and shipping costs and, of course, those for storage in the US. Only when the oil is used would we pay Iran the difference between the production costs already paid and the market price at the time we use the oil. We would be buying oil for \$. 40 a barrel which normally sells at around \$1.80. Essentially the Iranians are trying to create a situation in which—at no cost to Iran—any oil coming into the US in excess of normal imports would come from Iran.

Staffing in progress:

1. Substance. I have discussed this with the staff of the Cabinet Task Force on Oil Import Control. Brownell had presented the request for an oil import quota for Planet Oil to the Task Force last spring. The Task Force is a couple of months short of making recommendations to the President, and the staff at this point just doesn't know where the Task Force will come down. It is impossible to judge whether the

Planet request for a quota has a chance until overall import policy is determined. Therefore, they just don't have an answer now.

2. Handling. I have asked State to recommend an interim acknowledgment of Fallah's memo. If the Iranians have any advocates on the Task Force, they are the State representatives who are designated to handle such approaches and work them into the Task Force's deliberations.
3. Shah's visit. I have asked the Task Force staff to provide the basis for the President's talking points for the Shah on this subject. These will be explanations of some of the political problems the President has with setting oil import policy.

What To Tell Brownell

1. You have made sure that the Task Force staff understands the Iranian proposal.
2. You have assured that the national security implications (friendly Iran) are understood.
3. The Task Force is still a couple of months short of reaching conclusions on overall oil import policy. Until they make their recommendations and the President decides, we will not have a firm answer.

P.S. One of the problems of the Task Force is that oil import policy determinations are the subject of close political scrutiny. The Task Force has operated completely in the open. A special decision in favor of Planet Oil and Iran would be read as favoritism to Brownell on political grounds.

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 601, Country Files, Middle East, Iran, Vol. I, 1/20/69-5/31/70. Confidential. Sent for information. The attachment is not published. In a September 15 letter, Kissinger promised Fallah that he would receive a definitive reply on his oil proposal after the Cabinet Task Force had completed its oil import policy review.(Ibid.)

21. Telegram 159738 From the Department of State to the Embassy in Iran¹

Washington, September 19, 1969, 2048Z

SUBJECT:

Shah Visit—Security Considerations

REF:

Tehran 3704 anD 3740

1. Embassy should inform Zelli that Department and other interested agencies of USG fully aware of necessity protecting Shah's person and members of his party during visit as well as of continuing Iranian diplomatic and consular establishments in this country.
2. On September 22, following announcement of dates of visit, Dept's Office of Security will be in close touch with local police and other law enforcement agencies in New York, Washington and San Francisco. During visit SY men will, as is usual during HIM's visits, accompany party at all times and will be assisted by local authorities. Dept. will request of Washington, New York and San Francisco police that added precautions be taken in guarding Iranian diplomatic and consular establishments during period October 16-24.
3. Visa office: Instructing European visa issuing posts to preclear with Embassy Tehran before granting visas to Iranian applicants not otherwise known. However we must not allow Iranian authorities in Tehran to assume you will submit names of visa applicants to them for clearance.
4. Embassy's statement to Zelli that HIM's most recent visits to the US have been virtually without incident or embarrassment should be emphasized. Insofar as U.S. public is concerned these have passed practically unnoticed in this era of student-university confrontation, and Iranians can be assured that small demonstrations against Shah do little to diminish his prestige in this country. At same time we sympathize with Iranians over these disturbances and most deeply regret that they take place.
5. It would not be fair to Iranians nevertheless to lead them to believe that our ability to control demonstrations against the Iranian regime significantly greater than our ability to control any other kind of student manifestation. Our confidence for the success of forthcoming visit, including its security aspects, is based on belief that both US and Iranian public will evaluate Iran's leadership on the basis of its

accomplishments rather than strident efforts of dissidents to diminish a record which, by world standards, is outstanding indeed.

6. Dept. remains grateful for any specific information regarding threats to safety of HIM, his party or Iranian diplomatic and consular establishments GOI may be able to give us through any channel. Considerations raised by Tehran 3774, just received; will be covered septel.

Richardson

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 1245, Harold Saunders Files, Middle East Negotiations, Visit of Shah of Iran, Oct. 21-23, 1969. Confidential; Priority; Limdis. Drafted in by William H. Hallman (NEA/IRN); cleared by Miklosand in S/CPR, O/SY, and SCA/VO; and approved by Rockwell. In Telegram 3704 from Tehran, September 15, the Embassy reported Zelli's belief that radical U.S. student groups would combine with Iranian students to mount a large protest, and his request that the FBI keep demonstrations under control. (Ibid., RG 59, Central Files 1967-69, POL 7 IRAN) In Telegram 3974 from Tehran, October 1, the Embassy anticipated a high level of student protest against the Shah in the United States. (Ibid.)

22. Telegram 4054 From the Embassy in Iran to the Department of State¹

Tehran, October 6, 1969, 1230Z

SUBJECT:

Shah Visit—Meeting With Top Officials

REFS:

State 116791, USUN 3287

1. Emb has following comments and suggestions regarding political and economic aspects of substantive talks Shah will be having with President, Secretary, and other top US officials. We will comment on military aspects after Gen. Twitchell's audience with Shah requested for Oct 9.
2. Shah will be seeking to gain and update understanding of leading members new administration for his view of Iran's position in Middle East. He will probably play older themes of Iran's progress and development, political stability, and positive contribution to region and US interest but against background more recent developments. In particular, his general concern over radical Arabs and expanding Soviet presence in Mediterranean, Indian Ocean areas, has been intensified by what he sees as Soviet exploitation of deteriorating situations in Iraq and Syria (State 1167911) which he feels carries danger of those countries being joined under Communist direction. Also his chronic worry over instability and vulnerability Gulf Arab states to radical forces following British withdrawal has been further animated by series arrests in Saudi Arabia and his fear that even this stablest of Gulf states may be declining. With some justification he sees Iran as only stabilizing military force in region (he has just given renewed emphasis in two public speeches to his determination do all necessary for own and area defense). He will probably point out how Iran's assumption of regional security responsibilities fits current US policy as enunciated during President's Asian tour.
3. He will be pleased to hear President and Secretary give US views on broad international situation, including US-Soviet relations and arms limitation talks, Soviet-ChiCom relations, Arab-Israeli negotiations. Some exposition of US domestic situation as it impinges on our foreign relations would also seem useful as this is area Shah does not always give due attention.

4. Middle East. Discussion our efforts to move forward Arab-Israeli settlement would be appropriate occasion to express appreciation Shah's useful moderating role at Rabat Summit. In view his deep and recently expressed bitterness towards Lebanese Government (underlined by his apparent refusal receive Lebanese reps at Islamic summit) we doubt advisability any further suggestions at this time for renewal Iranian Lebanese ties. On other hand, it would seem distinctly desirable remind Shah we share with him deep common concern over future of moderate, free world-inclined Arab governments, and that we earnestly desire keep under review means by which these states may be strengthened. Hopefully clear reiteration in atmosphere of Washington our interest in stability of moderate Arab regimes, including Lebanon, might make his concerns with Bakhtiar seem less compelling than they do in Iran. We should not let Shah off hook of acting like ME statesman he claims to be.
5. Persian Gulf. Shah will probably assure us he is prepared to accept any formula UN able to work out with British on eliciting political will Bahreini populace concerning future status. Our commendation this approach would encourage him to continue on this course. We doubt very much he will comment like Zahedi (USUN 3257) regarding Iran's expectation of receiving Tunbs and Abu Musa in return for relinquishing Bahrein claim. However, if subject those islands touched upon, we might usefully avoid any intimation that we are wedded to status quo.
6. COMIDEASTFOR. Washington visit may provide opportunity make progress in resolving differences between Shah's views and ours on future stationing of COMIDEASTFOR in Gulf (Bahrein). Shah has already said in Hanson Baldwin and all friendly interviews that he would prefer us not have naval force based in Gulf. Reiteration this line through more dramatic medium of planned TV interview (Meet the Press) might strike significant adverse note with US public and some Congressmen, besides further committing Shah to this unhelpful position. However, heading him off this line, which stems inevitably from his present independent, nationalist caste of mind, will be delicate matter. Perhaps Secretary might find opportunity reaffirm to Shah our conviction future stability and security of gulf depends first and foremost on cooperative efforts between riparian powers. Indeed we hopeful latter will succeed in evolving stable new system assuring security and progress of all Gulf states. Nevertheless US and rest of world have important interest in seeing that an area containing such great resources does not slip, as others have in post-colonial eras, into state of uncertainty and chaos. While riparians must play dominant role, others can perhaps be helpful also. Accordingly we believe wise

not foreclose options with regard future usefulness of facilities now existing in Gulf. If Shah shows inclination pursue matter further, he, might be reminded gently there is always possibility Soviets can find some means, perhaps in collaboration with Iraqis, establish more or less permanent naval presence in Gulf. While we would not suggest point be argued still Secretary might find opportunity note that once we had withdrawn naval force from region, its reintroduction would be difficult and operation of over-the-horizon presence (which Shah has mentioned) impractical. Perhaps best course would be simply endeavor convince Shah that on this question our views are flexible and we hope his can remain that way also.

7. Oil. Shah is in dead earnest in his quest for additional oil revenues and Iran's current tight foreign exchange situation has added urgency to problem. (Shah's approach on oil problems may be influenced by results NIOC/consortium talks in London beginning October 6 and concluded prior his arrival US.) While aware of US oil policy concerning operations and negotiations of international companies and oil imports, he will hope for indications that we will nudge oil companies to take his regional responsibilities as well as commercial considerations into account in their negotiations and that we will be sympathetic regarding any barter deals for military equipment that he may be able to work out within current import quota system. But he will probably be especially interested in future prospects. He knows, of course, that government's domestic and import oil policies are now under review and he will be acutely interested in future outlook as it affects Iran. He will especially appreciate obtaining fullest feasible exposition of oil import prospects and it will be worth careful coordination to avoid leaving any impression of discrepancies in viewpoints of different officials.

Thacher

¹ Source: National Archives, RG 59, Central Files 1967-69, POL 7 IRAN. Secret; Limdis. Repeated to Jidda.

23. Telegram 4183 From the Embassy in Iran to the Department of State¹

Tehran, October 13, 1969, 1300Z

SUBJ.:

Iraq: Soviet Efforts to Penetrate Middle East; Iran's Need for Adequate Military Establishments.

REF:

Tehran 4174

1. Shah opened by saying he increasingly concerned by Iraq situation and Soviet efforts to gain position of primary influence in that country. Whereas at present Soviets are supplying largely defensive equipment to UAR, they are equipping Iraq with offensive armaments including aircraft, COMAR missile vessels, and other offensive hardware. This is giving Iraq offensive capability which Soviets might at some future time wish to exploit if they succeed in their efforts to have Iraqi Communists participate in a future Iraq Government—a step that would lead to Soviet domination of Iraq. He said there is presently in Iraq a Soviet naval mission of several hundred and that only a week or so ago 170 Iraqi naval personnel went to Soviet Union for training. Given Iraq's very short sea coast and its strictly limited territorial waters, furnishing of missile-firing vessels, etc., is most sinister, particularly since such offensive capability is not needed, in view of present modest array of Iranian and other naval strength in Gulf. Among other things, Soviets doubtless laying groundwork for port facilities in Iraq which would enable them to augment Soviet naval presence in the Gulf, which had been increasingly evident in the last 18 months. Having built up a substantial force in the Mediterranean of some 70 vessels, Soviets are in process of laying groundwork for build-up of naval forces in the Gulf. I commented I had heard rumors Soviets were planning to give Iraq COMARs, had not heard confirmation vessels had actually been delivered. Shah replied vessels had been delivered, but Soviet missiles not rpt not yet furnished. He mentioned that recently he had sent intelligence officer to London who had coordinated estimates of Iraqi strength with British intelligence and that Iranian estimates coincided very closely with British.
2. He said he had "needled" the Soviets about their supplying offensive weapons to Iraq and that such action not only supported Iraqis in

their defense of a colonial-imposed treaty (Shatt-al-Arab), but was also inconsistent with Soviet declaration of friendship with Iran. However, Soviets had waffled and given no satisfactory answer.

3. In light of military build-up in Iraq, with attendant threat to Persian Gulf and possible future unfriendly efforts by radical Arab states to unseat moderate Arab governments, it essential, given British withdrawal in 1971, that Iran improve its military capabilities. These capabilities, he said, were not designed to cope with an overt, all-out Soviet attack, as only the U.S. was in a position to do that. However, increased capabilities were essential (a) to give credibility to Iranian position vis-a-vis Soviets that Iran would resist militarily any attack from any source and would fight to end and in process destroy its industrial capability so potential enemy could not profit; (b) to deter Iraq, with its increased military capabilities, from making miscalculation and engaging in aggressive steps in Gulf and against Iran which could escalate into hostilities.
4. He said some friendly observers believed Iran's present training, state of readiness, and military capabilities already infinitely superior to those of Iraq. He agreed Iranian forces were better trained and superior but if Iraq engaged in surprise attack, the first three days could be crucial and Iraqi advantage from first strike could lessen degree of Iran's superiority.
5. Shah said in light foregoing situation, he would be discussing Iran's military requirements with President Nixon and his advisors. While over-all capabilities must be strengthened, he emphasized priority he is giving to building up Iranian air strength. This would serve as great deterrent to miscalculation and/or aggression in this part of the world. However, this air build-up would obviously require additional pilot training in US as well as additional maintenance technicians to train Iranians. He estimated Iran would probably need from seven to nine years to fully train its own personnel. He was quite prepared to use a mix of US military and US civilian personnel (if latter available) for which Iran would pay (hopefully from increased oil shipments to United States, as per following message). He trusted we would be forthcoming in these matters.
6. He concluded with general observation that US had gone to great expense to build up Turkish capabilities. To him it made little global strategic sense to build up Turkish defenses and leave relative vacuum in Iran which not only guarded Turkish flank but through which Turkey could be bypassed by both Soviets and radical Arabs. He was not asking for grant assistance such as we had given and continue to give to some countries, but for cooperation, economically and militarily, to permit Iran to shoulder its responsibilities in this part of the world

without having to be dependent on US or other great power intervention. He felt that a most critical period lay ahead and since Iran and the US share the same basic objectives and purposes, closer cooperation in the future was even more important than it had been in the past.

MacArthur

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 1236, Harold Saunders Files, Middle East Negotiations, Iran 10/1/69–12/31/69. Confidential; Immediate. A handwritten note on the document reads, “Att to Saunders-Kissinger memo 10/14/69. Subj: President’s Wednesday Briefing.” The document was also found in Ibid., RG 59, Central Files 1967–69, POL 17–1 US-IRAN.

24. Telegram 4185 From the Embassy in Iran to the Department of State¹

Tehran, October 13, 1969, 1310Z

SUBJ:

Shah's Desire for Increased Oil Shipments to United States in Return for Iranian Guarantee to Purchase U.S. Equipment.

REF:

Tehran 4174

1. Shah said one important subject he would discuss with President Nixon is Iran's desire for increased oil shipments to U.S. in return for Iranian guarantee to spend proceeds on U.S. military and civilian equipment. Iran was well satisfied with U.S. equipment and in period ahead when Iran must be electrified and further industrialized there would be need for a wide range of heavy industrial equipment such as generators produced by General Motors and General Electric, agricultural equipment, heavy industrial and construction equipment etc. to purchase such items, and also military equipment, from U.S., Iran needed to expand its oil shipments to U.S. He felt strongly Iran should have a quota or some similar arrangement. While American interlocutors had pointed out to him that U.S. did not allocate quotas to countries but gave quotas to importers, this was not really accurate as proven by quota-type arrangements we had worked out with Venezuela and Canada and oil imports that flowed through Virgin Islands by special type arrangement which were not subject to regular U.S. import quota limitations. He trusted that some such special arrangements could also be worked out for Iran.
2. In return for such special arrangements, Iranian Government would guarantee to spend proceeds on U.S. equipment. He did not think there was any country that was willing to make such a commitment and he remarked with a smile that he assumed we would not be averse, in view of our balance of payments problem, to Iranians purchases which could run up to \$400 million a year. He made clear that he would stress to President that some arrangement for increased oil exports to the U.S. was of vital importance to Iran and, in his judgement, also served not only commercial but also political interests of the U.S. since he knew we wished to see a strong stable and independent Iran that could contribute to stability in this unstable area.

3. In this connection, he said he would like to offer one informal observation. He felt that rather than trying to treat all countries generally alike, the U.S. and Iran should both try to develop especially close and cooperative arrangements with countries that shared their basic political and international philosophy, and were in a position to work towards stabilizing areas that today were in a precarious position. Special relationships of this kind could be extremely helpful in different parts of the world, where the countries enjoying such a relationship with the U.S. could "carry the ball" and exercise an influence for stability and peace without the U.S. having to become too directly or overtly involved.

MacArthur

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 601, Country Files, Middle East, Iran, Vol. I, 1/20/69-5/31/70. Confidential; Immediate; Limdis.

25. Intelligence Note No. 743 from Deputy Director George C. Denney, Jr. of the Bureau of Intelligence and Research to Secretary of State Rogers¹

Washington, October 17, 1969

SUBJECT:

IRAN: Shah's Views of Iranian Defense Needs on the Eve of US Visit

The Shah of Iran reviewed in conversations with the recently-arrived American Ambassador some topics which are of most immediate concern to him and his policy-makers—i.e. Persian Gulf security, Iran's defense needs, and increased oil revenues. While no striking departures emerged from these conversations, the general tenor reflects the Shah's concern with the security of his country and his determination to provide what he regards as an adequate defense against any likely external threat. Most of the Shah's statements were probably aimed at setting the stage for his October 21-22 visit to the US. They may also presage a period in US-Iranian relations in which growing Iranian independence could result in less reliance on US support and less attention to American advice, especially in regional matters.

Shah Concerned About Persian Gulf. Of paramount concern to the Shah are the Persian Gulf and the various forces which may play a role therein following the British withdrawal scheduled for 1971. He is still wary of the USSR and is aware that the US remains the only guarantor against Soviet attack, but he also considers such an attack to be a remote possibility for the foreseeable future. The Shah is convinced that Iran must play the dominant role in the Persian Gulf and he is determined that radical Arab or Soviet influence should be prevented, or at least be kept to an innocuous level. He feels that neither Saudi Arabia nor the various principalities can contribute significantly to the control of these subversive forces and that therefore, the entire burden of insuring the region's security will fall on Iran as the strongest and most stable riparian power.

To meet this burden, Iran, in the Shah's opinion, will require a modern and well-equipped military establishment with most of the equipment to be purchased either from the US or elsewhere. Although the Shah's assessment of the Persian Gulf situation and of Iran's role may be overdrawn, there is no denying that he is wedded to it and that Iran

has the wherewithal to look to other arms sources if he decides the US is not sufficiently meeting his demands for arms. Keeping such demands within reasonable limits—reasonable in the sense that military procurement does not become a severe strain on Iran's economic development—has required major US efforts over the past few years. If the Shah's stated needs—additional sophisticated aircraft, modern armored equipment, and increased training of Iranian personnel—are indicative of what he is likely to attempt to acquire in the near future, the US may be faced with a serious problem of trying to convince the Shah to keep his requests within economically manageable proportions.

Military Requirements Pose Many Problems. The increased defense burden is likely to create problems also in domains other than US-Iranian official relations. The Shah has already stated publicly that the Iranian people could look forward to a certain amount of "belt-tightening" over the next few years since added expenditures will have to be devoted to the military. The oil companies will also probably find themselves under increasing pressure to raise offtake and revenue payments beyond projected levels.

Even though sharply rising military expenditures cannot but cause problems for Iran internally by hindering its development plans and externally by perhaps alarming and alienating its weaker Arab neighbors, the Shah appears determined to follow this course. He feels that only a strong deterrent posture can provide the necessary guarantee of Iran's security against radical Arab nationalist incursions into the Gulf region. In addition, the Shah sees Iran as the only logical successor to the British in the Persian Gulf and the only riparian state that can claim sufficient military and economic power to fill this role successfully.

¹ Source: National Archives, RG 59, Central Files 1967-69, DEF 1 IRAN. Secret; No Foreign Dissem.; Limdis.

26. Memorandum From Secretary of State Rogers to President Nixon¹

Washington, October 17, 1969

SUBJECT:

Suggested Positions to Take with the Shah of Iran during His Forthcoming Visit

Our relations with Iran are excellent. The Shah values his connections with American Presidents and will be alert to gauge whether this Administration will continue the support for him and his country which he considers that its predecessor showed. He will have the following two questions uppermost in his mind.

1. Need for additional U.S. military equipment

In preparation for the day when the British will leave the Persian Gulf in 1971, and in light of his concern over the Soviet arms build-up of certain Arab states, particularly Iraq, the Shah will state his strong desire to purchase substantial amounts of new heavy military equipment on favorable credit terms. Our traditional position has been to try to contain the Shah's military appetite, without creating a negative impression, since the need for so much additional equipment is questionable in our view and its purchase diverts resources from development. We suggest you tell the Shah that we believe most of Iran's essential military needs can be met under the present arrangement we have with Iran, whereby we have said we will attempt to provide \$600 million in credit for military purchases in \$100 million tranches over the period 1968-1973. You could say that if the \$100 million annual ceiling poses problems in placing orders for certain items with long lead-times, or inhibits ability to take advantage of the most advantageous prices, we will examine alternative possibilities with the Shah's economic and military advisers.

2. Increase in oil imports from Iran

The Shah will ask for special arrangements which would permit the import into the U.S. of substantial amounts of Iranian oil above the established import quota arrangements. He will offer an undertaking that the proceeds from these exports will be spent on U.S. products. As the extremely complicated matter of imports of oil into the U.S. is now being studied by the special committee you have set up under Secretary Shultz,

and as this committee is not scheduled to finish its work for several weeks, we suggest that you tell the Shah that the whole question of oil imports is under careful study and that the Shah's proposals will be taken into consideration. In these circumstances it is not possible for you to give a definitive reply at this time.

We suggest you make the following points to the Shah:

1. Appreciation of Shah and gratitude for Iran's role

We have a high regard for the Shah as a world statesman and a wise national leader who is leading his country to stability and economic well-being. We deeply appreciate the valuable international role of Iran, which is a stable entity in a highly neuralgic part of the world. We are also grateful for valuable intelligence, communication and overflight facilities which Iran provides the U.S. We hope that we may continue to work as closely in the future as we have in the past toward our common goal.

2. Iran's role in the Persian Gulf

When the Shah brings up the changing situation and Iran's role in the Persian Gulf, we suggest you emphasize our belief that stability and security in the Gulf is best safeguarded by cooperation among the states most immediately concerned. You could say that we are encouraged by the Shah's forthcoming attitude on Iran's claim to Bahrain, i.e., that Iran would accept any arrangement worked out by the Secretary General of the United Nations to determine the will of the people of Bahrain. We hope that negotiations and accommodation will be used to deal with other questions which may arise between states of the Persian Gulf, such as Iran's claim to the Tunb Islands and the Island of Abu Musa, in dispute with the Shaikhdoms of Ras al Khaimah and Sharja respectively. We hope, too, the Shah will do everything possible to develop and improve his relations with Saudi Arabia and examine what he can do to restore relations with Lebanon, a break having occurred as a result of Lebanon's refusing to extradite to Iran a prominent Iranian anti-regime political figure, General Teimour Bakhtiar.

The Shah may reflect disappointment that we are not prepared to make substantial new commitments to him at this time, although our attitude will be essentially what we believe he expects to hear. It will be essential to portray it to him in the most constructive light in view of our

valuable relationship with Iran and the key role in that relationship played by the Shah personally.

William P. Rogers

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 920, VIP Visits, Shah of Iran, Washington DC, 10/21-10/23/69. Secret. Scope, objective paper, and talking points were enclosed but are not published.

27. Memorandum From Harold Saunders of the National Security Council Staff to the President's Assistant for National Security Affairs (Kissinger)¹

Washington, October 20, 1969

SUBJECT:

Further Background for Shah Visit

Although we have suggested that the President try to steer clear of details of the Shah's military and oil proposals, the Shah has a way of pressing hard for answers. If the going gets heavy, the President may ask you on the spot what can be done or ask you to talk with Secretary Laird. For that reason, you may want to see or refresh your memory on the attached (though both are covered generally in the briefing book):

1. Secretary Rogers has written Secretary Laird (Tab A) urging him to be as positive as possible on three Iranian military requests. Secretary Laird has practical problems with each:
 - a. USAF technicians to train Iranians in the maintenance of F-4's. Secretary Laird is concerned about deepening the involvement of US military personnel in Iran. He would prefer that the Shah hire civilian American technicians. For instance, when Iran and Iraq were at odds last summer, some of our technicians were asked to move to a forward base. Fortunately, the crisis ended before they had to move but Laird is concerned about the implications of that sort of involvement.
 - b. Iranian pilot training: The Shah will probably press to increase the level of pilot training in the US. While this makes sense in the abstract, Secretary Laird would either have to take away training slots from some other friendly country—Iran already has more than half of those allotted for world-wide pilot training and we have applications we cannot fill from Italy, Norway, Denmark, Morocco—or he would have to go to the Congress for more money to increase this program.
 - c. In-country production. The Shah is anxious to have us help increase Iranian industrial capability to overhaul armored vehicles. Defense is happy to help but generally wants Iran to work out details with private US companies the Iranians would like Defense to negotiate for them. This puts Defense in the position of choosing between US firms for foreign business.

2. The Shah's oil requests. You have seen the material in the briefing books on this problem. You asked also, however, to see again the memo I did for you after Reza Fallah called on you in August. At Tab B is a copy of letter your letter to Dr. Fallah saying that his proposals would be handled by the Cabinet Task Force on Oil Import Policy. Also there is a slightly fuller explanation of the Iranian proposals but you have already seen much of this in the briefing material.

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 920, VIP Visits, Shah, Washington, 10/21-10/23/69. Tab A is [Document 28](#). Tab B is not published. A handwritten notation on the source text reads: "Back from HAK, October 22, 1969."

28. Letter from Secretary of State Rogers to Secretary of Defense Laird¹

Washington, October 20, 1969

Dear Mel:

I understand that you will be calling on the Shah of Iran at his request on October 22. I assume your staff has drawn to your attention a number of questions the Shah is likely to ask you about present and future U.S. military cooperation with Iran.

A number of the Shah's questions will deal with matters somewhat in the future and clearly we will not be in a position to give him definitive replies at this time. Nevertheless I believe it is of great importance that we leave the Shah with the clear impression that we are making a determined effort to help him to continue to meet his defense needs. Specifically I think it would be of great help in creating this impression if you could tell him that:

(a)

We will continue to send U.S. Air Force F-4 technicians to Iran to train Iranians in the maintenance of F-4 aircraft for at least one more year.

(b) We will make every effort to provide for Iranian pilot training in the United States at the present level (75) and consider providing for an additional number of training spaces in the 1973-75 period should they be required.

(c) We will cooperate with him in developing an in-country capability overhaul armored vehicles and to explore with him other areas of defense related maintenance or production facilities in which U.S. collaboration might be feasible.

Sincerely,
William P. Rogers

¹ Source: National Archives, RG 59, Central Files 1967-69, POL 7 IRAN. Secret. The letter is a true copy of the original in the Washington

National Records Center, OSD Files, FRC 330-75-089, Box 74, Iran 1969, 091.112.

29. Memorandum From the President's Assistant for National Security Affairs (Kissinger) to President Nixon¹

Washington, October 21, 1969

SUBJECT:

Your Talk with The Shah—Tuesday, October 21

The Schedule

TUESDAY, OCTOBER 21

10:30 a.m.—Arrival ceremony (statement in the separate briefing book)

11:00 a.m.—Talk with the Shah

8:00 p.m.—White Tie Dinner (toast in briefing book)

THURSDAY, OCTOBER 23

11:30 a.m.—Farewell call (statement will be sent after Tuesday meetings)

Significance of The Visit

As you know, the Shah is a man with a mission—putting Iran on its feet as a modern nation before he dies.

To this end, he is subtly pressing the idea of a “special relationship” with the US.

By this he means a relationship that would cause us to give Iran preferred treatment—exceptions to oil import policy, a place at the top of the military credit list and higher revenues from private US oil companies.

In this, he is not entirely self-seeking. He is genuinely committed to the West and feels the good job he is doing in Iran—“an island of stability,” he calls it—is an important service to the Free World. He knows that no one visit is a make-or-break point in a relationship like this, but in these first substantive talks with your Administration he will be trying hard to nail down the principle of special relationship. As a determined man who believes in his cause, he is a persistent bargainer and he will read any generally sympathetic answer as assent. Precise and frank talk about how far the US can and cannot go is important in avoiding later misunderstanding.

Points to Stress (see also Secretary Rogers' memo in briefing book)

1. Continued warmth of your personal relationship, pleasure in exchanging views on the world situation and interest in the latest developments in Iran.
2. Desire for close cooperation with Iran within limits imposed by present US mood. [You might approach this by explaining in depth the philosophy behind the policy stated on your Asian trip. The Shah will agree and then argue that this is exactly why he seeks special treatment—so Iran can save the US from involving itself in Iran's part of the world. While that makes sense and we should help as much as we can, the point is that the US mood which underlies your Asian statements also creates strong sentiment in some quarters against military credits and special import quotas. While this Administration is committed to a close relationship with its friends, translating that commitment into practical policies and programs is a political problem that has to be worked out a step at a time in our political system. The President of the US cannot make policy as easily as the imperial ruler of Iran. By combining appreciation for the Shah's policy and a description of the practical problems you face as a political leader, I hope you can be forthcoming without letting him expect too much.]

Points to Avoid

1. A specific commitment on either of the Shah's oil import proposals. [Tabs D and E of briefing book describe fuller details and the Shah's revenue problem which underlies them. In brief, they are (a) that the National Iranian Oil Company through its American partner, the Planet Oil Company which Herbert Brownell represents, be given an annual quota for the import of oil into the United States, and (b) that the United States accept an Iranian proposal to sell oil for a strategic stockpile—the oil to be sold at cost with Iran collecting its profit only if and when the oil is used. As you know, the Cabinet Task Force on oil import policy will not report its recommendations to you for another six weeks or so, and you would not want to mislead the Shah to expect more than we can deliver. The Task Force will consider Iran's special strategic claim on our attention, but of course that is only one factor in setting oil import policy.]
2. Commitment on military credits. [The US has a five-year understanding with the Shah dating from June 1968 for the sale of arms at the rate of about \$100 million a year. But the Shah is always in the process of reviewing his needs and pressing the upper limits of available US credit. Our problem is simply budgetary: The Iranian credit in FY 1970 is by far the largest, taking 30% of the sales budget request. You are aware of the pressures from Israel to increase its

share, and beyond that Iran is competing within a \$350 million ceiling with other special cases like Taiwan, Greece and some Latin Americans. Since the Shah personally oversees Iran's procurement program, he has a great deal of detail at his fingertips. Your best procedure is to let him discuss details with Secretary Laird.]

3. Saying "we will consider" the Shah's requests. He will read that as a promise to consider favorably. To avoid unpleasant misunderstanding, it is best where possible to say exactly how we will handle his requests, explaining where necessary why it is not possible to give a final answer immediately.

Talking Points

1. You are sorry you could not stop in Iran at the end of your Asian trip. Scheduling made it impossible. You decided that it would be better to defer a visit to Iran rather than to make a quick three or four hour stop. You appreciate the Shah's understanding. [In deciding not to go last August, you authorized my telling the Iranians you would go next year.]
2. You might want to give the Shah your main impressions from the Asian trip leading to the following point: You are aware that the Shah for some time has understood the philosophy behind your Asian policy. But when you took office you were struck by the many restrictions imposed by the present American mood. You deeply appreciate the Shah's perceptiveness and hope he will continue to bear with us if we sometimes seem unable to do all that we logically should even to give substance to our own policy.
3. These comments may well lead to the oil question: You appreciate the importance of oil revenues to Iran's stability, defense and growth.
 - a.

You are aware of his proposals for increasing US import of Iranian oil—the desire for an import quota and the proposal for sale to a US stockpile. You want to explain where your own decision-making process on oil import policy stands because our response must be consistent with the new policy. The Cabinet Task Force will report in six weeks. There will be a period of discussion and decision-making after that. You have instructed—that national security concerns—such as those the Shah argues—be worked into the Cabinet Task Force's recommendations. You are sorry you cannot give him an answer now, but this is a major policy review involving complex domestic and international political and economic issues.

[I recommend you describe these in a general way to give the Shah the impression (a) that you are grappling with a difficult political problem and (b) that you appreciate the Shah's effort to cast his proposals in terms in of US security and balance of payments interests. Oil import policy involves balancing national security requirements—the US oil reserve and cooperation with our friends—with domestic prices and the interests of US companies, which vary from one section of the US to another. For your background: US imports of oil will rise, but it is not at all clear now that special arrangements for any country outside the Western Hemisphere will be desirable. On the other hand, if the US does decide to stockpile oil, Iran's offer might well be competitive.]

b. You understand the Shah's desire to maximize oil revenues for Iran's development plan. [He is putting great pressure on the consortium companies to increase their offtake from Iran to bridge the gap between income and the Shah's development budget.] In our free enterprise system we cannot tell the oil companies what to do, although we do share with the companies our view of Iran's importance. You realize—from your own talks with Secretary Schultz how complicated it is to match domestic economic requirements against international trends in a commodity like oil. How does the Shah manage this? [The point here is to suggest subtly that the Shah base his Policy toward the oil consortium on sound analysis of what the world market and sensible commercial practice will permit. The Shah wants more than what the companies consider Iran's share of the Mid-East market and a greater production increase than world demand and supply will support. We do not want to take sides. But we do not want to see the Shah do anything rash. One idea is to encourage him to seek from independent oil consultants a judgment on a fair compromise.]

4.

On military cooperation, the US will continue to help. You regard the details of the program as part of a continuing discussion between our respective military experts. Secretary Laird will be discussing these with him further. You would only note that both the US and Iran have to work with budgetary limits. You know how well the Shah understands the need to balance domestic development against defense. All you can say is that we shall continue to work closely with Iran in this field.

[The Shah is pressing for some help that causes problems for Defense. For instance, the Shah would like more Iranian pilots trained in the US. This would be nice to do, but as a practical matter it would involve either cutting slots for other friends—Iran already has half the slots allotted for our worldwide pilot training program—or asking Congress for more money for this program. The Shah would also like more USAF technicians to help train Iranians in maintaining their F-4s because they are cheaper than civilian contract technicians. This raises the question of a deepening direct involvement in Iran. For example, during Iran's brief border tension with Iraq last spring, USAF technicians were asked to move to forward bases. Fortunately, the incident ended before they had to move.]

5. Prince Fahd when you saw him last week expressed admiration for the Shah and for his statesmanship in working toward a solution of the Bahrain problem. As the British move out of the Persian Gulf, you are counting on the statesmanship of the Shah and King Faisal to make the transition orderly. [Iran has an historic claim to Bahrain and three other small islands in the Persian Gulf. The Shah has said he would be willing to accept any arrangement the UN is able to work out for ascertaining the wishes of the people of Bahrain. In effect, he is willing to drop Iran's claim there if he can find a face-saving way to do it. The British believe they are close to agreement with the Shah on Bahrain and would appreciate your encouraging him to complete what is potentially a statesmanlike act in taking Bahrain out of the field of controversy. The Shah still wants control of the smaller islands.]
6. The Shah will be interested to hear your views on Vietnam and the domestic US mood and to discuss the Middle East and East-West relations (your visit to Rumania).
7. You are pleased to be cooperating with the Shah in pressing his proposal (made at Harvard in June, 1968) for a universal Welfare Legion—a sort of international Peace Corps. [In your UN speech, you welcomed ECOSOC study of the feasibility of this proposal, and in a September 24 letter you informed U Thant that Joe Blatchford would help with the UN study. A decisive factor will be whether the idea is acceptable in the developing world.]

Substantive Points He Will Raise

1. The Shah is, above all, interested in exchanging views on the world situation.

2. He has, during his talks here at the time of General Eisenhower's funeral and in his first talks with Ambassador MacArthur, proposed that the US and Iran develop a special working relationship. He is not talking about an alliance but about very close consultation and special consideration for each other's interests.
3. In this context, he will develop his two proposals on importing Iranian oil into the United States and encourages the oil consortium companies to increase offtake from Iran.
4. He will press for additional military equipment within our credit sales program and for further help from US Air Force technicians.
5. The Shah will speak of Iran's importance as a stabilizing factor when the UK pulls out of the Persian Gulf. This is a major part of his argument for special US help. [Our reply is that we hope the Shah and King Faisal will work closely for the stability of the Gulf. You were pleased to hear from Prince Fand that the Saudis feel relations are good.]

Attachments: I am attaching biographic background on the Shah [*1 line not declassified*]. More detailed papers on the principal issues and a fact book are in the separate briefing book.

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 920, VIP Visits, Shah of Iran. Secret. The attachments are not published.

30. Memorandum From the President's Assistant for National Security Affairs (Kissinger), to President Nixon¹

Washington, October 22, 1969

SUBJECT:

Background on Shah's Oil Proposals

Clark Mollenhoff in the attached explains some of the background of the Shah's proposals for the US-import of Iranian oil. He understands that he has been oversold on this project by a group of American entrepreneurs now represented by Herbert Brownell. He points out the domestic political risk of a decision on oil import policy that seemed to favor one of Mr. Brownell's clients.

The background Clark describes is consistent with my information.

I would only add that the Shah has now made these proposals very much his own. He is not just the dupe of American entrepreneurs, although they may not have been straightforward with him in describing the US difficulty in changing oil import policy. I have tried to keep Herb Brownell informed on our side of the problem, but he has apparently not succeeded in dampening the Shah's enthusiasm if he has tried.

Attachment

Memorandum From the President's Special Counsel (Mollenhoff) to President Nixon

Washington, October 17, 1969

SUBJECT:

Potential problem area in connection with the visit of the Shah of Iran.

It is possible that the Shah of Iran may be oversold before his arrival on the possibility of some changes in U.S. policy to permit Iran to exchange crude oil for American goods and products.

I am informed that a Mr. Charles Allen of a firm known as "Planet Oil and Mineral" has convinced the Shah that he can increase the income of Iran substantially by such a change in American policy. While it would probably be good U.S. policy to help the Shah in some manner, this

could constitute a preferential treatment that could have wide repercussions.

Herbert Brownell, former Attorney General under the Eisenhower Administration, represents Plant Oil and Minerals. He is apparently very enthusiastic about his client's cause, and believes that it would be a wise course for the United States as well as for Iran. However, I have had some discussions with persons who are equally interested in good relations between Iran and the United States who feel that any special allocation arrangement would have some long-term bad impact, even if it seemed a good thing to do to please the Shah while he is here.

It has been explained to me by some familiar with this matter that the Shah is likely to be disappointed on a number of matters involving oil policy while he is here and that it is important to cool his enthusiasm at the earliest possible point in the one area so there will be less likelihood of repercussions.

I am not familiar enough with this subject matter to have any firm judgments one way or the other. It did appear to me that the warning was a clear and reasonable one that should be passed on for consideration at the proper level.

I am informed that Nat Samuels, a Deputy Under Secretary of State for Economic Affairs, is fully conversant with this whole matter, I would suggest that anyone at the White House level who deals with this subject contact Mr. Samuels for exploration of the details.

There have been some scandals involving oil allocation decisions in the recent past. The press has not fully exploited those scandals, but I'm sure would put the worst possible interpretation on any decisions by this Administration that might be of substantial benefit to one of Mr. Brownell's clients.

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 920, VIP Visits Shah, Washington, DC, 10/21-10/23/69. No classification marking. Sent for information. Nixon wrote on the memo, "Get this done by the companies if possible—not by a change of quota." Saunders indicated on an attached covering memorandum that Mollenhoff's views on the proposal were "consistent with our own." The covering memorandum is not published.

31. Memorandum for the Record¹

Washington, October 22, 1969

SUBJECT:

Meeting with The Shah of Iran

1. The Shah and the undersigned had breakfast in the upstairs study of Blair House on 22 October. The meeting lasted from 8:10 to 10:00 A.M.
2. At various times during this session, the undersigned briefed the Shah on subjects in which he expressed an interest: Developments in Sino-Soviet relations over the past year, the Soyuz 6-7-8 manned space mission (briefing memorandum attached), developments in Latin America, and Soviet subversive activities in the Middle East and Western Europe.
- 3.

The undersigned told the Shah that he was disturbed over the lack of substantive intelligence briefing with which we had provided him over the past year and that steps would be promptly taken to provide [*less than 1 line not declassified*] material on military developments in the Soviet Union and Communist China.

(*[less than 1 line not declassified]*: Let us arrange a system whereby you will be provided from [*less than 1 line not declassified*] with periodic reports on these and other subjects of interest.)

The undersigned took occasion to thank the Shah for the approval he gave permitting construction of [*less than 1 line not declassified*] on the Persian Gulf. The Shah nodded his head, expressed his interest in the project, then went on to say that as long as we are not interested in having U. S. A. shining in neon lights on our installations, he is prepared to have us locate in Iran almost any kind of technical collection equipment we desire. [*1 line not declassified*]

4. In connection with the Persian Gulf and Saudi Arabia, the Shah stated that King Faysal had assured him in Rabat that if the Shah satisfactorily settled the Bahrein problem, he (Faysal) would make a public statement announcing that Saudi Arabia would make common cause with Iran in the Gulf area. The Shah added rather mournfully

that no one has tried harder than he to get a satisfactory arrangement with Bahrein.

5. In discussing Iraq and the disposition of a majority of Iraqi forces toward Iran, the Shah commented that he was certain Soviet intelligence in Iran was spying on behalf of Iraq. He is obviously concerned about Soviet build-up of Iraqi forces and wondered aloud whether they would be encouraged to move against him. After some discussion of this, we agreed that this was an unlikely eventuality within the immediate future.
6. Commenting on his current visit here, the Shah stated, "Relations between our two countries have never been better". He feels that he and the President are agreed in their assessment of affairs in the Middle East, and he believes that the President intends to help him build up his air force and economy to permit Iran to be a stable force in an unstable Middle East. The Shah pointed out that he must have strong air power to maintain himself against irresponsible leaders in the countries around him. He recognizes that due to the mountainous terrain of Iran, it would be most difficult for land armies to mount an invasion of his country, but he insists he needs high performance aircraft and adequate naval boats to maintain his position, particularly in the Persian Gulf area. He added that the United States can be assured he has no designs on a single square inch of any other country's territory and that he is interested only in preventing adventureism on the part of his neighbors, particularly the Arab states. He pointed out that he must develop funds to purchase military and developmental equipment from the United States, this being only possible either through selling more oil via the Consortium or by being successful in getting the United States to give Iran an oil import quota. In exchange for such a quota, he is prepared to assure the United States that he will spend every cent of the money earned purchasing American equipment directly from the United States, thus contributing to American balance of payments, perhaps to the extent of \$400,000,000 a year. (It was not clear to me how he arrived at this figure and whether or not it was a one-time projection or a continuing one.)
7. The Shah spent a few minutes discussing agricultural development in his country. He described the system he has devised whereby the small farmers are being encouraged to contribute their land to a larger holding unit in exchange for shares in the earnings of this new entity. These larger groupings in turn will permit the use of modern agricultural machinery and the development of advance agricultural methods. The Shah was obviously pleased with the way his new scheme is working, and in answer to my question, he described how

his personal study of communal farming systems in countries like Israel and the Soviet Union had led him to propose a different, indigenous plan for Iran. He commented that the Yugoslavs were ahead of the United States in their display of interest in introducing modern agricultural methods to his country. In this connection, he described what the Yugoslavs refer to as "vertical agriculture". At another point he said that John Deere and Company are being encouraged to build a farm equipment factory in Iran.

8. Looking to the future, the Shah proposed that the United States "augment" its intelligence collection activities in the Middle East-Indian Ocean area. He underlined that Iran has no external intelligence service which can do this job, pointing out that it takes a long time to develop an adequate foreign intelligence system. [*text not declassified*]
9. The meeting was, as usual, frank and cordial. The undersigned has never seen the Shah more self-assured or more confident. in the prosperous future of his country.

Richard Helms Director

¹ Source: Central Intelligence Agency, 80 B 01285 A, Box 11, Folder 9, DCI (Helms), Memo for the Record, 01 January 1965–31 December 1972. Secret. The meeting took place at Blair House. The briefing memorandum was not attached.

32. Memorandum of Conversation¹

Washington, October 22, 1969, 10 a.m.

SUBJECT:

Shah's Talk with President Nixon

PARTICIPANTS:

Foreign

His Imperial Majesty the Shahanshah of Iran
H.E. Ardeshir Zahedi, Foreign Minister of Iran
H.E. Amir Aslan Afshar, Ambassador of Iran

United States

The Secretary of State
The Hon. Joseph J. Sisco, Assistant Secretary of State
The Hon. Douglas MacArthur, American Ambassador to Iran
Mr. Jack C. Miklos, Country Director for Iran

The Shah opened the conversation by saying how pleased he was with the talk he had with President Nixon yesterday. He said the President has an excellent understanding of Iran, its problems and its achievements. He said that he told the President of his need to increase his oil income and he thought the President would try to help him either with the Consortium or through the provision of a special import quota for Iran to market oil in the United States. In this connection he said that unlike other countries Iran would spend every penny of money earned in this way in the United States. He estimated that he could spend about \$400-\$500 million here annually for military equipment and a variety of goods such as locomotives, telecommunications and electronic equipment, and other capital products.

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 1245, Harold Saunders Files, Middle East Negotiations, Visit of Shah of Iran, October 21-23, 1969. Secret; Limdis. Drafted by Miklos. The meeting took place at Blair House. The conversation is part 1 of 8. Parts 2 to 5 are also published; parts 6 to 8 are not. According to the President's Daily Diary, Nixon met the Shah privately for an hour and forty minutes on October 21 before they were joined briefly by Peter Flanigan, the President's Assistant for International Economic Affairs. (Ibid., White House Central Files) Flanigan's summary of the conversation can be found Ibid., Subject Files, Conference Files, 1969-1974, Box 63. In Telegram 4465 from Tehran, October 29, the ambassador conveyed the

Shah's satisfaction following the visit and the Iranian impression that the Shah had received the warmest reception ever in the United States.
(Ibid., RG 59, Central Files 1967-69, POL 7 IRAN)

33. Memorandum of Conversation¹

Washington, October 22, 1969, 10 a.m.

SUBJECT:

Security in the Persian Gulf Area

PARTICIPANTS:

Foreign

His Imperial Majesty the Shahanshah of Iran
H.E. Ardeshir Zahedi, Foreign Minister of Iran
H.E. Amir Aslan Afshar, Ambassador of Iran

United States

The Secretary of State
The Hon. Joseph J. Sisco, Assistant Secretary of State
The Hon. Douglas MacArthur II, American Ambassador to Iran
Mr. Jack C. Miklos, Country Director for Iran

Referring to Arab countries in the area, the Shah said that many of them were now in the hands of unprincipled bandits who either for their own purposes or in the misbegotten belief that Communism was a wave of the future were disposed to cooperate with the USSR. He saw the Soviets gaining domination of the area through a pincer movement, one arm of which started in the UAR and came up the Arabian Peninsula through Yemen. The other arm extended down from Iraq aimed toward Kuwait and Saudi Arabia. The Shah said that Kuwait was vulnerable as was Saudi Arabia about which he was especially concerned. If events continued to unfold in Arab countries as they have in the past he felt there was great danger for Iran. He must, therefore, have the capability to defend himself without outside assistance. Indeed, he said, he must have an "over-kill" capability so that should anyone be tempted to attack Iran they would think twice or even three times. The Secretary asked whether Iran was not already much stronger than Iraq and would it not be madness for Iraq to contemplate attacking Iran. The Shah answered that "those fellows in Iraq are mad." He said that Iraq had all but one division of its troops on the Iraqi-Iranian border. Perhaps this was because of their fear of Israel and, of course, some of them were busy with the Kurds, but, he said, he really didn't know if this was the full explanation of why they were there. The Shah went on to describe the military assistance that the Soviets are giving Iraq. He said this included missile launching vessels and pilot training for large numbers of Iraqi air force personnel. The Secretary suggested that the Soviets might counsel moderation to the Iraqis even though they are supplying them with military equipment since the Soviets also realize that Iraq would be

no match for Iran. The Shah agreed that the Soviets have a strong incentive in doing so, particularly in view of their "understanding" with Iraq about oil developments in the Rumaila field. With reference to Soviet arms policy the Shah noted that two years ago the Soviets were urging on Iran all sorts of military equipment. Lately, however, they seem to have withdrawn and he and his Foreign Minister have asked the Soviets about a pending Iranian request for military equipment and so far have received no reply. He did not know what to make of this. (Iran reportedly asked the USSR for 400 23mm anti-aircraft guns in early 1969.)

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 1245, Harold Saunders Files, Middle East Negotiations, Visit of Shah of Iran, October 21-23, 1969. Secret; Limdis. Drafted by Miklos. The meeting took place at Blair House.

34. Memorandum of Conversation¹

Washington, October 22, 1969, 10 a.m.

SUBJECT:

Defense Needs

PARTICIPANTS:

Foreign

His Imperial Majesty the Shahanshah of Iran

H.E. Ardeshir Zahedi, Foreign Minister of Iran

H.E. Amir Aslan Afshar, Ambassador of Iran

United States

The Secretary of State

The Hon. Joseph J. Sisco, Assistant Secretary of State

The Hon. Douglas MacArthur II, American Ambassador to Iran

Mr. Jack C. Miklos, Country Director for Iran

The Shah said that the security of the Persian Gulf area must be the responsibility of its member countries. Ideally this could best be provided for primarily through some arrangement between its two most powerful members, Iran and Saudi Arabia. Since there were a number of uncertainties about Saudi Arabia's future, however, including the question of a successor to King Feisal, Iran cannot bank on this. It must be prepared to stand by itself if necessary. The Shah said that his first priority in providing for his defense is his air force. He will need additional F-4's and a successor aircraft to replace his F-5's. He said he intends to ask Secretary Laird about our intentions with respect to the Northrop P-530 aircraft. If it appears that this plane will not be developed then he is thinking in terms of replacing his F-5's with F-4EF's (a stripped-down version of the F-4). He said he was much impressed with the F-4EF which can do many of the same things that an F-4 can do but is less expensive and has less sophisticated electronics. The acquisition of additional aircraft will require additional pilot training. He hopes that the US can provide 100 pilot training spaces in the future. He said he also needs USAF technicians to help him maintain these planes and hopes that we can continue to provide for these.

The Secretary observed that we have some problems with the size of our military presence abroad and we are trying to reduce it where we can. The Shah countered that the Soviet Union has at least 1,000 military advisors in the UAR so we should not feel inhibited in providing our good friend Iran with a considerably smaller number. The Shah said that he hopes Secretary Laird can tell him whether we expect to continue to

purchase Sheridan tanks for our own military forces. If we do not and the manufacture of Sheridans will be only for replacement purposes the Shah said he would not be interested in acquiring any more himself. As a substitute he intended to refurbish his present inventory of M-47 tanks and outfit them with a 105 mm gun, a laser beam which would permit them to operate under any condition of visibility and a gyrostabilizer which would permit them to fire while underway. He expressed hope that the US could help him with his tank rehabilitation program. In addition he was much attracted to the idea of acquiring armored helicopters which have substantial maneuverability advantages over tanks. In this connection the Shah also mentioned that he has already received delivery of 150 jet star helicopters and he hoped to acquire several Sikorsky helicopters to be used in the Persian Gulf by his navy.

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 1245, Harold Saunders Files, Middle East Negotiations, Visit of Shah of Iran, October 21-23, 1969. Secret; Limdis. Drafted by Miklos. The meeting took place at Blair House.

35. Memorandum of Conversation, Blair House¹

Washington, October 22, 1969, 10 a.m.

SUBJECT:

Lebanon/Saudi Arabia/Jordan

PARTICIPANTS:

Foreign

His Imperial Majesty the Shahanshah of Iran
H.E. Ardeshir Zahedi, Foreign Minister of Iran
H.E. Amir Aslan Afshar, Ambassador of Iran

United States

The Secretary of State The Hon. Joseph J. Sisco, Assistant Secretary of State
The Hon. Douglas MacArthur II, American Ambassador to Iran
Mr. Jack C. Miklos, Country Director for Iran

The Secretary expressed our hope that the Shah could do something to bolster Saudi Arabia and Lebanon who are among the very few remaining moderate Arab governments in the area. The Shah said he of course agreed with the Secretary that something should be done about Saudi Arabia. He said that in Rabat he had not had the opportunity of speaking to King Feisal as extensively as he had hoped. He was concerned about the arrests that had been made in Saudi Arabia recently—regarding them as evidence of internal unrest. The Shah said that the Saudis needed to embark on a really imaginative reform program. He hoped to speak to Prince Fand, who is to visit him in Tehran in the near future, about this. The Secretary and Mr. Sisco told the Shah that he would have a receptive audience since they had both found Prince Fahd very reform-minded. The Shah observed that really meaningful reforms were difficult to implement under King Feisal because he thought differently than he about these matters. He said that King Feisal believed in the strict letter of the Koran which he, the Shah, even though he was a good Moslem, found inadequate to modern day needs. He lamented the absence of a clear arrangement for succession should anything happen to King Feisal. He said the Crown Prince was a weak, ineffectual nonentity.

With reference to Lebanon the Shah expressed contempt for its present leaders characterizing them as untrustworthy liars. He said, however, that to the extent that Iran had any influence with the people of Lebanon he would attempt to exercise it in persuading them to counsel the Fedayeen to be more moderate with regard to its neighbors and to

do anything else he could to help the people of Lebanon maintain their integrity.

Speaking of other personalities in the area, the Shah said that he was much concerned about King Hussein. He had had reports from his ambassador in Amman that Hussein felt that he was becoming increasingly isolated not only from his neighbors but from his own people. He said that Hussein had recently talked to his military telling them that they were the only ones he could rely on anymore. He said King Hussein was a good, brave man but he was evidently thoroughly disheartened and he did not know what Hussein would do in the future.

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 1245, Harold Saunders Files, Middle East Negotiations, Visit of Shah of Iran, October 21-23, 1969. Secret; Limdis. Drafted by Miklos. The meeting took place at Blair House.

36. Memorandum of Conversation¹

Washington, October 22, 1969, 11:30 a.m.–12:30 p.m.

SUBJECT:

Meeting Between His Imperial Majesty Mohammad Reza Shah Pahlavi, Shahanshah of Iran,
and the Secretary of Defense

IRANIAN SIDE

His Imperial Majesty Mohammad Reza Shah Pahlavi, Shahanshah of Iran
Iranian Ambassador to the United States—Amir Aslan Afhsar

UNITED STATES SIDE

Secretary of Defense—Melvin R. Laird
United States Ambassador to Iran—Douglas MacArthur II
Assistant Secretary of Defense (ISA)—G. Warren Nutter
Deputy Assistant Secretary of Defense (ISA/NESA)—Robert J. Pranger

1. Introductory Comments by His Imperial Majesty.

His Imperial Majesty (HIM) opened the conversation by noting that the President of the United States understands the Iranian position. Iran does not want anything from others in the way of territory. But at the same time, Iran cannot allow others to take away Iran's national heritage. Increasingly, Iran must take more responsibility for the region in which it finds itself. HIM commented on the resignation of Prime Minister Karame in Lebanon after the Lebanese Government moved to crack down on the fedayeen. Syria is massing troops on the Lebanese border. Iraq is a madhouse. The Russians are taking more and more interest in Iraq, and the Soviet Embassy is spying for Iraq in Tehran. All of this prompts Iran to be more vigilant than ever before. Iran's first priority is the air force. Its second priority is an adequate naval force. And its third priority is a relatively small but effective land force. Regarding these priorities, Iran has carefully studied its needs.

2. The Iranian Air Force.

HIM informed the Secretary that Iran would need more F-4 aircraft in 1973 and thereafter (four more squadrons, to be precise). In addition, by 1975, Iran planned to replace its F-5 aircraft. HIM inquired as to the status of the Northrop P-530. HIM also suggested the possibility of Iran buying a modified version of the F-4: the F-4EF. Iran will also be purchasing C-130 aircraft. then raised the question of pilot and mechanic training. Iran will insist on 100 training spaces for pilots in the future in

the United States, but may have to search for vacancies elsewhere if these additional training spaces are not available. HIM also expressed preference for blue suit (USAF) personnel assistance in the training of Iran's jet aircraft mechanics. Iran could hire commercially in the United States, but both for reasons of competency and cost, Iran would prefer USAF personnel. The Secretary inquired further into the question of why Iran likes blue suiters. HIM agreed that another reason for liking USAF personnel would be that they are better disciplined, but there have been problems when requests were made by the Iranian Government for moving these personnel, and these requests [garbled] were refused. The Secretary mentioned the example of the South Korean Air Force and its good performance on aircraft maintenance. HIM emphasized the problem of obtaining higher enlisted grade of Iranian maintenance personnel since some time is needed for experience and promotion. He also pointed out that the Iranian use of USAF personnel was originally on the advice of the U.S. Government. He also commented about his discussions with the President concerning more revenue for Iran through oil and other sources. The Secretary noted that Northrop has yet to find two countries interested in their P-530. He thought there would be a better chance with the F-5-21. He proceeded to explain the conflict between committees of Congress on the F-5-21, with Senator Fulbright opposed to the development of aircraft designed chiefly for foreign countries, and the House Armed Services Committee differing from Senator Fulbright's position. HIM insisted that the Iranian Government was much more interested in the P-530 although a few F-5-21s might be purchased to supplement the F-5s. Surely, there would be no F-5-21 purchase after 1975. The Secretary inquired as to whether HIM had seen the computer-gaming of various American aircraft versus the Soviet MIG-21. HIM asked why the United States Government did not develop the P-530 for its own use. The Secretary replied that the F-15 is the aircraft which the Air Force will use in its next major fighter development. The Air Force is interested in going beyond the P-530 and its technology. Concept papers are now being developed, with three aircraft firms involved, and attempts are being made to cut costs back from the present \$9 million per copy figure. The Secretary also thought their pricing on the P-530 is too low, and promised cooperative figures on the P-530, F-5-21, and F-4EF. These figures will soon be available. HIM also noted that orders will have to be placed now on additional F-4 aircraft. The Secretary then turned to the question of the pilot training problems of Iran. He noted that there are now 156 pilot training slots available for foreign pilots, of which the Iranian government has 75. The Defense Department will be glad to look into the problem of raising the 75 to 100. HIM replied that in view of the special relationship between the U. S. government and the

Iranian Government, Iran would expect this expansion. The original Iran order for C-130s has been cut back so there will be a slight decrease in the number of additional pilot spaces Iran had requested earlier. The Secretary replied that the Defense Department will study this matter and is very interested in the Joint study being, prepared in Iran by U. S. and Iranian military officials on the future needs of the Iranian Air Force. HIM again said that Iran is insisting on more vacancies; also that Iran will insist on blue suit maintenance assistance. In closing his discussion of air force needs, HIM commended the work of General Twitchell, but wondered if, in future appointments of the Chief ARMISH/MAAG to Iran, a rotation among the services could not be instituted as a departure from the tradition of always appointing a U.S. Army general.

3. Sheridan/Shillelagh Tanks

HIM asked whether the U. S. Government plans on moving forward with the Sheridan/Shillelagh, in which case Iran will do the same. But if the U.S. Government does not have such plans, then Iran would drop its order for these tanks and proceed with retrofitting its M-47 tanks, eventually to the point of putting the Shillelagh missile system on the M-47. Then it would replace its armored squad cars with helicopters. The Secretary replied that it is not possible for the Defense Department to make a decision about moving forward on the Sheridan/Shillelagh system in the near future, and surely not by 31 October or early November, which is the date by which GMC would like a response from Iran. The U.S. Government cannot guarantee at this time that it will move further on the system. HIM then noted that perhaps it would be better for Iran to drop the Sheridan/Shillelagh, train its personnel on the present Shillelaghs it has, and then wait for the Shillelagh system to be developed on American main battle-tanks. Iran will also have to talk with BMY Corporation on the M-47 retrofit and eventually even produce the entire M-47 tank itself. But first priority will be a facility to overhaul completely Iran's present tank force and even to provide overhaul facilities for other countries. In this regard, HIM inquired into the operating life of the M-47 tank engine. The Secretary promised to deliver the information about the life expectancy of M-47 tank engines to Blair house this same afternoon. Cooperation was promised by the Secretary regarding the tank overhaul facility.

Other Matters and Conclusion

The Secretary observed that the Department of Defense has money problems on Capitol Hill regarding foreign military assistance and credit.

Frustrations over war in Southeast Asia will focus on the Department of Defense for the next year or two. As the Secretary sees matters between U.S. Government and Iran on military problems, there are two immediate issues which must be settled: (a) technical assistance and the mix of blue suiters-contract personnel for this assistance; (b) pilot training billets. There is a pinch on trained personnel due to Vietnam but, hopefully, this pinch will be over before long. This situation has forced the U.S. Government to enter into expensive commercial contracts, for its own maintenance, in CONUS. HIM suggested that Iran could hire Phillipine personnel for maintaining F-5s, and perhaps McDonnell Douglas and others for F-4 maintenance, but expressed again Iran's strong preference for American military personnel for maintenance. The Secretary again hoped that comparative data on the P-530s, F-5-21s, and F-4EFs would be made available in the next few weeks. HIM wished also to add a few miscellaneous items to the discussion: (a) Iran's need for longer range artillery; and (b) replacement of Iran's anti-tank bazookas with TOW missiles. Iran will have to decide between the TOW and a German bazooka. The Secretary noted that within this year. the U.S. Government will have two sources for producing the TOW. HIM observed that with the abandoning of the Sheridan/Shillelaghs, Iran would have considerable more room for credit. He also inquired as to whether it would be possible to send technical kits on the stretching of the 155 mm. SP to 18 km. The Secretary again stated that the U.S. Government has not made its final decision on the future of the Sheridan/Shillelagh and therefore it would misleading to encourage the Iranians to purchase it at this time. HIM expressed his thanks to the Secretary for the meeting.

¹ Source: Washington National Records Center, OSD Files, FRC 330-75-089, Box 74, Iran 1969, 091.112. Secret. Drafted by Robert J. Pranger and approved by Nutter. The meeting took place at Blair House.

37. Memorandum From the Special Assistant for National Security Affairs (Kissinger) to President Nixon¹

Washington, October 23, 1969

SUBJECT:

One Added Item for Your Farewell Talk with the Shah-10:45 a.m., Thursday, October 23

In addition to other loose ends you may wish to tie up during the Shah's farewell call, there is one item I have not previously mentioned which might warrant a word.

I am now in the process of staffing out a broad recommendation from John Mitchell and Elliot Richardson on an international effort to bring heroin traffic under control. One of their lesser suggestions is that you say a word to the Shah about this, and I think that makes sense.

The problem is that Iran after a ten-year hiatus has this year resumed production of the opium poppy, the product of which can be converted into morphine base and then into heroin. We urged Iran not to do this, but the Iranians say it can stop only if Turkey and Afghanistan stop. We are already working with Turkey, but Afghanistan is still a problem.

The points you might make are simply that:

- Heroin is a major problem for some of our citizens. Some three tons a year are used here.
- You are trying hard to bring this under control.
- You hope the Shah will lend his support to our efforts internationally to curb sources of supply. You will raise this with Turkish Prime Minister Demirel.

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 601, Country Files, Middle East, Iran, Vol. I, 1/20/69–5/31/70. Confidential. According to the President's Daily Diary, he met with the Shah from 10:55 to 11:17 a.m. on October 23, along with Kissinger, and later, briefly Rogers. No other record of the farewell talk was found. (Ibid., White House Central Files) In Telegram 203729 to Tehran, December 8, the Department requested background information in order to devise a proper

approach on Iranian opium production. (Ibid., RG 59, Central Files 1967-69, SOC 11-5 IRAN.) In Airgram A-5 to the Department, January 7, 1970, the Embassy reported that the Iranian Council of Ministers had allocated 6200 hectares for poppy planting. (Ibid., INCO DRUGS IRAN.) In telegram 211 from Geneva, January 20, 1970, the U.S. delegation to the UN recommended that the Department refrain from open criticism of Iran's opium production, hoping that in return Iran might agree not to export its crops. (Ibid.)

38. Memorandum From Harold Saunders of the National Security Council Staff to the Assistant Secretary of State for Near Eastern Affairs (Sisco)¹

Washington, November 5, 1969

SUBJECT:
Iran and Oil

I do not recommend that you read all of the attached paper, though you may want to look at sections I and IV which summarize the argument and conclusions. The paper was done as an internal staff paper here for our man working with the Cabinet Task Force on oil import policy, so the rest of it covers some basic political ground in an overly simple way.

There are two points here, however, which may warrant your attention:

1. The immediate operational problem is how to handle the Iranian oil import requests. You mentioned to me yesterday that the Shah obviously expects something. My purpose in this memo is to construct an option in the context of the oil import policy review that would include a quota for Iran. The oil experts will probably pick it to pieces. But I just felt that no one would even look at the Iranian case if we on the political side didn't press it. So for the tactical purpose of gaining a hearing for the argument, I have—at the risk of being brushed aside by the experts as naive—made myself an advocate for a general policy that would justify country quotas for a few selected friends like Iran, Indonesia, Saudi Arabia and possibly Nigeria.
2. The longer range point is how this relates to developing a foundation for the US presence in the Mid-East in the 1970's. Obviously we may not have much future there if the Arab-Israeli impasse continues. But planning around that for the moment, I see a fundamental problem:

US programs as presently constituted—economic aid, military aid, cultural exchange—just aren't going to be available in the Mid-East because most of the countries there will have enough income of their own from oil or will get help from oil-rich neighbors. We will have to build our presence on different foundations.

One of these, I hope, will be the activities of US private industry and investment, especially in oil and oil-related fields. Another will be in

education and technical assistance, though we now have almost no base in current programs for a significant effort in this area for countries with their own resources. A third will have to be in the more sophisticated area of trade. In short, as we try to relate to these maturing economies, we will have to pay more attention to trade and investment policy.

The Iranian argument is a clear case in point, and it seems to me that you and I, looking to the future, have a reason to fight for a policy something like that outlined in the attached. I am the first to admit that I am launching into a technical area beyond my competence. But I'm doing so purposely to draw attention to a problem.

I'm sending copies of this to Stuart and Jack because of the Iranian angle which they might want to think about pursuing in some form, but I did want to put my more general proposition to you. The ideas are all uncopyrighted, but I guess for the moment I shouldn't be identified with the attached outside the NEA family.

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 1236, Harold Saunders Files, Middle East Negotiations, Folder Iran 10/1/69-12/31/69. Confidential; Exdis. The memorandum is an unsigned copy. According to a handwritten note by Saunders, a copy went to Rockwell and Miklos. The attachments were White House staff comments of November 5 on an NSC paper on oil policy, which was not attached. The summary and conclusion of the paper are scheduled for publication in [Foreign Relations, 1969-1976, Volume XXXV](#): Energy Crisis, 1969-1974.

39. Memorandum From Harold Saunders of the National Security Council Staff to the President's Assistant for National Security Affairs (Kissinger)¹

Washington, November 12, 1969

SUBJECT:

Your Appointment with Iranian Ambassador Afshar

You will recall meeting Ambassador Afshar during the Shah's visit. A biographic sketch is attached.

The Ambassador has asked to see you to deliver a message from the Shah. We have no idea what this may be about, but it is characteristic of the Shah to follow up his meetings with our President by reporting any backsliding that he may see on what he regards as the President's commitments.

In this case, you can well imagine that Ambassador MacArthur and the State Department are taking a more cautious line on the oil import policy questions because they are not aware of exactly how forthcoming the President was.

Two things have been done since the Shah's visit:

1. Peter Flanigan agreed to talk with the Chairman of the Board at Esso to see whether any of the consortium members would be able to increase their offtake from Iran.
2. He and I met with Secretary Shultz to tell him what the President had said to the Shah so that he could take account of it in his oil import policy review. Through Fred Bergsten I have submitted a general paper for the Cabinet Task Force Staff providing a possible policy rationale for an import quota for Iran and a couple of other free countries. This, of course, was done without any reference to the President's talk with the Shah and is designed simply to create an option for Secretary Shultz to deal with against the background of his special knowledge of the President's promise.

Talking Points:

1. You are delighted that the Shah's visit was such a success.

2. You understand the Ambassador has a message which he would like to deliver.
3. If the message deals with oil import questions, you hope that the Ambassador and His Majesty will understand that we have to work our way through some very elaborate governmental machinery before we can make any commitments. This process is underway and you have made every effort to assure that the President's warm feeling for Iran is being taken account of.

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 601, Country Files, Middle East, Iran, Vol. 1, 1/20/69-5/31/70. Confidential. Sent for information. The attachment is not published. No record of the meeting with Kissinger was found.

40. Telegram 197323 From the Department of State to the Embassy in Tehran¹

Washington, November 25, 1969, 0026Z

SUBJECT:

Shah Visit Follow-Up

REF:

State 180288

STATE DEFENSE MESSAGE

1. During Shah's Washington visit October 21-23, 1969, he asked for USG response on several military subjects. We are not yet in position to give definitive reply, but status report along following lines given verbally to Iranian Ambassador Afshar by DOD Nov. 21.
2. Additional Pilot Training: The USAF Jet Undergraduate Pilot Training Program (UPT) is operating at maximum capacity and we note GOI has been unable so far this year to fill 10 beginning training spaces because candidates lack adequate English proficiency. In view fact present program appears adequate for Iran for time being and unlikelihood of additional spaces being available for Iran at present, DOD wishes defer decision re additional UPT spaces for Iran. Hope to be able to provide additional spaces in future, however, if demands from Vietnam moderated. FYI Before making decision we would hope to have clear picture of future IIAF force plan and some assurance adequate number of fully qualified trainees will be forthcoming. End FYI.
3. USAF Technicians: Secretary of Defense has authorized continuation of 54-man mission for another year and has directed ISA to study feasibility of increasing number to 75. No further decision will be made until DOD Deputy Assistant Secretary Pranger returns to Washington.
4. Comparison of P-530, F-5-21, and F-4EF: Since none of these aircraft have been produced and range from a conception to increasing or decreasing capabilities of existing aircraft, no firm cost or proven operational data is available and sound comparisons cannot be made until next spring at the earliest. However, DOD will provide Embassy with commercial prospectus information currently available on P-530, F-5-21, and F-4EF in a few days.
5. GOI will be interested to learn that Congress has approved (but not yet appropriated) \$28 million for development of a Free World Fighter

to be relatively inexpensive and at least equal to MIG-21. When technical and operational requirements defined, an aircraft will be selected on competitive basis. F-5-21, F-4EF and LOCKHEED CL-1195-1 have been proposed; P-530 and others may be considered.

6. Afshar also called on Assistant Secretary Trezise Nov. 24 and asked about the Shah's oil import proposal. We informed him oil import program still under review and may not be completed until mid-December. We noted, however, task force unlikely to recommend special country quotas. FYI Task force report is unlikely to include any special provision for Iran. End FYI.

End

¹ Source: National Archives, RG 59, Central Files 1967-69, POL 7 IRAN. Secret. Repeated to CINCSTRIKE/CINCMEAFA. Drafted by McClelland; cleared by Miklos, by E/FSE, OASD/ISA, PM/MASP, JCS, and USAF; and approved by Rockwell.

41. Telegram 4827 From the Embassy in Iran to the Department of State¹

Tehran, November 27, 1969, 0845Z

SUBJ:

Oil

REF:

State 197323

1. When I called on Shah last evening to discuss USG response to Iran's military request (State 197323), he immediately opened conversation by asking whether there was anything I could tell him re Iran oil exports to US. He said he had just received telegram from Iran Embassy Washington that Schultz Committee was studying two possibilities: (a) increase of ratio of oil imports to US domestic production from 12.2 percent to 20 percent (b) doing away with import quota and replacing it with import tax of 90 to 95 cents per barrel. He understood that either of these courses would result in some increase in oil imports into US but would not benefit Iran in any special way and might even be disadvantageous to Iran since oil companies might be disposed to allocate oil to Libya and other non-Persian Gulf sources. This, he felt, would be most inadequate for Iran in view Iran's staunch solidarity with US and West and its unique offer to spend 100 percent of oil import revenues in US if Iran were allocated or received special consideration. Surely he said, this offer which would greatly benefit our balance of payments coupled with Iran's need for increased oil revenues to effectively exercise its stabilizing influence in Gulf area warranted special consideration. He added with sardonic smile that substantial part of money US oil companies paid for Kuwait, Saudi and Libyan oil went to Egypt to finance Nasser's campaign of vilification of the US. In a sense this reminded him of policy of American commercial interest before Pearl Harbor when they exported tremendous amounts of scrap iron to Japan only to have it returned in finished form at Pearl Harbor and for four long years in the Pacific.
2. He said he was still hunting on some special arrangement for Iran in light of "President Nixon's deep understanding of Iran's need for additional oil revenues" to exercise stabilizing influence in Gulf and Middle East and since during his recent Washington visit President had in his presence instructed one of his assistants, Flanagan he thought it was, to tell US oil companies it was in US national interest

to purchase more Iranian oil and also to make this point to US members of oil consortium.

3. He concluded by saying he fully understood President was not in a position to give him any word until he had received and studied the Schultz Committee report but he did wish the President to know that he was counting on his warm friendship and understanding to find some means of helping to meet Iran's problem.

MacArthur

¹ Source: National Archives, RG 59, Central Files 1967-69, PET 17 IRAN-US. Secret. A handwritten note on the White House copy of this telegram reads: "Att:Saunders-Kissinger Memo 11/28/69, Subj: President's Saturday Briefing." (Ibid., Nixon Presidential Materials, NSC Files, Box 1236, Harold Saunders Files, Middle East Negotiations, Folder Iran 10/1/69-12/31/69)

42. Telegram 4833 From the Embassy in Iran to the Department of State¹

Tehran, November 27, 1969 1435Z

SUBJ:

Shah's Views on Iran's Military Requirements

1. During my meeting with Shah last evening he observed with some feeling, after our discussion of Iran's military requests, that in past we had sometimes shown a disposition to tell him that Iran did not need this or that for its own defense. Iran was located in a most unstable part of the world, and had neighbors who were trying to topple moderate regimes in the Middle East and some radical regimes even had territorial ambitions. If the US were willing to give an iron-clad guarantee to come to Iran's assistance, we might have right to express view that Iran did not need this or that. However, we were not in such a position and indeed doubted it would be wise to have such a guarantee even if we could give it since he thought time had passed when great powers could intervene in ME and Asia. In light of this he thought we should recognize Iran must decide what its own defense requirements are since its security and independence are at stake.
2. He said Iran had no territorial or other ambitions against its neighbors and while he did not think Soviets would use overt military force against Iran, Soviets have never renounced their goal to see Communism triumph in the world. Furthermore, their naval visits and activities in Persian Gulf area and their military strengthening of the radical Arab regimes in Iraq, Syria and Egypt was clear evidence of Soviet support of efforts of these radical regimes to topple more moderate regimes of their neighbors. He hoped and prayed that Saudi and Kuwaiti regimes would be able to withstand pressure from radicals but in any event Iran must be prepared to stand alone if necessary in defending itself. Furthermore, if Iran were strong the radical Arab states would be less tempted to undertake actions which could lead to hostilities.

MacArthur

¹ Source: National Archives, RG 59, Central Files 1967-69, DEF 19-8 US-IRAN. Secret; Exdis. A handwritten note on the White House copy of this telegram reads: "Att: Saunders-Kissinger Memo, 11/28/69, Subj: President's Saturday Briefing." (Ibid., Nixon Presidential Materials, NSC Files, Box 1236, Harold Saunders Files, Middle East Negotiations, Folder Iran, 1/20/69-12/31/69)

43. Memorandum From the Executive Secretary of the Department of State (Eliot) to the President's Assistant for National Security Affairs (Kissinger)¹

Washington, December 1, 1969

SUBJECT:

Shah of Iran's Expectations Concerning Increased Oil Sales in the United States

The enclosed telegrams from Ambassador MacArthur are the latest in a series of indications that the Shah and other GOI officials have high hopes that a way will be found to permit Iran to increase its oil exports to the United States and that they are counting heavily on alleged Presidential assurances to the Shah, given during his October state visit. While the work of the Cabinet Task Force on Oil Import Control is not yet completed we understand that its thinking is crystallizing around recommendations which would not materially enhance Iran's chances of increasing its oil exports to the United States. Predictably the Shah will be sharply disappointed if these recommendations become U.S. policy.

As there is no written record of the President's conversation with the Shah we find it difficult to assess the Shah's present expectations. We would appreciate it if you could shed any light on this critical point.

Theodore L. Eliot, Jr. Executive Secretary

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 601, Country Files, Middle East, Iran, Vol. I, 1/20/69-5/31/70. Secret; Exdis. The enclosures, Telegrams 4792 and 4834 from Tehran, November 24 and 27, are not published.

Iran 1970

[44. Memorandum From the President's Assistant for International Economic Affairs \(Flanigan\) to the President's Assistant for National Security Affairs \(Kissinger\)](#)

Washington, January 10, 1970

Flanigan reported to Kissinger on possible means of meeting Iran's oil revenue requirements.

Source: National Archives, Nixon Presidential Materials, NSC Files, Box 601, Country Files, Middle East, Iran, Vol. II, 6/1/70-12/70. Secret.

[45. Action Memorandum From the Assistant Secretary of State for Near East and South Asian Affairs \(Sisco\) to the Acting Secretary of State \(Richardson\)](#)

Washington, February 12, 1970

Sisco sent Richardson the draft of a letter for Acting Secretary of Defense David Packard requesting an early decision on the continuation of the USAF technical assistance team for Iran.

Source: National Archives, RG 59, Central Files 1970-73, DEF 19-9 US-IRAN. Secret. Drafted by Miclos; and cleared by Rockwell and Matheron. Tab B was attached but is not published. In a handwritten note on the memo, Sisco added, "The problems at the ISA level in Pentagon are fantastic. We have to do something about it!" Richardson replied, "Please inform UAJ [U. Alexis Johnson] in case he wants to take up with Packard."

[46. Telegram 602 From the Embassy in Iran to the Department of State](#)

Tehran, February 17, 1970, 1425Z

Ambassador MacArthur relayed the Shah's urgent demand for a response to the matters he had raised with President Nixon in October, particularly oil.

Source: National Archives, RG 59, Central Files 1970-73, DEF 12-5 IRAN. Secret; Exdis. On February 19, in Telegram 25377, Sisco responded sympathetically to MacArthur's plea for the government to be forthcoming towards the Shah's requests, but added that the Shah's appetite was difficult to satiate. (Ibid., POL IRAN-US) (declass.)

47. Memorandum of Conversation

Washington, February 19, 1970

Since Congress was delaying Foreign Military Sales (FMS) legislation, Iranian Plan Organization Managing Director Mehdi Samii asked Assistant Secretary Sisco to estimate the Iranian Government's prospects for U.S. foreign military sales credit in FY 1970.

Source: National Archives, RG 59, Central Files 1970-73, DEF 19-8 US-IRAN. Secret; Exdis. Drafted by McClelland. The conversation took place at the Department of State.

48. Letter From President Nixon to the Shah of Iran

Washington, February 23, 1970

Nixon replied favorably to the Shah's request for more Air Force technicians, but said he could not yet commit himself to more pilot training or the Shah's oil proposal.

Source: National Archives, Nixon Presidential Materials, NSC Files, Box 755, Presidential Correspondence, 1969-1974, Iran. No classification marking. In his December 17 letter, the Shah had queried Nixon on the above items, pledging cooperation with Saudi Arabia in Gulf defense but warning that Iraq was becoming "an armed camp." (Ibid.)

[49. Telegram 668 From the Embassy in Iran to the Department of State](#)

Tehran, February 24, 1970, 140Z

Ambassador MacArthur informed the Department that after three days of student demonstrations, the Iranian Government had cancelled the recent hike in bus fares.

Source: National Archives, RG 59, Central Files 1970-73, POL 23-8 IRAN. Confidential. Repeated to Ankara, CINCSTRIKE, London, and Rawalpindi.

[50. Memorandum From the President's Assistant for International Economic Affairs \(Flanigan\) and the President's Assistant for National Security Affairs \(Kissinger\) to President Nixon](#)

Washington, February 25, 1970

Flanigan informed Nixon of the National Iranian Oil Company's (NIOC) interest in selling oil to Norwegian agents for shipment to Cuba on behalf of the USSR, since the oil consortium would be unable to increase Iranian oil liftings.

Source: National Archives, Nixon Presidential Materials, NSC Files, Box 601, Country Files, Middle East, Iran, Vol. 1, 1/20/69-5/31/70. Confidential. Sent for action. The President initialed his approval of the memorandum, and, with reference to the oil consortium, wrote: "Flanigan—Tell them unless they help us on this I shall reverse the oil import decision. This is an order. No appeal."

[51. Memorandum from the Country Director for Saudi Arabia, Kuwait, Yemen and Aden \(Brewer\) to the Country Director for Iran \(Miklos\)](#)

Washington, February 27, 1970

Brewer strongly dissented from the rationale with which Embassy Tehran had justified military credit sales to Iran.

Source: National Archives, RG 59, NEA/IRN, Office of Iran Affairs, Lot File, 76D470, Box 9, Chronological Correspondence from Ambassador, 1970. Secret. Tehran's A-69 is not published.

52. Letter from the Shah of Iran to President Nixon

Tehran, March 11, 1970

The Shah complained that his oil-for-arms plan had made no progress, and that the terms for procuring American military equipment were too severe.

Source: National Archives, Nixon Presidential Materials, NSC Files, Box 755, Presidential Correspondence, 1969-1974, Iran. In a March 4 memorandum, Kissinger suggested to Flanigan that it would do no harm to remind the consortium, as ALAM recommended, of the U.S. Government's "persistent interest" in the oil negotiations. (Ibid., Box 601, Country Files, Middle East, Iran, Vol. 1, 1/20/69-5/31/70.)

53. Telegram 928 From the Embassy in Iran to the Department of State

Tehran, March 12, 1970, 1335Z

Ambassador MacArthur conveyed the Shah's belief that the Iraqi Government's concession of an autonomous province to its Kurds bore out his fears of Soviet influence on Baghdad.

Source: National Archives, Nixon Presidential Materials, NSC Files, Box 601, Country Files, Middle East, Iran, Vol. 1, 1/20/69-5/31/70. Secret; Priority; Exdis. Repeated for information to Dhahran, Jidda, Kuwait City, and London. In Telegram 291 from Dhahran, March 14, Consul Lee F. Dinsmore observed that "it was Iran which encouraged [Kurdish leader] Mulla Mustafa [Barzani] to sustain military pressure on Baghdad Government, by means of arms, training, food, and a porous border. Israel supported Iran in this effort. If Soviet Union is happy over direction Kurdish situation taking in Iraq, it may have our friends to thank. It is doubtful Kurds could have held out over last 10 years had they not had Iran's help." (Ibid.)

[54. Memorandum From the President's Assistant for International Economic Affairs \(Flanigan\) to the President's Assistant for National Security Affairs \(Kissinger\) and the Deputy Under Secretary of State for Economic Affairs \(Samuels\)](#)

Washington, March 16, 1970

Flanigan sketched out his recommended solution for meeting Tehran's oil requirements.

Source: National Archives, RG 59, Central Files 1970-73, PET 6 IRAN. Secret. The memorandum is a copy that is not initialed.

[55. Telegram 1019 From the Embassy in Iran to the Department of State](#)

Tehran, March 19, 1970, 0900Z

Ambassador MacArthur summarized his recent audience with the Shah in which the latter reiterated his arguments for more U.S. credit to purchase military equipment.

Source: National Archives, RG 59, Central Files 1970-73, DEF 12-5 IRAN. Secret; Priority; Exdis.

[56. Memorandum From the Executive Secretary of the Department of State \(Eliot\) to the President's Assistant for National Security Affairs \(Kissinger\)](#)

Washington, March 27, 1970

Eliot informed Kissinger that the NSC Interdepartmental Group for Near East and South Asia had agreed to supply Iran with \$100 million in FMS credit for FY 70.

Source: National Archives, RG 59, Central Files 1970-73, DEF 12-5 IRAN. Secret. Drafted by McClelland; cleared by Sisco; Davies, Miklos, William

D. Brewer (NEA/ARP), Stanley D. Schiff (NEA/RA), Christian Chapman (PM), OASD/ISA, Treasury. Attached but not published were the minutes of the NSCIG/NEA meeting of March 17.

[57. Telegram 1247 From the Ambassador in Iran to the Assistant of State for Near East and South Asian Affairs \(Sisco\)](#)

Tehran, April 1, 1970, 1430Z

To avoid a crisis with the Shah over U.S. difficulty in meeting his needs, Ambassador MacArthur proposed that the United States stretch out the current military credit agreement with Iran.

Source: National Archives, RG 59, Central Files 1970-73, DEF 19-8 US-IRAN. Secret; Nodis.

[58. Telegram 1312 From the Embassy in Iran to the Department of State](#)

Tehran, April 7, 1970, 1259Z

Ambassador MacArthur reported that Iran had contracted to purchase some Soviet military equipment at very low interest rates, and again urged extension of the 1968 military agreement.

Source: National Archives, RG 59, Central Files 1970-73, DEF 12-5 IRAN. Secret; Exdis. Kissinger's May 13 summary for the President of the Shah's conversation with General Earle Wheeler is Document 67.

[59. Memorandum From the President's Assistant for National Security Affairs \(Kissinger\) to President Nixon](#)

Washington, April 13, 1970

Kissinger advised Nixon on how to respond to the Shah's recent letter inquiring about the status of his oil and military credit sales requests.

Source: National Archives, Nixon Presidential Materials, NSC Files, Box 755, Presidential Correspondence, 1969–1974, Iran. Secret. Tabs A and B were attached but are not published. Nixon signed the letter, which was sent on April 16. (Ibid.)

60. Letter From the Deputy Secretary of Defense (Packard) to the Under Secretary of State (Richardson)

Washington, April 14, 1970

Packard presented Richardson with the Defense Department's case against extending the 1968 credit agreement with Iran.

Source: Washington National Records Center, OSD Files, FRC 330-76-067, Iran 1970, Iran 400.737. Secret. Underneath his signature, Packard added, "Read this subject to our telephone conversation of April 14." In an April 15 memorandum to Kissinger, Saunders noted that Packard would reluctantly concur with the plan if the Review Group had no time to meet before Richardson's trip to Tehran. Saunders added, "It is difficult to conceive that we will reduce our present military relationship with Iran and that we will build our posture in the Persian Gulf around it." Saunders did not believe "the decision we are asking the President to make now will foreclose any realistic option." (National Archives, Nixon Presidential Materials, NSC Files, Box 601, Country Files, Middle East, Iran, Vol. I, 1/20/69–5/31/70.)

61. Memorandum of Conversation

Washington, April 14, 1970

Chairman of the Joint Chiefs Wheeler and Under Secretary Richardson discussed Iranian capability to absorb the military equipment which the Shah insisted on acquiring.

Source: National Archives, RG 59, Central Files 1970–73, DEF 19–8 US-IRAN. Secret; Nodis. Drafted by Miklos and approved in U by John D. Stempel. The conversation took place in the Department of State.

[62. Memorandum From the President's Assistant for National Security Affairs \(Kissinger\) to President Nixon](#)

Washington, April 16, 1970

After weighing the pros and cons, Kissinger recommended that Nixon approve the Ambassador's military stretch-out proposal.

Source: National Archives, Nixon Presidential Materials, NSC Files, Box 601, Country Files, Middle East, Iran, Vol. I, 1/20/69-5/31/70. Secret; Nodis. According to a note on an April 14 memorandum from Rogers to Nixon, the President approved the plan on April 17, and Richardson notified the Shah on April 20. (Ibid., RG 59, Central Files 1970-73, DEF 19-8 US-IRAN.)

[63. Memorandum From Harold Saunders of the National Security Council Staff to the President's Assistant for National Security Affairs \(Kissinger\)](#)

Washington, April 16, 1970

Saunders sent Kissinger a memorandum from DCI Helms on intelligence facilities in Iran, which both Saunders and Helms felt justified an increase in credit assistance to Tehran even at the expense of other programs.

Source: National Archives, Nixon Presidential Materials, NSC Files, Box 601, Country Files, Middle East, Iran, Vol. I, 1/20/69-5/31/70. Top Secret; Sensitive. Kissinger wrote on the memo, "Hal—where do we stand on mil credit? HK."

[64. Telegram 1626 From the Embassy in Iran to the Department of State](#)

Tehran, April 21, 1970, 1100Z

The Shah presented to Under Secretary Richardson his list of concerns regarding Iran's military equipment program.

Source: National Archives, RG 59, Central Files 1970-73, ORG 7 U. Secret; Exdis. In Telegram 1736, April 25, the Ambassador reported that the Shah appeared more relaxed following his meeting with Richardson, and that if financing could be arranged for Iran's military equipment program, the Shah might abandon his oil quota idea. (Ibid.)

[65. Memorandum From Harold Saunders of the National Security Council Staff to the President's Assistant for International Economic Affairs \(Flanigan\)](#)

Washington, May 7, 1970

Saunders informed Flanigan of the outcome of the annual Iranian-consortium negotiations, crediting Flanigan with the consortium's greater flexibility.

Source: National Archives, Nixon Presidential Materials, NSC Files, Box 601, Country Files, Middle East, Iran, Vol. II, 6/1/70-12/70. Secret; Exdis. Kissinger wrote on a copy of a May 8 memorandum from Flanigan to the President informing him of the agreement, "Since when does Saunders write memos to Flanigan?" The "French company" was CFP, the French member of the consortium, which had agreed to supply oil to Iran at a "quarter way" price, i.e., between cost and posted price, for Tehran to sell on its own. In another memorandum of May 8, Samuels observed to Flanigan that "this arrangement is extremely sensitive to the oil companies and could be explosive if it became known in the other oil producing countries." (Ibid., RG 59, Central Files 1970-73, PET 6 IRAN)

[66. Memorandum From the Assistant Secretary of Defense for International Security Affairs \(Nutter\) to Secretary of Defense Laird](#)

Washington, May 9, 1970

Nutter provided Laird a detailed analysis of the Iranian FMS credit program and its probable cost to the U.S. Government.

Source: Washington National Records Center, OSD Files, FRC 330-76-067, Box 73, Iran 1970, Iran 400.137. Secret. A note on the memorandum

indicated that Laird saw it.

[67. Memorandum From the President's Assistant for National Security Affairs \(Kissinger\) to President Nixon](#)

Washington, May 13, 1970

Kissinger furnished a summary of General Earle Wheeler's conversation with the Shah during the April CENTO meeting, adding that the Shah seemed to be testing the limits of Washington's capacity to help him.

Source: National Archives, Nixon Presidential Materials, NSC Files, Box 601, Country Files, Middle East, Iran, Vol. I, 1/1/69-5/31/70. Secret; Nodis. A stamp on the memorandum indicated that the President saw it on May 19. The attached memorandum from Wheeler to Nixon is not published.

[68. Telegram 2225 From the Embassy in Iran to the Department of State](#)

Tehran, May 25, 1970, 0800Z

Ambassador MacArthur advised against the British plan for arbitrating the territorial dispute between Iran and the sheikdoms of Sharja and Umm-al-Qaiwain, since Tehran would consider it a test of the US-Iranian relationship.

Source: National Archives, RG 59, Central Files 1970-73, POL 33 Persian Gulf. Confidential; Priority. Repeated Priority to Beirut, and to Dhahran, Jidda, Kuwait City, London, and Rome. In Telegram 2059 from Jidda, May 26, Hermann F. Eilts observed that the Arab and Iranian sides both had to be considered in the dispute, which involved the sovereignty claims of the sheikdoms of Sharja and Ras Al-Khaimah to the islands of Tunbs and Abu Musa at the mouth of the Persian Gulf. Noting that Abu Musa was inhabited by Arabs, he added that "with deep respect, however, I find it just a bit difficult to accept suggestion that Iran's vital security and 'even survival' may depend on possessing these islands. While appreciating Iran's potential for stabilizing Gulf, we and Iran

should also bear in mind that this is best achieved through sincere cooperation with Arab littoral states.” (Ibid.)

[69. Telegram 2333 From the Embassy in Iran to the Department of State](#)

Tehran, June 1, 1970, 1400Z

Ambassador MacArthur warned Under Secretary Richardson and Assistant Secretary Sisco that the Shah was alarmed at growing Soviet pressure upon Iran and suspicious that the United Kingdom was plotting with Iraq against Iranian interests.

Source: National Archives, RG 59, Central Files 1970-73, POL IRAN-USSR. Secret; Priority; Exdis; Noform.

[70. Memorandum From Harold Saunders and Richard Kennedy of the National Security Council Staff to the President's Assistant for National Security Affairs \(Kissinger\)](#)

Washington, June 3, 1970

Saunders and Kennedy furnished Kissinger with a briefing on the subjects which would be covered at the Review Group's upcoming Persian Gulf meeting.

Source: National Archives, Nixon Presidential Materials, NSC Files, NSC Institutional Files (H-files), Box H-046, Senior Review Group Meetings, Persian Gulf, 6/5/70. Secret. National Security Decision Memorandum 92, which emerged from the June 5 meeting, is Document 97. The minutes of the meeting are scheduled for publication in Foreign Relations of the United States, 1969-1976, Volume XXIV: Arabian Peninsula; Middle East Region, 1969-1972; Jordan, 1970. The attachment entitled "Programs" is not published.

[71. Telegram 87985 From the Department of State to the Embassy in Iran](#)

Washington, June 6, 1970, 1937Z

The Department endorsed the Ambassador MacArthur's reassurances regarding British intentions, and considered Soviet moves as anti-U.S. rather than anti-Iranian.

Source: National Archives, RG 59, Central Files 1970-73, POL IRAN-USSR. Secret; Exdis; Noforn. Drafted by Miklos; cleared by Emory C. Swank (EUR), Irving Cheslaw (EUR/BMI), Davies; Richard W. Murphy (NEA/ARP), Bryan H. Baas (NEA/ARN), and Brown (S/S); and approved by Sisco. In Telegram 2506 from Tehran, June 13, MacArthur advised that the British be urged to reach an agreement with Iran over the Gulf islands, so as to prevent an Arab-Iranian rupture. MacArthur recommended that the British put forward a reasonable arrangement that, while not impairing the Sheikhs' legal claims to the islands, would meet Iran's basic security requirements. If the British did so, MacArthur suggested that the United States use its influence informally to persuade Iran to blur the issue of sovereignty. (Ibid., POL 33 Persian Gulf) In Telegram 93548 to Tehran, June 15, Sisco agreed. (Ibid.)

[72. Airgram 182 From the Embassy in Iran to the Department of State](#)

Tehran, June 9, 1970

Ambassador MacArthur notified the Department that the Iranian Government, still determined to produce opium, had doubled the acreage allotted to poppy cultivation.

Source: National Archives, RG 59, Central Files 1970-73, SOC 11-5 IRAN. Limited Official Use. Repeated to Ankara, Kabul, and Paris. Drafted by John H. Rouse, Jr, Political Officer, Executive Section; cleared by Donald R. Toussaint, Political Officer, Political Section; and approved by Thacher, DCM. Enclosures 1 and 2 are not published. In Airgram 296, October 12, the Embassy reported that in September the government had banned private poppy cultivation, which it interpreted as showing Tehran's determination to control these crops. (Ibid.)

[73. Letter From the Shah of Iran to President Nixon](#)

Tehran, June 15, 1970

The Shah renewed his warning to Nixon about threats to Gulf security before asking again for an importation quota which would permit him to purchase military hardware.

Source: National Archives, RG 59, Central Files 1970-73, POL IRAN-US. No classification marking.

[74. Telegram 97664 From the Department of State to the Embassy in Iran](#)

Washington, June 20, 1970, 0014Z

Assistant Secretary Sisco sympathized with Ambassador MacArthur's anxiety over the consequences of the delay in FMS legislation, but argued against Iran's seeking alternative financing.

Source: National Archives, RG 59, Central Files 1970-73, DEF 12-5 IRAN. Secret; Limdis. Drafted by Miklos; cleared by DOD/ISA and Davies; and approved by Sisco. MacArthur had expressed his concern in telegram 2623 from Tehran, June 18. (Ibid.)

[75. Memorandum From the President's Assistant for National Security Affairs \(Kissinger\) to President Nixon](#)

Washington, June 25, 1970

Kissinger summarized the conclusions of Assistant Secretary Sisco's report on the extent to which Iran could guarantee stability in the Persian Gulf.

Source: National Archives, Nixon Presidential Materials, NSC Files, Box 601, Country Files, Middle East, Iran, Vol. II, 6/1/70-12/70. Secret. Sent for information. A stamped note on the memorandum indicated that President Nixon read it. The report was in response to an attached, undated, handwritten instruction from Nixon, which read, "Give me a report (no priority) on the Shah's idea of Iran (& Cento) playing a greater role in the Persian Gulf—Is it just too naive—"

[76. Airgram 217 From the Embassy in Iran to the Department of State, July 7, 1970](#)

July 7, 1970

The Embassy apprised the Department of the struggle for the role "Pishva," or leader, of Shi'ite Islam between exiled cleric Ayatollah Khomeini and two leaders backed by the Shah's government.

Source: National Archives, RG 59, Central Files 1970-73, SOC 12 IRAN. Confidential. Drafted by Arnold L. Raphel and approved by Touissaint.

[77. Telegram 115967 From the Department of State to the Embassy in Iran, July 20, 1970, 2106Z](#)

July 20, 1970, 2106Z

The Department advised the Embassy that the U.S. Government would examine whether military sales to Iran were in the U.S. national interest, whether they would affect area security, and whether they were a military imperative.

Source: National Archives, RG 59, Central Files 1970-73, DEF 12-5 IRAN. Secret. Drafted by Miklos; cleared by DOD and Richard C. Matheron (PM/MA&S); and approved by Davies.

[78. Telegram 3144 From the Embassy in Iran to the Department of State, July 22, 1970, 0730Z](#)

July 22, 1970, 0730Z

Ambassador MacArthur asserted that if the United States refused to sell the Shah military equipment, such action would irreparably damage the vital relationship with Iran.

Source: National Archives, RG 59, Central Files 1970-73, DEF 12-5 IRAN. Secret; Priority; Limdis.

[79. Memorandum From the Assistant Secretary of Defense for International Security Affairs \(Nutter\) to the Director, Joint Staff \(Vogt\), Washington, July 29, 1970](#)

Washington, July 29, 1970

Nutter requested that the JCS prepare a plan to reduce the size of the U.S. Military Advisory Group in Iran.

Source: Washington National Records Center, OASD Files, ISA Files, Box 19, FRC 330-73A, 1975, Iran 000.1—, 333, 1970, 320.2, Iran. Secret. Drafted by Colonel Aguilar. This document, a copy, has a stamp indicating that Nutter signed the original.

[80. Letter From President Nixon to the Shah of Iran, Washington, July 30, 1970](#)

Washington, July 30, 1970

Nixon responded to the Shah's letter of June 15, addressing the questions of FMS credit and Gulf security, and regretting that the United States could not offer Iran a special oil import quota.

Source: National Archives, RG 59, Central Files 1970-73, POL IRAN-US. Drafted and cleared in NEA on July 15. In Telegram 105171 July 1, the Department reported to the Embassy that its attempt to encourage American oil companies to replace reductions in Libyan production with Iranian oil had been unavailing to date, but that the Department would continue to pursue these efforts. (Ibid., PET 6 IRAN)

[81. Telegram 124269 From the Department of State to the Embassy in Iran, August 1, 1970, 1617Z](#)

August 1, 1970, 1617Z

Acting Secretary U. Alexis Johnson responded to the Embassy's concerns, maintaining that the United States was bound by the terms of the 1968 Accord to assess the impact of Iran's military purchases on economic and social development.

Source: National Archives, RG 59, Central Files 1970-73, DEF 12-5 IRAN. Secret; Immediate; Limdis. Repeated to CINCSTRIKE/CINCMEAFSA. Drafted by Miklos; cleared by Christian G. Chapman (PM), DOD, Melvyn Levitsky (S/S), Christopher Van Hollen (NEA), and Sisco; and approved by Acting Secretary Johnson. In Telegram 3387 from Tehran, August 7, MacArthur relayed the unanimous recommendation of the country team that a "fundamental US policy review with respect to Iran be considered ASAP by highest level of USG in the broad context of the over-all RPT over-all role of Iran in terms of Nixon Doctrine and our national interests in this vitally important part of world where Iran is the solid and only dependable eastern anchor of our over-all Mid-east position." (Ibid.)

[82. Memorandum From \[name not declassified\] of the Near East and South Asia Division of the Directorate for Plans, Central Intelligence, to the Deputy Director's Executive Assistant \[name not declassified\], August 10, 1970](#)

August 10, 1970

In preparation for the visit of an Iranian general, the CIA forwarded information on the Iranian military requests supplied by ARMISH/MAAG, Tehran.

Source: Central Intelligence Agency, Executive Registry Files, Job 80B01086A, Box 1, Folder Executive Registry Subject Files, I-13, Iran. Secret. The memorandum and attachment are copies with indications that the originals were signed.

[83. Memorandum From the Executive Secretary of the Department of State \(Eliot\) to the President's Assistant for National Security Affairs \(Kissinger\), Washington, August 27, 1970](#)

Washington, August 27, 1970

Eliot sent Kissinger the Department's urgent recommendation that the Export-Import Bank be asked to provide Iran with credit to replace the delayed FMS appropriation.

Source: National Archives, RG 59, Central Files 1970-73, DEF 12-5 IRAN. Secret. Drafted by Miklos; cleared by Schnee, Chapman, and Davies, and in Treasury, and Defense. According to Telegram 3760 from Tehran, August 31, Iran was able to reach agreement with the Export-Import bank on financing for military aircraft. (Ibid.)

[84. Memorandum From the Director of the Central Intelligence Agency \(Helms\) to the President's Assistant for National Security Affairs \(Kissinger\), September 2, 1970](#)

September 2, 1970

Helms forwarded Kissinger a copy of an August 1970 CIA study entitled "Student Unrest Abroad," which featured a chapter on Iranian students.

Source: National Archives, Nixon Presidential Materials, NSC Files, Box 1325, NSC Unfiled Material, Unfiled Material, 1970. Secret. The full study is in *ibid.*, Box 1323. A note on the attached routing slip reads, "There seems no reason for HAK to read or reply to this. It is much like the Time and Newsweek cover stories. No action required."

[85. Memorandum From Harold Saunders of the National Security Council Staff to the President's Assistant for National Security Affairs \(Kissinger\), Washington, September 2, 1970](#)

Washington, September 2, 1970

Saunders passed along to Kissinger a memorandum from Helms, in which Helms reinforced MacArthur's concern that bureaucratic wrangling in Washington would imperil the Shah's aircraft purchases and thus put U.S. intelligence facilities in Iran at risk.

Source: National Archives, Nixon Presidential Materials, NSC Files, Box 601, Country Files, Middle East, Iran, Vol. II, 6/17/70-12/70. Secret; Sensitive. Kissinger wrote on the memo, "Make sure this is followed."

[86. Special National Intelligence Estimate 34-70, Washington, September 3, 1970](#)

Washington, September 3, 1970

The report examined Iranian policy towards its neighbors and its implications for U.S. interests.

Source: Central Intelligence Agency, NIC Files, Job 79R01012A, Box 387, Folder 3, SNIE-34-70, Iran's International Position. Secret; Controlled Dissem.

[87. Telegram 144737 From the Department of State to the Embassy in Iran, September 3, 1970, 2142Z](#)

September 3, 1970, 2142Z

The Department agreed with the Ambassador that any attempt by the Shah to rally nationalist feeling against the oil companies would only produce a backlash.

Source: National Archives, RG 59, Central Files 1970-73, PET 6 IRAN. Secret; Exdis. Drafted by Miklos, cleared by Davies, Clark, Murphy, and Robert C. Brewster, and in S/S; approved by Samuels.

[88. Memorandum From the Deputy Assistant Secretary of Defense for Near Eastern, African, and South Asian Affairs \(Noyes\) to the Assistant Secretary of Defense for International Security Affairs \(Nutter\), Washington, October 2, 1970](#)

Washington, October 2, 1970

Noyes recommended that the Department of Defense not concur with the Export-Import Bank's decision to loan Iran \$120 million in FY 71 instead of the \$100 million to which it had agreed originally.

[89. Extract from the President's Daily Security Brief, October 6, 1970](#)

October 6, 1970

The report discussed the Shah's feud with the oil companies, and his assertion that he might be forced to seek a "legislative solution" based on the UN principle that mineral resources belonged to countries rather than exploiting foreign companies.

Source: National Archives, Nixon Presidential Materials, President's Office Files, Presidential Handwriting, Box 7, Folder Presidential Handwriting, October 1970. Top Secret; Sensitive. Contains Codeword. The president wrote on the memorandum, "PETER—tell these oil barons—American security is vitally involved—keep Henry advised of your progress." Tab A was not found. The full report of the Shah's remarks is in Telegram 4335 from Tehran, October 3 (Ibid., RG 59, Central Files 1970-73, PET 6 IRAN).

[90. Memorandum From the Assistant Secretary of Defense for International Security Affairs \(Nutter\) to Secretary of Defense Laird, Washington, October 12, 1970](#)

Washington, October 12, 1970

Nutter recommended that Laird attempt to dissuade the Shah from buying a last increment of F-4s but approve an Export-Import bank proposal to offer Iran \$120 million in credit.

Source: Washington National Records Center, OASD Files, ISA Files, FRC 330-73A, 1975, Iran, 334-1970, 400 Iran. Secret. Laird approved both recommendations on October 15. Tab A is published as Document 86. The other attachments are not published.

[91. Memorandum From the President's Assistant for National Security Affairs \(Kissinger\) to President Nixon, Washington, October 22, 1970](#)

Washington, October 22, 1970

Kissinger described to Nixon the options presented by the NSC Review Group for the security of the Persian Gulf following the British departure.

Source: Library of Congress, Manuscript Division, Kissinger Papers, Box CL-315, NSC Files, National Security Memoranda, NSDMS 11/70-9/71. Secret. Sent for action. Tab A, the draft decision memorandum, is not published, but the final version is published as Document 97.

[92. Telegram 174651 From the Department of State to the Embassy in Iran, October 23, 1970, 0047Z](#)

October 23, 1970, 0047Z

The Department sent the Embassy a list of items approved in principle under the FY 71 military credit for Iran, which excluded the seventh and eighth squadrons of F-4s the Shah had requested.

Source: National Archives, RG 59, Central Files 1970-73, DEF 12-5 IRAN. Secret. Joint State/Defense Message. Drafted by Robert L. Dowell, Jr. (NEA/IRN); cleared by Chapman, John M. Bowie(PM/MC),; Johnson, Eliot, Philip J. Farley, and in Ex-Im Bank, DOD/ISA, and ACDA for information; approved by Davies. In telegram 4665 from Tehran, October 24, the Embassy responded that the status of the seventh and eighth squadrons had to be clarified, since the Shah had assumed from his October 1969 talks with the President that Iran already had U.S. approval. A U.S. Government refusal to endorse the sale at this stage, the Embassy observed, would run the "serious risk of being interpreted by Shah as unilateral modification of high-level policy decision" with serious consequences. (Ibid.)

[93. Letter From Secretary of Defense Laird to Secretary of State Rogers, Washington, October 27, 1970](#)

Washington, October 27, 1970

Anxious that unwarranted Iranian armament not destabilize the Gulf, Laird informed Rogers that he was prepared to sell only two squadrons of F-4Es to the Shah.

Source: Washington National Records Center, OASD Files, ISA Files, FRC 330-73A, 1975, Iran, 334-1970, 470 Iran. Secret. In Telegram 4760 from Tehran, October 31, the Embassy advised that the Shah had urgently demanded clarification of the news from F-4 manufacturer McDonnell Douglas that the U.S. Government had not approved the seventh and eighth squadrons. (National Archives, RG 59, Central Files 1970-73, DEF 12-5 IRAN.) In Telegram 4772 from Tehran, November 2, the country team recommended that the U.S. Government assert better control over Iran's contract negotiations with private companies, and avoid manufacturer pressure to sign contracts in advance of funding, by channeling them into FMS procedures. (Ibid.)

[94. Memorandum From Harold Saunders of the National Security Council Staff to the President's Assistant for National Security Affairs \(Kissinger\), Washington, November 4, 1970](#)

Washington, November 4, 1970

Saunders presented Kissinger with the conflicting opinions of the State and Defense Departments on the Shah's demand for a seventh and eighth squadron of F-4 aircraft to Iran.

Source: National Archives, Nixon Presidential Materials, NSC Files, Box 601, Country Files, Middle East, Iran, Vol. II, 6/1/70-12/70. Secret. Sent for information. This document was a copy that was not initialed.

[95. Memorandum From Harold Saunders of the National Security Council Staff to the President's Assistant for National Security Affairs \(Kissinger\), Washington, November 6, 1970](#)

Washington, November 6, 1970

Saunders summarized the contents of a proposed State-Defense telegram which suggested that the Iranians could wait until the joint US-Iranian study of their forces was completed to determine their purchases.

Source: National Archives, Nixon Presidential Materials, NSC Files, Box 601, Country Files, Middle East, Iran, Vol. II, 6/1/70-12/70. Secret. Sent for

action. Kissinger initialed his approval. The attached telegram is published.

[96. Telegram 183657 From the Department of State to the Embassy in Iran, November 6, 1970, 0221Z](#)

November 6, 1970, 0221Z

The Department recommended that Tehran base its decision on how many F-4s to buy on factors such as Iranian resources to absorb the aircraft, as well as maintaining a regional arms balance.

Source: National Archives, RG 59, Central Files 1970-73, DEF 12-5 IRAN. Secret; Priority. Joint State/Defense message. Drafted by Miklos; cleared by Chapman, in DOD, and JCS; and approved by Davies.

[97. National Security Decision Memorandum 92, Washington, November 7, 1970](#)

Washington, November 7, 1970

Kissinger forwarded the President's approved strategy for "Future U.S. Policy in the Persian Gulf" to appropriate Cabinet and Agency officers.

Source: Library of Congress, Manuscript Division, Kissinger Papers, Box CL-315, NSC Files, National Security Memoranda, NSDMS 11/70-9/71. Secret.

[98. Telegram 187449 From the Department of State to the Embassies in Saudi Arabia, Kuwait, United Kingdom, and Iran, November 16, 1970, 2141Z](#)

Iran, November 16, 1970, 2141Z

The Department announced the President's decision in principle not to reduce the U.S. naval presence in the Persian Gulf, unless it proved unwelcome to U.S. allies in the region, particularly Iran.

Source: National Archives, RG 59, Central Files 1970-73, POL 33 PERSIAN GULF. Secret; Exdis. Repeated to Dharan, COMIDEASTFOR, CINCSTRIKE/CINCMEAFSA, CINCUSNAVEUR, Vienna. Drafted by Joseph W. Twinam (NEA/ARP); cleared by Davies, Atherton, Murphy, Philip H. Stoddard (PM), Stanley D. Schiff (NEA/RA), Miklos, Robert T. Curran (S/S), Robert T. Burns (EUR/BMI), DOD/ISA, and in Navy, Joint Staff/J5, DOD/Gen. Counsel, DOD/I & L, DOD/ISA; and approved by Sisco.

[99. Letter From Secretary of State Rogers to Secretary of Defense Laird, Washington, November 19, 1970](#)

Washington, November 19, 1970

Replying to Laird's October 27 letter, Rogers emphasized that the joint study of Iranian forces would be the best means of moderating the Shah's ambitions for further costly aircraft.

Source: National Archives, RG 59, Central Files 1970-73, DEF 12-5 IRAN. Secret. Drafted by Miklos; and cleared by Chapman, Davies, and Sisco.

[100. Memorandum From Harold Saunders of the National Security Council Staff to the President's Assistant for National Security Affairs \(Kissinger\), Washington, November 20, 1970](#)

Washington, November 20, 1970

Saunders informed Kissinger that Ambassador MacArthur had requested permission to offer the U.S. Government's agreement in principle to the sale of the seventh and eighth squadrons of F-4s.

Source: National Archives, Nixon Presidential Materials, NSC Files, Box 601, Country Files, Middle East, Iran, Vol. II, 6/1/70-12/70. Secret; Exdis. Sent for information. Tehran 5021 is not published. Kissinger wrote on the memorandum, "There is nothing to resolve. Pres. wants to go ahead. Al—take up with [Laird's aide, Assistant Brigadier General Robert E.] Pursley."

101. Memorandum From the President's Assistant for International Economic Affairs (Flanigan) to President Nixon, Washington, December 1, 1970

Washington, December 1, 1970

Flanigan assessed the significance of the Iranian-consortium agreement.

Source: National Archives, Nixon Presidential Materials, NSC Files, Box 601, Country Files, Middle East, Iran, Vol. II 6/1/70-12/70. No classification marking. Sent for information.

102. Telegram 5142 From the Embassy in Iran to the Department of State, December 1, 1970, 0955Z

December 1, 1970, 0955Z

Ambassador MacArthur notified the Department that the previous evening, he and his wife had been the victims of an abduction or assassination attempt that would not be publicized.

Source: National Archives, RG 59, Central Files 1970-73, POL 17 US-IRAN. Secret; Nodis. In Telegram 196031 to Tehran, December 2, the Department agreed that the official story should be that the Ambassador's car had been struck by a hit-and-run driver. (Ibid.)

103. Memorandum From the Assistant Secretary of Defense for International Security Affairs (Nutter) to Secretary of Defense Laird, Washington, December 7, 1970

Washington, December 7, 1970

Nutter advised Laird that since attempts to dissuade the Shah from buying two more squadrons of F-4s had failed, the Department of Defense should withdraw its objections to the sale.

Source: Washington National Records Center, OSD Files, FRC 330-76-067, Iran 1970, Iran 452. Secret. Approved by Laird on December 9. Tab A is not published.

[104. Telegram 5332 From the Embassy in Iran to the Department of State, December 10, 1970, 1240Z](#)

December 10, 1970, 1240Z

The Shah asserted that communist elements hoping to discredit the Shah's regime were responsible for the attack on the Ambassador.

Source: National Archives, RG 59, Central Files 1970-73, POL 17 US-IRAN. Secret; Nodis. In Telegram 5272 from Tehran, December 7, Hoveyda had speculated that the radical Iranian student groups abroad, and perhaps also the Palestinian Popular Front for the Liberation of Palestine (PFLP), could have been involved in the attack. Since the attack had betrayed the weaknesses in the Iranian system, the Prime Minister also had requested U.S. assistance in putting Iranian security files into processed data form. (Ibid., POL IRAN-US)

[105. Telegram 5334 From the Embassy in Iran to the Department of State, December 10, 1970, 1300Z](#)

December 10, 1970, 1300Z

Following a discussion of regional issues, the Ambassador informed the Shah that the United States intended to maintain a naval presence, MIDEASTFOR, in the Persian Gulf after the British withdrawal.

Source: National Archives, RG 59, Central Files 1970-73, POL 33 PERSIAN GULF. Secret; Exdis.

[106. Telegram 5335 From the Embassy in Iran to the Department of State, December 10, 1970, 1320Z](#)

December 10, 1970, 1320Z

Citing the many regional threats, the Shah vehemently defended his air force requirements.

Source: National Archives, RG 59, Central Files 1970-73, POL 33 PERSIAN GULF. Secret; Exdis. In Telegram 5193 from Tehran, December 2, the Embassy conveyed the Shah's concern over information, allegedly from a Department source, that some State officials viewed selling the two extra squadrons of F-4s to the Iranians as "provocative." MacArthur denied the rumors, but in a private comment blamed the Shah's suspicions on the lack of a positive response on the squadrons. (Ibid., POL 15-1 IRAN). In Telegram 197768 to Tehran, December 4, the Department responded that the Shah's suspicions were disappointing after all the U.S. efforts to ensure Iranian security, adding that the Department was trying to come up with an inter-agency response on the F-4s. (Ibid.)

[107. Telegram 202975 From the Department of State to the Embassy in Iran, December 14, 1970, 2238Z](#)

December 14, 1970, 2238Z

The Department authorized the Embassy to notify the Shah that the Departments of State and Defense had approved in principle the sale of a seventh and eighth squadron of F-4s to Tehran.

Source: National Archives, RG 59, Central Files 1970-73, DEF 12-5 IRAN. Secret; Priority. Joint State/Defense Message. Repeated to CINCSTRIKE, SECDEF, CSAF, ExIm Bank. Drafted by Robert L. Dowel Jr. (NEA/IRN); cleared by Miklos, Schiff, and in DOD/ISA, JCS, DOD/ISA/MA&S, PM/MAS, ACDA, PM/MC; and approved by Davies.

[108. Telegram 5566 From the Embassy in Iran to the Department of State, December 30, 1970, 0930Z](#)

December 30, 1970, 0930Z

The Ambassador reported that another crisis between Iran, OPEC, and the consortium was brewing, due to the Shah's insistence on raising oil prices.

Source: National Archives, RG 59, Central Files 1970-73, PET 6 IRAN. Confidential. Repeated to Dhahran, Jidda, the Hague, Kuwait, London, Paris, and Caracas. In Telegram 206077 to London, Bonn, Brussels, the

Hague, Paris, Rome, and Tokyo, December 18, the Department disseminated the resolutions from the recent OPEC conference in Caracas, which included increasing and standardizing prices, and authorizing Iran, Iraq, and Saudi Arabia to negotiate with the oil companies within 30 days (Ibid., PET 3 OPEC). (declass.)

44. Memorandum From the President's Assistant for International Economic Affairs (Flanigan) to the President's Assistant for National Security Affairs (Kissinger)¹

Washington, January 10, 1970

You will recall that the President asked me, in the presence of the Shah of Iran, to make every effort to assist in closing the gap between the Iranian Government's requirements for the sale of oil to finance its Development Program and the current 1970 projections of such sales. Set forth below are three possible actions to achieve the desired result, and a status report on each:

1. Consortium

The bulk of the oil lifted from Iran is taken by a consortium made up of 40% British Petroleum, 14% English Shell, 7% each for Texaco, Standard of California, Standard of N.J., Mobil and Gulf, 5% a group of U.S. Independents, and 6% CFP. With Deputy Under Secretary Samuels I have personally met with Messers. Jamison and Collado of Jersey, Miller of California, Tavaleres and Moses of Mobil and Brockett of Gulf, and I have telephoned Rabin of Texaco. To each of these people I have indicated the President's desire, on the basis of the national security interest, that the consortium go a long way toward meeting the \$155 million gap between its projected Iranian oil take in 1970 and the projected governmental requirements. No specific program was urged on the companies. It was recognized that the U.S. interests would not be served by an action detrimental to Saudia Arabia, and it was further recognized that Iran had fared well in recent years compared with the other Persian gulf countries. While the oil companies insisted that the Shah's demands were "insatiable," they recognized that both national security interests and social justice support doing just as much as possible for Iran.

The English oil companies have been more enthusiastic about larger oil liftings from Iran than have the American companies. BP has attempted to bring the German oil company into the consortium. The members of the consortium will meet in New York during the week of January 12. The American companies have agreed to discuss the possibility of

increasing Iranian liftings during this meeting. The English companies have a large position in the rapidly growing oil production from the Trucial States. It was generally agreed that increases in oil liftings from these areas might well be limited in order to take further oil from Iran. I indicated to the U.S. oil companies that if they felt it necessary, for the purpose of these discussions, to receive Justice Department approval to talk about the problem, I would approach the Justice Department on their behalf. A report should be forthcoming by January 19th as to the results of the meeting of the consortium in New York.

The dominant member of the consortium is British Petroleum which has 40% of the consortium and a 50% economic interest in the oil currently being lifted. A large stockholder in BP is the British government. It may be that BP will need urging to help find a satisfactory solution for Iran. Since part of the problem of Iran arises from the British withdrawal from the Persian Gulf, such governmental urgings might be an appropriate subject for discussion between the President and Prime Minister Wilson during the latter's visit at the end of January. This can better be determined after the report of the New York meeting.

2. Iranian Governmental Sales

The government of Iran has incorporated the National Iranian Oil Company (NIOC) to sell in the international oil market additional Iranian oil production. Dr. Fallah, the Vice Chairman of NIOC and its managing director, met with me and Harold Saunders of the NSC on January 8. Mr. Brownell participated in these meetings. We discussed the status of the Planet Oil proposals. I informed Mr. Brownell that no action would be forthcoming in the near future on these proposals.

I told Mr. Fallah with regard to the 1970 budget of Iran, no help could be expected as a result of the Cabinet Committee on Oil Imports. I did tell him, however, that we were attempting to find ways to ease his problem but that no assurance of any satisfactory results could be given.

After Brownell and the others had left, Fallah informed me that in the past Norwegians have been transporting 5 to 8 million tons (100,000 barrels per day) of oil from the Soviet Union to Cuba. Apparently some portion of this is used in Cuba and the balance is sold throughout the Caribbean. This is part of the barter deal between Cuba and Russia for Cuban sugar. Russia is apparently short of oil and has directed the Norwegians to buy oil in the Middle East to meet this commitment. The Norwegians have approached the Iranians, making it clear that if the

Iranians refuse to make this sale they will buy the oil from Iraq's excess production. Fallah asked what the position of the U.S. government would be on such a sale, indicating that he would abide by any direction given by the U.S. Government. He did point out, however, that should Iran make the sale the proceeds would be spent by it in the United States, while if Iraq made the sale the proceeds would be spent in Russia. The sale would be made by Iran to Norway, with no explicit information from the Norwegian purchaser as to the destination of the oil. I told Fallah that I would tell him whether this government would resist such a sale by Iran to Norway or would take no position with regard to it.

3. The Defense Department meets its requirements for petroleum products through purchases from ARAMCO. ARAMCO is owned entirely by 4 American oil companies, with the oil being produced in Saudi Arabia. It is possible that the Defense Department could be directed to purchase a portion of its requirements from Iran. This, however, would have two negative factors.

1. A substantial portion of the profits from these purchases would go to non-American companies if Iranian oil were sought.
2. If the consortium were asked to make sales to the Defense Department, it would simply reallocate its distribution pattern without increasing the oil liftings from the various areas. I would suggest this be the last consideration on the list after exhausting the possibilities with the consortium and the sale to the Norwegians.

I will keep you fully apprised of the situation with the consortium. Would you please tell me at your earliest convenience a reply that should be given to Dr. Fallah regarding the sale of oil to the Norwegians. If you reach different conclusions with regard to the offshore purchases by DOD, I would appreciate your letting me have them.

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 601, Country Files, Middle East, Iran, Vol. II, 6/1/70-12/70. Secret.

45. Action Memorandum From the Assistant Secretary of State for Near East and South Asian Affairs (Sisco) to the Acting Secretary of State (Richardson)¹

Washington, February 12, 1970

SUBJECT:
USAF Technicians for Iraq

DISCUSSION:

During his visit to Washington last October the Shah asked Secretary Laird for a continuation of the USAF technical assistance field team in Iran to assist in training Iranian Air Force personnel in the maintenance of F-4 aircraft Iran is obtaining from us. On October 25, 1969 Secretary Laird authorized the continuation of a 54-man team for one more year (February 1970-February 1971) and asked that the possibility of raising this number to 75 be explored. The Shah was told of this decision by Ambassador MacArthur in November. When DOD moved to implement this decision, however, it found that Secretary Laird's decision was on the same basis as the current program, i.e., unaccompanied tours. Most available personnel are Vietnam veterans who are unwilling to volunteer for another unaccompanied tour. The question arose, therefore whether Secretary Laird would be willing to authorize new personnel sent to Iran under this program to be accompanied by their family with a consequent increase in the size of the Department of Defense community in Iran at a time when cuts are being made elsewhere. Subordinate elements of DOD have been grappling with this issue without definitive results ever since.

Ambassador MacArthur has now expressed his concern over the absence of a favorable decision (Tab B) pointing out that if personnel now on hand are withdrawn as scheduled within the next few weeks without replacements being supplied, F-4 training and readiness will suffer seriously. He urges a favorable decision at the earliest possible date. We are informed that this decision can be made only at the Secretary level.

RECOMMENDATION:

That you sign the attached letter to Acting Secretary Packard requesting an early decision on this matter (Tab A).

Tab A

Letter From the Acting Secretary of State (Richardson) to the Acting Secretary of Defense (Packard)

Washington, February 14, 1970

Dear Dave:

Ambassador MacArthur in Iran has just drawn our attention to the delay being encountered in the continuation of the USAF technical assistance field team which is training Iranian technicians in the maintenance of F-4 aircraft Iran is obtaining from us. He has pointed out that if USAF personnel presently in Iran are withdrawn in the next few weeks as scheduled and replacements are not provided, Iran's F-4 training and readiness status could be seriously affected. The F-4 element of the Iranian Air Force is the backbone of Iran's defense.

You may recall that during the Shah's visit to Washington in October 1969 he discussed this subject with Secretaries Rogers and Laird. On October 25 Secretary Laird approved the continuation of a 54-man USAF team for one more year and the Shah was so informed subsequently. I understand that implementation of this decision has been delayed over the question of whether replacement personnel will be permitted to have their families with them. I believe that the effects of our failure to provide USAF technicians in accordance with the Shah's expectations greatly outweigh the disadvantages of increasing somewhat our official presence in Iran by authorizing accompanied tours. This would be at no cost to the United States Government since the Government of Iran pays all expenses associated with this program. I hope, therefore, that resolution of this question can be made quickly and the requisite personnel sent without undue delay.

Sincerely, **Elliot Richardson** Acting Secretary

¹ Source: National Archives, RG 59, Central Files 1970-73, DEF 19-9 US-IRAN. Secret. Drafted by Miclos; and cleared by Rockwell and Matheron. Tab B was attached but is not published. In a handwritten note on the memo, Sisco added, "The problems at the ISA level in Pentagon are fantastic. We have to do something about it!" Richardson replied, "Please inform UAJ [U. Alexis Johnson] in case he wants to take up with Packard."

46. Telegram 602 From the Embassy in Iran to the Department of State¹

Tehran, February 17, 1970, 1425Z

For Acting Secretary and Sisco

REF:

Tehran 564

1. PriMin Hoveyda called me last night saying he must see me this morning about a most urgent matter. When I called on him he had telegram in his hand which he received last evening from Shah. He said telegram instructed him to remind me:
 - (A) of great urgency and importance Shah attached to matters, particularly oil, which he had discussed with President last October;
 - (B) of Shah's expectation based on his talks with President that US would be forthcoming in responding to Iran's request re oil and also military matters on which peace and very future of Persian Gulf depended;
 - (C) that thus far there no rpt no favorable response to these requests; (he said Shah sent President personal message through Iranian channels to which only interim reply received).
 - (D) telegram concluded by asking what then had been accomplished by Shah's talks in Washington.
2. Hoveyda commented very privately to me that Shah is deeply disturbed because this whole policy is based on close cooperation with US. Hoveyda has seen memcon of Shah's talk with President from which it clear Shah expected US would help him on major problems on which Shah convinced Iran's future stability, economic and social progress and security depended. Memcon mentioned that in Shah's presence the President had instructed Peter Flanagan to tell US oil companies that it was in US national interest for them to take more Iranian oil. In light of gravity of Iran's financial problems, solutions to which depend primarily on more oil revenue, Shah obviously feeling sense of deep frustration. Hoveyda believes this sense of frustration may have been increased by our insistence this year that MSC credit should be 50/50 MSC-private credit instead of 75 percent MSC and 25 percent private credit as last year; increases in interest rates; our inability to meet request re aerial tankers (Tehran 536); no specific reply from US re "blue suiters," etc.

3. I said it was not rpt not surprising that President had been unable to reply re oil since he had only received Schultz Committee report few days ago and matter of our oil policy was one of tremendous complexity insofar as US domestic considerations are concerned. However, I knew that President and administration were very sympathetic to Iran's oil problem and would have it very much in mind in reaching decision although at this juncture it just not possible to make any commitments. Re aerial tankers, they simply were not available as they were in short supply supporting combat operations in Vietnam where American soldiers are still dying. It is simply a question of non-availability and not question of our good will or desire to help.
4. Re oil Hoveyda said Shah still earnestly hoping we would be able to do something that would increase Iran's access to American market through special arrangements or otherwise and that at same time he hopes White House will continue to urge American oil companies, with whom GOI will soon be meeting in annual reunion with consortium, to take more Iranian oil.
5. Speaking again "very privately," Hoveyda said dangerous situation developing in Gulf which is "Iran's jugular vein" has also added greatly to Shah's concern since he believes Iran is only country in Gulf region that can make contribution to stability of that vital area which is so essential not only to Iran but also to Japan, Europe and US and he needs US cooperation to help assure stability and security there. This deep concern coupled with Shah's high expectations after Washington visit may have led to his present feeling of "deception" that nothing seemed to be moving although four months had passed since his visit.
6. Comment: We heard very recently that Shah was getting restless but we did not know that his sense of frustration had reached such a pitch. while we of course realize that all his requests cannot be met, we do urge that we do all we can to respond as favorably as possible wherever we can, particularly since there seems to be general agreement that after 1971 the future stability and security of free world interests in Gulf (an area of vital importance to Japan and NATO from which US nets one and half billion dollars annually from US oil company sales) will almost inevitably depend to very considerable extent on Iran—the only plus in the area.

MacArthur

¹ Source: National Archives, RG 59, Central Files 1970-73, DEF 12-5 IRAN. Secret; Exdis. On February 19, in Telegram 25377, Sisco responded sympathetically to MacArthur's plea for the government to be forthcoming towards the Shah's requests, but added that the Shah's appetite was difficult to satiate. (Ibid., POL IRAN-US) (declass.)

47. Memorandum of Conversation¹

Washington, February 19, 1970

SUBJECT:

U.S. FY 1970 Military Sales Credit for Iran

PARTICIPANTS:

H.E. Mehdi Samii, Managing Director, Iranian Plan Organization

Mr. Joseph J. Sisco, Assistant Secretary of State, NEA

Mr. Jack C. Miklos, Country Director for Iran

Mr. Walter M. McClelland, Deputy Country Director for Iran

Mr. Samii explained that he had come to the United States because of GOI concern about the FY 1970 U.S. foreign military sales (FMS) credit to Iran. Ambassador MacArthur had informed him that since Congress had not passed the FMS legislation, the FY 1970 credit agreement could not be signed until later, perhaps April, when Congress had acted. The GOI is concerned because of further payments it must make on its F-4's this year for which there is at present no provision in the GOI budget that has been submitted to the Majlis. Mr. Samii had to determine whether or not there was liable to be a problem with the credit and, if so, perhaps make some accommodation in the Iranian budget for it.

Mr. Sisco said that the USG is thinking in terms of a \$100 million credit again this year, although until Congress completed action on the FMS legislation, we could not give any assurance on this point.

Mr. Samii also expressed the GOI's concern about the USG's intention to include at least 50% private credit in the FY 1970 credit. He said that the GOI was hoping for a 75/25 USG/private credit split, the same as last year. Mr. Samii also expressed concern about high interest rates on the credit, especially the private credit portion.

Mr. Sisco said that although the days of 6 1/8% USG credit seem to be gone this year, he noted Mr. Burns' opinion that the U.S. economy has reached a peak and is beginning to cool. This could lead to lower interest rates by the time the credit is negotiated; however, Mr. Sisco believed that the interest rate on USG credits would probably still be about 7 1/8% or higher, with private credit at 9% or so. Mr. Sisco assured Mr. Samii, however, that the USG would do the best it could for Iran.

Mr. Samii then explained Iran's economic and financial situation. He said that there had been a 25% increase in defense expenditures for next year so that about half of the ordinary budget will be spent on defense. This means that all other sectors of the budget had to be pared and these cuts put additional pressure on the development budget. Mr. Samii explained that in addition to defense allocations in the ordinary budget, military construction (about \$100 million) is to be charged to the development budget. Even some of the civilian projects, such as telecommunications, have a large military element. Mr. Samii added that expenditures of foreign loans for military purposes are not shown in the budget, although the servicing of these loans is shown.

Mr. Samii also commented that the Iraqi situation had required the GOI to squeeze all of its ordinary expenditures except education during the current Iranian year in order to obtain \$7 million to meet emergency costs. Development expenditures were not affected only because they could not legally be touched.

In response to Mr. Sisco's question as to when, as an economist, Mr. Samii would begin to worry over excessive defense spending, Mr. Samii said he was already concerned. His main problem was with large defense purchases abroad and, although he thought the World Bank's estimate of Iran's debt service ratio was high, it did point up a difficult problem. Most defense loans are short and medium term (average about 4 ½ years) at high interest rates. Loans from the U.K. and Italy had more favorable interest rates than U.S. loans, but required large down payments (22% for U.K.; 10% for Italy).

Mr. Samii continued that these large military expenses are worrying. In today's circumstances (British withdrawal from the Persian Gulf, tension with Iraq) top priority has to go to defense. However, if the U.S. credit is to be a 50-50 USG/private funded credit at high interest rates, this may be impossible for Iran to bear and he (Samii) may have to ask the Shah to reconsider the credit and use Iran's own resources cutting back other programs where necessary rather than borrowing at such a cost.

Mr. Samii continued that it was a most crucial decision whether or not to allow the economy to slow down in such fields as agriculture and industry so that funds could be spent for defense purposes. If it is true that Britain leaves the Gulf in 1971, then Mr. Samii said Iran will have to be a pivot of stability in the area; however, this means not merely defense, for a stable economy is what will really sustain Iran in these

circumstances. Mr. Sisco agreed and said that Iran's economic stability affects not only Iran itself, but also has implications for the whole region.

¹ Source: National Archives, RG 59, Central Files 1970-73, DEF 19-8 US-IRAN. Secret; Exdis. Drafted by McClelland. The conversation took place at the Department of State.

48. Letter From President Nixon to the Shah of Iran¹

Washington, February 23, 1970

Your Imperial Majesty:

Your letter was most welcome, not only because it is helpful to have your views but also because I appreciate the opportunity to exchange thoughts with you from time to time. This is indeed a time of uncertainty in your part of the world—a condition that makes even more difficult your task of achieving for Iran both the security and the well-being and prosperity you are striving to establish. As you know, your thoughts and mine coincide at many points on this subject, and a number of the positions I expressed during my Asian trip last summer—as you have noted—would apply to the problems in your region as well.

In this connection, you may be assured of my firm intention to maintain our cooperation with you to insure Iran's continuing capacity for defense. I am pleased that our respective defense experts are in constant touch. Careful attention is being given to the two specific subjects you mention. I am happy to say that Secretary Laird, after review of our worldwide requirements, is able to increase the number of Air Force technicians in Iran. The problem of pilot training—involving as it does our own requirements and commitments to NATO countries as well as to good friends like Iran—has taken a little longer than was expected.

We place great importance, as you do, on the integrity and stability of Saudi Arabia. The news of increasing cooperation between you and His Majesty King Faisal is welcome, for there is no question that cooperation among the states around the Persian Gulf is in our mutual interest and in the interests of the free world. We are reassured by the efforts you are making to bring this about.

On the broader Middle Eastern front, you will be aware of the steady increase in military activity and the concerns that the Soviet Union has expressed. Our policy remains as I described it to you. We are prepared to do what we can to help restore observance of the cease-fire and to help create a framework for negotiation. But we cannot do this in the absence of a will to peace on the part of both sides in the area. We have been disappointed by the unconstructive Soviet attitude.

I am especially grateful for your words in support of my efforts at resolving the Viet-Nam conflict, and for your shared hope that our policy will result in a just and speedy conclusion of the war. Iran's own humanitarian efforts in Viet-Nam have been helpful to that country and encouraging to those other nations that share the burden of the war. There will be a continuing need for civilian assistance in Viet-Nam, and we hope that Iran will be among those providing it.

Iran's desire to increase its oil revenues is clearly understood. As promised when you were here, we have carefully examined the various ways in which liftings from Iran might be increased. There are, as you know, limits on what we as a government can do, and I cannot report any breakthroughs at this point. However, we will continue to work with your officials to see whether there are ways in which we could help.

Mrs. Nixon shares with me still the pleasant recollection of your October visit to Washington and she joins me in sending to you and Her Imperial Majesty our best wishes for your personal happiness and the well-being of your nation.

Sincerely,
Richard Nixon

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 755, Presidential Correspondence, 1969-1974, Iran. No classification marking. In his December 17 letter, the Shah had queried Nixon on the above items, pledging cooperation with Saudi Arabia in Gulf defense but warning that Iraq was becoming "an armed camp." (Ibid.)

49. Telegram 668 From the Embassy in Iran to the Department of State¹

Tehran, February 24, 1970, 140Z

SUBJECT:

Demonstrations Cause GOI to Cancel Bus Fare Increases

1. Students and other groups in Tehran demonstrated and clashed with police over three-day period Feb 21-23, in protest against increase bus costs. Recently revised bus routes had raised and even doubled costs for many passengers and had created widespread grumbling and dissatisfaction which not limited to students.
2. Demonstrations started afternoon Feb 21 at Tehran University when 200-300 students assembled inside campus shouting protests against bus company and reportedly calling for bus boycott next day.
3. Feb 22 saw similar demonstrations at practically all university campuses in Tehran. Several incidents of students stoning buses occurred plus some clashes outside campuses in which students stoned and were firmly suppressed by riot police who, by this time, out in moderate force in university areas. Some students injured and some arrested. In afternoon all universities closed.
4. Feb 23 clashes with police occurred again at Tehran University and other schools as well as elsewhere in city, as students tried enter campuses, stoned buses, or organized boycott of buses. Groups remained small and dispersed and seemed to be spontaneous gatherings, involving some high school students and non-students. We know of at least six separate clashes with police and saw evidence of broken glass from buses stoned.
5. Afternoon Feb 23 GOI broadcast and published Shah's order that PM personally investigate bus fare problem. Committee chaired by PM met immediately and by early evening had ordered return to previous bus routes and fares. By morning Feb 24 bus company and situation in city back to normal, though Tehran and other universities remained closed and will reportedly remain so for several days to allow students cool off. Once decision made cancel fare raises taken, press somewhat surprisingly was permitted mention student protests and stoning of buses, and AP correspondent allowed file story of events.

Comment: Demonstrations, first since mid-1968, give every appearance of spontaneous reaction to specific issue of bus costs, matter of importance

to all classes. Public irritation undoubtedly enhanced by not unwarranted image of bus company as corrupt and inefficient. GOI's own relatively restrained response probably due to recognition genuine grievance existed and lack of clear policy on issue within GOI. Some student frustration at inability express dissent on other issues undoubtedly fanned their feelings, though political content of demonstrations (expressed in occasional anti-Israel, Iraq, US, and GOI signs or shouts) was insignificant. Fact all this took place while Shah out of country and that GOI decision to reverse field taken as result Shah's intervention probably means Shah has not only escaped being held responsible but also added minor laurels as guardian of popular interest. PM's image sufficiently strong so that his popularity will not suffer from this fracas.

MacArthur

¹ Source: National Archives, RG 59, Central Files 1970-73, POL 23-8 IRAN. Confidential. Repeated to Ankara, CINCSTRIKE, London, and Rawalpindi.

50. Memorandum From the President's Assistant for International Economic Affairs (Flanigan) and the President's Assistant for National Security Affairs (Kissinger) to President Nixon¹

Washington, February 25, 1970

SUBJECT:

Increased Iranian Oil Production Through Shipments to Cuba

You asked Peter Flanigan, in the presence of the Shah, to make every effort to close the gap between projected Iranian oil sales in 1970 and Iranian financial needs under its development program. The gap is \$155 million. Despite intensive conversations with US members of the Iranian Oil Consortium, Mr. Flanigan now sees no prospect of persuading the Consortium to increase its Iranian oil liftings in the coming year. The Iranians have also been told that they should expect no help in 1970 from the report of the Task Force on Oil Imports.

However, the Vice Chairman of the state-owned National Iranian Oil Company (NIOC) has approached Mr. Flanigan with the following story. Norwegian agents have supposedly approached Iran about buying Iranian oil to ship to Cuba as part of the USSR's commitment to Cuba. (The Norwegians, in the past, have been shipping 5-8 million tons of Soviet oil to Cuba, partly to be used in Cuba and partly to be sold elsewhere in the Caribbean area.) The USSR is now apparently short of oil for export and has directed the Norwegians to buy in the Middle East, for shipment to Cuba. The Norwegians would prefer to buy from Iran, but have made clear they will buy from Iraq if Iran will not sell. That would help the Iraqis find a market for oil from fields they are developing with Soviet help, independent of the Iraq Petroleum Company which is controlled by Western companies.

Against that background, the Iranian question is: Given US attitudes toward trade with Cuba, what would be the US position on such a sale?

The first issue raised by this approach is its veracity. CIA has no information to substantiate the statement that Norwegians have in the past been involved in shipping Soviet oil to Cuba or that Soviet oil has been sold elsewhere in the Caribbean. According to CIA, Soviet oil

shipments to Cuba have always been handled directly by the USSR and almost entirely in Soviet tankers. Also, Cuban consumption is only 4 million tons, with another million in petroleum products. So the facts do not ring true.

But if the proposal is legitimate, the case for telling the Iranians we would not object includes these points:

1. You have promised to help the Shah if possible to increase his oil revenues. Despite Mr. Flanigan's discussions with US members of the oil consortium, there is no indication whatsoever that the Consortium will increase its liftings from Iran this year. Since our review of oil import policy will not help Iran, the only substantial way we can now see to help Iran increase its revenues is by acquiescing in this sale to the Norwegians, knowing that the destination would be Cuba.
2. According to the Iranian argument, refusal would result in an Iraqi sale. Oil would not be denied to Cuba. An Iraqi enterprise designed with Soviet help to undercut Western producers would be assisted. Instead of \$100 million which Iran would spend in the US, Iraq would gain revenue to be spent elsewhere.

The core of the case against telling the Iranians we would not object is two-fold—it would erode the credibility and effectiveness of our economic denial policy against Cuba, and it would be subject to interpretation as a softening of the US attitude toward Cuba—or at least as indicative of a disposition to soften our policy.

Both of these judgments are based on the almost certain circumstance that it would become known that we acquiesced in the arrangement. Private oil intelligence is extremely sophisticated and would soon learn about the deal. Moreover, the Soviets would certainly know and are likely to draw conclusions about our approach to Cuban policy, or at least about our priorities.

Our economic denial policy is intended to isolate Cuba from the Western world, because of its conduct in stimulating subversion; hamper its economic growth, and thus reduce its capacity to export revolution; and increase the USSR's burden, by keeping Cuba dependent on Soviet aid and supply. This policy is also responsive to OAS decisions to sever all commercial ties with Cuba.

We carry out this policy by a complete interruption of our own commercial and financial transactions; control over US-owned subsidiaries

abroad through the Cuban Assets Control legislation; and use of moral suasion to convince non-Bloc industrialized countries to limit their trade with Cuba. The last is most difficult to accomplish, and it has been increasingly hard to convince European countries and Canada not to trade with Cuba. We are, however, committed to try, and you also pledged in your campaign speeches to redouble our efforts to persuade our allies not to do so.

In this case, it is not a question of the oil itself. Cuba will get the oil, whatever we do. The Soviets will pay in either case. The point is what our acquiescence will be taken to signify. A policy of moral suasion stands or falls on how firmly we hold to it and how much we are believed. Permitting this arrangement would put the credibility of our policy in doubt. Moreover, if it should become known publicly, we would have to enforce against Iran the legislative prohibition on PL 480 aid to countries assisting Cuba. Given the current spate of assertions coming out of Latin America, and being recirculated by Pravda out of Moscow, that perhaps Cuba should be reintegrated economically into the inter-American system, knowledge of the Iranian arrangement would be taken to be an indication of US willingness to soften our stand on Cuba. This belief could in turn stimulate initiatives for a rapprochement.

The difficult choice posed here is: In terms of our desire to help increase Iran's income for its well-executed development program, we should acquiesce in this Iranian sale if it proves a realistic proposal. In terms of our maintaining the credibility of the present policy line on Cuba, however, we should not.

At best, however, we could give Iran our tacit approval with the clear understanding that we would have to cut off their PL 480 when the deal became known to us from other sources, as it surely would. Although the PL 480 is not that important substantively, it is dubious that Iran would want to pursue the deal against our expressed interests. There does therefore not seem to be much in it.

RECOMMENDATION:

That you authorize Peter Flanigan to inform Mr. Fallah that the US Government opposes the proposed oil sale to Norway.

Approve [RN]

Disapprove, indicate that we will not oppose the arrangements for Iran to oil to Norway, but that we would have to carry out the relevant portions of US law should it become known that the oil is destined for Cuba.

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 601, Country Files, Middle East, Iran, Vol. 1, 1/20/69–5/31/70. Confidential. Sent for action. The President initialed his approval of the memorandum, and, with reference to the oil consortium, wrote: “Flanigan—Tell them unless they help us on this I shall reverse the oil import decision. This is an order. No appeal.”

51. Memorandum from the Country Director for Saudi Arabia, Kuwait, Yemen and Aden (Brewer) to the Country Director for Iran (Miklos)¹

Washington, February 27, 1970

SUBJECT:

Recommendations for FY 1970 Military Sales

I have just noted a copy of Tehran's A-69 of February 14. While the USG decision with respect to future military credit sales to Iran is happily not the responsibility of this desk, I wish to enter strong exception to portions of the rationale advanced by Embassy Tehran as these involve considerations affecting Arab states on the western side of the Gulf.

The Embassy states that "hostile forces stand ready" to fill "a vacuum which will assertedly be left in the Gulf region by the British departure. This may reflect information not available to us. If not, it would appear over-drawn if not inaccurate. The most serious theoretical threat to us in the Gulf in future would come from significant Soviet naval activities there. These I do not expect, but it is hardly likely that Iran would feel able—or willing—to oppose them, particularly since Iran is one of only two Gulf states which have been hospitable to Soviet Naval visits so far. As far as Arab forces are concerned, those of major powers (UAR, Syria, Iraq) are pinned down elsewhere by the Israelis and Kurds, and we see no sign that this situation is likely to be significantly altered. It is true that the removal of British forces will make them unavailable for security purposes, but local forces are fast a-building to cope with local security threats. Abu Dhabi now has military forces totalling over 4000, and a Hawker Hunter squadron is being activated. Bahrain, Qatar and Dubai also possess significant (in local terms) military and quasi-military establishments, totalling 4-5,000 men. And the Trucial Oman Scouts, which may be taken over by a new Arab federation, remains a well-drilled force of almost 2000 men. These forces would appear entirely adequate to cope with any local insurrection which can be dealt with in military terms.

The future threat to the Arab states of the Gulf is subversive, rather than military. For this purpose, substantial Iranian forces are likely to prove not only unnecessary but may be positively harmful. This is because

substantial Iranian forces directed towards the Gulf area are likely to be regarded by the Arabs more as a threat than a reassurance. They could regard themselves as forced to the only countervailing support available, namely the major radical Arab states (UAR and/or Iraq)—unless, of course, one assumes an appeal to the USSR. The fact that PRSYG forces have attacked SAG units at Wadiyah is hardly relevant. This is not in the Gulf area, the Saudis have shown themselves able to contain this threat and the basic cause of that issue was a boundary problem. The latter do not exist in the Gulf area except vis-a-vis Saudi Arabia itself, and I find it hard to conceive of Iran intervening on either side in that one.

Tehran reporting persists in seeing more “tact and “flexibility” in the Iranian position on the Tunbs and Abu Musa than is apparently visible to the Shaykhs of Ras al-Khaimah and Sharja. Since these worthies are prepared to do virtually everything Iran may want except surrender sovereignty over these islands, it seems clear that the Iranian position is, in fact, provocative and uncompromising. The Shah has shown statesmanship over the Bahrain issue, but on these lesser claims Iran still seems to be engaged in Tunb-thumping.

As to Iranian concern over future stability in Saudi Arabia, we welcome all efforts to strengthen our benighted clients. Because of Iran’s well-known ties with Israel, however, as well as the suspicions raised in Arab breasts by Iranian military muscle-flexing vis-a-vis the Gulf, Iran must be exceedingly discreet and wary in assuring that what is done for Saudi Arabia actually contributes to stability of the House of Saud rather than the reverse.]

All of which is not to argue against our annual military credit sales tranche to Iran but rather to place in perspective some of the arguments adduced by Tehran to support the therefor.

¹ Source: National Archives, RG 59, NEA/IRN, Office of Iran Affairs, Lot File, 76D470, Box 9, Chronological Correspondence from Ambassador, 1970. Secret. Tehran’s A-69 is not published.

52. Letter from the Shah of Iran to President Nixon¹

Tehran, March 11, 1970

Dear Mr. President,

I thank you for your letter of 23rd February, and I was very glad to receive your views and opinions on various questions of mutual interest to our two countries.

The kind attention which you have given to the matter regarding the training of Iranian pilots and the despatch of Blue Suit personnel to my country is highly appreciated.

You are no doubt aware, Mr. President, of the extent to which I am devoted to the cause of general disarmament and world peace. But so long as this achievement is out of reach we cannot leave the fate of our country in the hands of chance, and perforce we must sustain a sufficient military force capable of defending us against any potential enemies. Meanwhile, we shall direct our efforts to the maintenance of the very high rate of social and economic development which we have set ourselves to pursue.

In connection with the realization of all these plans, we would have expected particular attention to be paid to the question of oil, especially as I had previously stated that we would use the revenue in dollars accruing from the sale of our oil in your country for the purchase of arms and other equipment from the United States of America which at the same time would perhaps help your balance of payments. So far however, not only has no substantial progress been made in this respect, but the conditions for procuring our requirements from your country have become more and more difficult.

From a first indication, it appears that terms and conditions for the 8th tranche credit are extremely hard. Indeed they have progressively become harder ever since 1964 when arrangements for purchases of arms were initiated. I am now informed that for the 8th tranche, it is suggested that only fifty per cent of the total credit required to cover Iran's arms orders for FY 1970 will be made available by the Department of Defence and the balance has to be obtained from commercial banks in New York.

You are well aware, Mr. President, that in the present market conditions it is not an easy matter to raise over \$50m in New York. Indeed banks can only provide such facilities by obtaining funds from Europe, with a consequent interest rate of 10 1/4–10 1/2%.

The part of the credit provided by the Department of Defence seems to bear interest at the abnormally high rate of about 7 1/2 %. There is of course the additional cost of the guarantee to be given by the Department of Defence and the commitment fee of New York banks.

Looking ahead at our future requirements, these worsening conditions place an intolerable burden on the resources of a country irrevocably committed to rapid economic development and social progress while maintaining sufficient military forces for her own security.

Mr. President I leave the judgement of this matter in your own hands and I shall be glad if you will give it every consideration.

The Empress joins me in sending to you, Mrs. Nixon and your family our best wishes for your personal happiness and the continued prosperity of your great nation.

Sincerely,
M.R. Pahlavi

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 755, Presidential Correspondence, 1969–1974, Iran. In a March 4 memorandum, Kissinger suggested to Flanigan that it would do no harm to remind the consortium, as ALAM recommended, of the U.S. Government's "persistent interest" in the oil negotiations. (Ibid., Box 601, Country Files, Middle East, Iran, Vol. 1, 1/20/69–5/31/70.)

53. Telegram 928 From the Embassy in Iran to the Department of State¹

Tehran, March 12, 1970, 1335Z

Department of State pass CINCSTRIKE/CINCMEAFA

SUBJECT:

Soviet-Iraq Threat to Middle East (Shah's Views)

REF:

Tehran 167

1. PriMin Hoveyda asked me to call today (March 12.) He said Shah instructed him last evening to call me in to remind me of Shah's talk with me Jan 14 (reftel) re. Soviet-Iraq threat to Middle East. As Shah had feared, Soviets had achieved next step in their program (reftel) with formation of an autonomous Iraq-Kurdish province. He said Barzani had informed GOI in strictest confidence three days ago that since Iraq Govt had accepted autonomous Kurdish province and all other important Kurdish demands, there was no longer any valid excuse for Kurds continue their struggle against Baghdad govt. Hoveyda said just as Shah had been right well in advance in his predictions about what Soviets and radical Arabs were up to in penetrating other parts of Middle East (i.e. Libya, Sudan, Somali, Southern Yemen, etc.) he had been right about what Soviets were up to in Iraq. Baghdad's capitulation to Kurdish insistence on autonomy was, according to reliable information, a direct result of Moscow's pressure on Baghdad.
2. Shah wanted top level USG to know that agreement between Kurds and Iraq Govt was very grave development greatly increasing threat to Gulf area and Arabian peninsula because:
 - (A) As BBC broadcast said this morning it will release "about 20,000 Iraqi troops for deployment to Gulf."
 - (B) It increases Iraqi resources and capabilities for subversion and other mischief against small Gulf states.
 - (C) It clear that Iraqi Govt is very much under influence of Soviets because of its dependence on Soviet military and other aid for survival.
 - (D) It will prepare way for next step in Soviet plan which is eventual transformation of autonomous Iraqi Kurdish province into autonomous Kurdish, state with view to enlarging Kurdish state

until it eventually has contiguous borders with Soviet Union which will thus enable Soviets to overcome present Turkey-Iran barrier to their direct penetration of Middle East (reftel).

(E) Soviets will not (rpt not) begin to play on strong national sentiment of Kurdish people to stir up Turkish and Iranian Kurds in subversive activities holding out bait of an enlarged independent Kurdish state.

3. Shah asked Hoveyda to let us know that these developments in Shah's view made more important than ever our cooperation in helping Iran to equip and develop its forces so that minimum necessary deterrent strength could be developed prior to British pull-out from Gulf end of 1971. Furthermore Shah hoped these developments would lead to reconsideration of FMS interest rates and credit matter for next tranche, particularly granting of 75 per cent USG 25 per cent private credit for next tranche, as Iran's financial resources were stretched to limit.
4. Hoveyda recalled that in our last meeting he had asked me on personal basis whether thought FMS credit could be increased beyond annual tranche of dols 100 million and I had replied that in my personal view best we could hope for was continuation of dols 100 million credit per annum. He had reported this to Shah who had said that this was discouraging because while he did not wish to equip his forces from a variety of "other sources," if we could not do more to help on this matter he might reluctantly have to look elsewhere in view of Iran's desperate need to build minimum offensive strength before British pull-out from Gulf. In this connection GOI has heard Secretary Laird very recently asked for increase in FMS funds to dols 1 billion in order to better implement "Nixon Doctrine." In view of vital importance of Gulf to American and free world interests, Shah hoped most earnestly that if this went through Iran would benefit through increase in amount of our FMS credit for Iran resulting from increased funds available.
5. I told Hoveyda I would of course report promptly Shah's views. I said we were, as he knew very sympathetic to Iran's problem and agreed that a strong, stable Iran could make a major contribution to peace and stability in Gulf. This was why we had given Iran favored treatment in a number of matters which I detailed to him (Tehran 7481). Re FMS credit we were sympathetic but till Congress acted and we knew what we had to work with I could not of course, give him any assurances.
6. Would appreciate Dept's comments including info on proposal for FMS increase attributed to Secy Laird. Since I am seeing Court Minister

Alam March 14 anything that can be sent me by then would be much appreciated.

MacArthur

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 601, Country Files, Middle East, Iran, Vol. 1, 1/20/69–5/31/70. Secret; Priority; Exdis. Repeated for information to Dhahran, Jidda, Kuwait City, and London. In Telegram 291 from Dhahran, March 14, Consul Lee F. Dinsmore observed that “it was Iran which encouraged [Kurdish leader] Mulla Mustafa [Barzani] to sustain military pressure on Baghdad Government, by means of arms, training, food, and a porous border. Israel supported Iran in this effort. If Soviet Union is happy over direction Kurdish situation taking in Iraq, it may have our friends to thank. It is doubtful Kurds could have held out over last 10 years had they not had Iran’s help.” (Ibid.)

54. Memorandum From the President's Assistant for International Economic Affairs (Flanigan) to the President's Assistant for National Security Affairs (Kissinger) and the Deputy Under Secretary of State for Economic Affairs (Samuels)¹

Washington, March 16, 1970

Regarding the continued strong desire that the Shah be helped in the financing of his development program, I had an additional talk with Collado of Standard of Jersey as our prime contact with the Consortium. In addition, in accordance with Kissinger's suggestion that contact be made with the British Embassy, I talked with their Economic Counselor, Derrick Mitchell.

The current status of the negotiations is that the Shah is asking for \$1,155,000,000 of oil lifting by the Consortium out of the proceeds of which he will repay the \$83,000,000 of advances loaned to Iran by the Consortium. The Consortium has agreed to a lifting of \$1,010,000,000 worth of oil.

I have urged on Collado and Mitchell that in addition to its lifting of \$1,010,000,000 of oil the Consortium agree to defer further the \$83,000,000 of debt and make available an additional \$7,000,000 thus providing the Shah with \$1,100,000,000 in the upcoming year. While this is a stopgap solution, it will meet the problem, at least at the current time.

Collado made no commitment to follow the suggestion, however, he did indicate that it might be a reasonable solution and led me to believe that he would pursue it. Mitchell indicated that he thought this could be a helpful solution and agreed to urge the suggestion on the British members of the Consortium.

I have not informed the Iranians that this suggestion has been made.

¹ Source: National Archives, RG 59, Central Files 1970-73, PET 6 IRAN. Secret. The memorandum is a copy that is not initialed.

55. Telegram 1019 From the Embassy in Iran to the Department of State¹

Tehran, March 19, 1970, 0900Z

SUBJECT:

Shah's Views on Procurement Military Equipment

REF:

- (A) Tehran 167
- (B) Tehran 965
- (C) State 39101

1. Met with Shah for almost two hours March 18. He was in somber mood and went over and over again reasons why, in his view, we should help him obtain more credit or funds (through oil) for Iran to purchase US military equipment and thus carry out its military build-up which he believes essential if peace and stability in Gulf is to be maintained. Following is summary of talk.
2. Shah first referred to recent Kurdish-Baghdad accord which he said would improve Iraq Govt's capacity for mischief in Gulf and, for present at least, strengthen its over-all position. This agreement was reached in good part as result of Moscow's pressure on Baghdad and efforts of Iraqi Communists who had been represented in both delegations that conducted talks. Shah's hope was that accord would not last but time alone would tell.
3. He then referred to our Jan 14 talk (ref A) and reviewed what he refers to as Soviet "grand design" for penetrating Arab peninsula and Middle East via Iraq with long-term objective a Communist influenced independent Kurdish state to form contiguous corridor between Soviet and Arab worlds. He saw Soviet influence in Baghdad steadily increasing with Soviets supplying MiGs, 130 mm artillery, tanks and other items of military and economic aid. He referred to Soviet assistance in creation of Iraq naval force in Gulf and port facilities in Basra to service Iraq and Soviet naval vessels. Just as Soviets had penetrated and established major presence in Mediterranean they now (rpt now) working to establish similar type presence in Gulf through Iraq.
4. He convinced Gulf can only be saved by cooperation of Iran, Saudi Arabia and smaller moderate Gulf states. (He said he told King Faisal when latter felt threatened that Iran's defensive frontier was on Red Sea just as Arab Gulf states' was on Caspian.) At same time Iran-Gulf

Arab security cooperation is meaningless unless Iran possesses strong and credible deterrent military power. "Who else in the area," he asked, "can supply a credible military deterrent in the Gulf? Pakistan, Saudi Arabia, the small weak Gulf states? Of course not."

5. He then said he had again carefully reviewed his planned military build-up in light of my comments to PM Hoveyda and Alam (ref B) on non-availability of more than \$500 million FMS credit over next five years. He did not see where his force plans could be cut back.
 - (A) For Air Force, after next two F-4 squadrons received in 1971 he planned four additional F-4 squadrons beginning 1973 to be phased in one each year through 1976. These acquisitions, with what Iran already possessed and with some additional C-130s "essential to give ground forces greater mobility," would total about fourteen (14) squadrons. Furthermore he would eventually have to replace F-5 squadrons but that was in future. Even then he would have less aircraft than Iraq to say nothing of what Syria, Egypt, and other radical Arabs had, although he believed his American trained and equipped Air Force would be much more effective
 - (B) Because of limited resources his ground forces had been cut back on our advice to six divisions to make them more combat effective. They would be permanently maintained with 80 percent cadres with balance to be filled in by reserves and light territorial forces needed to supplement gendarmerie. Six Iran divisions exactly same number as Iraq possessed and was absolute minimum. Furthermore these divisions still needed some costly qualitative improvement through M-47 retrofit (which he "planned to carry out"), additional artillery, and greater mobility including an airborne capability through additional C-130s.
6. He stressed hostilities in Gulf could come about through (a) weakness of moderate riparian states and/or (b) miscalculation on part of radical Arabs unless there is strong and credible Iran deterrent. He had very recently told Soviet Ambassador that Iran had no rpt no intention of attacking Iraq but that if Iraq created trouble in Gulf Iran "would punish Iraq very badly." It was all very well to talk this way, he said, but Soviets as well as Iraq must see that this threat of retaliation was credible and could be carried out. This would be a major deterrent to radical aggression or massive subversion against moderate Gulf states.
7. In sum, he did not see where it was possible to materially cut back his forces if peace and stability in Gulf are to be maintained after British pull-out. This why he needed to either (a) obtain \$800 million in credit from US over next five years (FY 1970-74) or (b) be able to sell more oil in US which would enable him to pay for equipment

with oil money using 100 percent of proceeds of additional sales to US for purchase of American equipment as he had promised to do.

8. In reply, I took same line with Shah as with Alam (reftel B) explaining very serious difficulties we faced, why I could give no encouragement more than \$100 million FMS or other credit would be available annually, and why it seemed very important to establish priorities of equipment acquisition within realistic calculation of available resources and credit taking into account available trained manpower and Iran's absorptive capacity. I also mentioned I had heard privately that large US banks were keeping close eye on Iran's foreign debt servicing ratio in light of recent report on it by IMF which indicated ratio climbing rather sharply.
9. Shah reacted at length and with considerable emotion reviewing again threat to Gulf and Iran's vital interests; fact Iran is defending vital interests of US, NATO, Japan and free world in Gulf; special offer he had made US to tie additional oil revenues from US to purchase of US equipment; unhelpful attitude of consortium members; fact that if we would not help him he would be forced to turn elsewhere. He said he hears France is offering Greece 15 year credits at three percent interest for purchase of Mirages; UK prepared to offer substantially lower rates than our shockingly high FMS credit offer which Samii indicated would total about 9 percent; and Soviets are offering two and half percent interest over long term. Why could not we offer credit on terms like our NATO Allies and Soviet Union? He concluded with statement he could not understand why we did not what to help him implement Nixon Doctrine in Gulf area where our and our allies' interests were also threatened. Only course open to him was to reappraise his plan for acquisition of US equipment in light of fact we would not extend additional credit and fit what he could into \$100 tranches for next five years turning elsewhere for remainder. For US it was matter of credit or permission to sell oil in US: for him it was Iran's security and survival.
10. I said with all due respect him mistaken to believe we did not "want" to help him. I reviewed in detail "very special consideration" we had shown Iran precisely because we did want to do all we possibly could to help him (i.e. pilot training, blue suiters, FMS credit; maintaining in Iran one of largest MAAG missions in world; favored Ex-Im Bank treatment; etc.). However I thought our friends should recognize we were bearing unbelievably heavy burdens, had desperately difficult financial and B/P problems, and we just did not have resources to solve all problems of rest of world brought to our doorstep. Insofar as Iran having to turn elsewhere, he must of course do what he thought best and we would respect his decision. However,

if he turned substantially towards Soviets for equipment, I wanted to say on purely personal basis resulting from my first-hand experience in congressional relations, that such a development seemed bound to stimulate intensive congressional examination during consideration of future FMS credit legislation. This was in no way a warning but simply a statement of obvious.

11. Shah said he did not want us to think he was ungrateful for what we had done for this was not case. However what we had done originated largely in previous administration: As result of his Washington visit last year he had thought we were prepared to help him on oil problem which would solve his very difficult financial situation. He felt we hadn't really done much new for him although we had continued programs of previous administration and he was grateful for that. I said with smile his latter comment reminded me of a family story my father-in-law used to tell about a constituent whom he had helped in many ways over thirty years. In an important election Sen. Barkley said to this constituent he assumed latter would vote for him. When constituent said he not certain Barkley recounted at length all he had done for him and his family over 30 years to which constituent replied, "Yes, but what have you done for me lately?"
12. Shah laughed, seemed to relax and then became serious again saying he appreciated we were trying to help him but we must understand it was future of his country and his people that was at stake. He still trusted most earnestly President would find way to help him with some special oil arrangement and that we would also do something to ease very onerous FMS credit terms discussed recently with Samii as to interest rates and ratio of USG to private credit. A special arrangement on oil would do more than anything to solve problem of financing purchase of US military equipment, with which he wished to equip his forces, and would also enable him to continue his program of economic and social progress for his people. At same time it would benefit US industry (he mentioned DOD obliged to bail out Lockheed); substantially help difficult US balance of payments situation; and service our own vital strategic interests in Gulf and Middle East. I replied I could not honestly hold out much hope on a breakthrough on oil in near future but that I knew we would do our best on FMS credit, although I obviously could give no assurances till legislation enacted and we knew what we had to work with.
13. Comment:
 - (A) Although Shah was serious and at times emotional re our inability to help him more with things he feels are essential for Iran and free world interests in Gulf, he was friendly and, as we talked it out,

- appreciative of all we are doing and seemed more understanding about our problems. From what he said I think he will take a hard new look at his military acquisition problem realizing we are not going to be able to do better on FMS credit. This, I believe, is most important outcome of talks with him, Alam and PM Hoveyda.
- (B) If he can possibly avoid it he does not want to acquire equipment piecemeal from variety of sources because he fully appreciates logistic, training and other complications that will result. On other hand, he clearly feels that his present force and equipment projections are indispensable minimum to assure security of his country and its life-line, the Gulf. While I believe he may cut back a bit or postpone acquisition of some items of US equipment presently in his five-year shopping list, believe he will probably turn to West European sources for at least some items he had planned to buy from US.
- (C) Also believe he will continue acquire from Soviets non-sensitive items such as vehicles and probably some artillery (130mm) on barter basis to conserve his foreign exchange, but I do not believe he will turn to them for sophisticated equipment for he knows dangers and recognizes, as he said to me, that "Russian imperialist ambitions in the Persian Gulf have not changed one bit over the years."
- (D) Despite my pouring cold water on prospect of oil breakthrough, he is still "counting on President" to do something.

MacArthur

¹ Source: National Archives, RG 59, Central Files 1970-73, DEF 12-5 IRAN. Secret; Priority; Exdis.

56. Memorandum From the Executive Secretary of the Department of State (Eliot) to the President's Assistant for National Security Affairs (Kissinger)¹

Washington, March 27, 1970

SUBJECT:

FY 1970 Military Credit Sales Program for Iran

On March 17, 1970 the National Security Council Interdepartmental Group for Near East and South Asia (NSCIG/NEA) met and decided in favor of extending a Foreign Military Sales credit of approximately \$100 million to Iran this year. We intend to implement this decision as soon as FY 70 Foreign Military Sales authorization and appropriation legislation is enacted and signed.

In 1968 the Executive Branch undertook to support Iran's program of military modernization for FY 1968 and the ensuing five years by seeking Congressional authority and appropriations for necessary military credits. This undertaking was contingent on an annual review with the Government of Iran of its economic and military situation and requirements. This review has been undertaken by our Ambassador, Chief Armish/MAAG, and their staffs with the Iranian Prime Minister and appropriate members of his government. The aforementioned meeting of the NSCIG/NEA considered the results of this review and found that Iran is maintaining a satisfactory rate of economic progress, that it is credit worthy, and that the military items it wishes to obtain with approximately \$100 million of credit (primarily F-4's, radar and tank overhaul facilities) are appropriate.

The terms of the credit are to be negotiated, but the Interdepartmental Group agreed that the credit should be a mix of direct Foreign Military Sales credit and DOD guaranteed private credit in the range of 50-50 to 75 FMS to 25 private credit. It was also agreed that the blend of USG and private interest rates on this credit should result in an overall rate no less than the cost of money to the Treasury at the time the credit is negotiated. The repayment period, to be negotiated, is not to exceed ten years from date of disbursement.

The minutes of the NSCIG/NEA meeting are enclosed for your information.

Theodore L. Eliot, Jr. Executive Secretary

¹ Source: National Archives, RG 59, Central Files 1970-73, DEF 12-5 IRAN. Secret. Drafted by McClelland; cleared by Sisco; Davies, Miklos, William D. Brewer (NEA/ARP), Stanley D. Schiff (NEA/RA), Christian Chapman (PM), OASD/ISA, Treasury. Attached but not published were the minutes of the NSCIG/NEA meeting of March 17.

57. Telegram 1247 From the Ambassador in Iran to the Assistant of State for Near East and South Asian Affairs (Sisco)¹

Tehran, April 1, 1970, 1430Z

REF:

(A) Tehran 1019; (B) Tehran 1216

1. While I do not wish to sound alarmist I believe President and Secretary should know there is every indication we are headed for some kind of crisis with Shah unless present deadlock in which we and Shah find ourselves is broken.
2. Deadlock is caused:
 - (A) On the one hand by Shah's absolute conviction—or obsession—that unless he substantially strengthens his military posture, the Arab side of Gulf will, after British withdrawal, fall before massive radical Arab campaign of subversion encouraged by Soviets with Iran left standing alone.
 - (B) On the other hand by our inability to make either special oil arrangement for Iran or extend more than \$100 million per annum of FMS credit during critical years ahead when Iran's financial resources are going to be stretched to limit.
3. Gen Twitchell and I have tried hard with Shah (ref A) and with PriMin Hoveyda, FonMin Zahedi, Court-Min Alam, Plan Org Director Mehdi Samii, Gen Toufanian, etc., to persuade them to take hard new look at Iran's plans for military equipment acquisition in light of Iran's financial and trained manpower resources, etc. Our hope has been they would see need to tailor suit to fit cloth by reducing or spreading their military acquisition program over substantially longer period than five years.
4. While these efforts have forced them to face hard facts of life, thus far it has not brought slightest change in magnitude of program Shah feels essential for next five years. On contrary I hear privately from his senior cabinet associates that his frustrations (ref B) and feeling US does not want to help him because we disagree with his plans are increasing. We understand Shah has sent another letter to President, and his frustrations have undoubtedly been fed by reports USG planning substantial economic assistance to Israel (Tehran's 1196), as well as by fact, which senior members of GOI point out to us, US continues extend large grant military aid to turkey whose vital

interests, Shah believes, are much less threatened than those of Iran's jugular in Gulf. Therefore they ask: why do we not help Iran with more [garble]?

5. Unless [garble] find way to break away from present sterile dialogue in which Shah keeps saying, "Why don't you want to help me when it is in your interest to do so?" And we reply, "Sorry, though we agree re importance of future stability in Gulf, we've done a lot for you but it not possible to do what you ask," I fear we are going to see steady deterioration in special US-Iran relationship which has been built up in recent years and which serves our own national interest so well. Just as Japan in Pacific area and NATO in Atlantic area represent our major building blocks in quest to develop stable and peaceful world order, so Iran, in this volatile and turbulent region, is only element of real stability and progress. Iran is key to whether Gulf remains in friendly hands and I need not spell out again its importance to most basic financial, economic and security requirements of ourselves, West Europe and Japan.
6. In two long talks I had with Samii over past several days a possible way of breaking out of present impasse emerged. Our discussion centered on basic list of military equipment prepared by General Twitchell at Iranian request, enumerating items which Iran indicated it would like acquire over next five years. This list of "tranche candidates" totals \$896 million. Samii felt it possible to procure elsewhere or eliminate M-60 tanks; CH-47 helicopters; 175 mm artillery and ammo thus reducing total by \$136 million. This would still leave \$760 million for five year period consisting of four additional F-4 squadrons for 1973-76 period (\$345 million); additional C-130 aircraft (\$215 million); balance due on third and fourth squadrons of F-4 (\$53.7 million) and on Peace Ruby (\$17.7 million); and number of miscellaneous items such as ammo, radar, replacement equipment, etc.
7. I told Samii it obviously impossible to fit \$760 million program into remaining four tranches (\$400 million) in 1968 Agreement. Only answer I could see is to knock more items off list or stretch out acquisition over substantially longer period. I told him Gen Twitchell and I have personal doubts about Iran's ability to assimilate effectively four additional F-4 squadrons during 1973-76 period at rate of one each year and suggested this would be one logical candidate for stretch out.
8. Samii said Shah is adamant on need for additional aircraft. However, it just might be possible persuade Shah to stretch out program over period of 7 to 8 years instead of presently envisioned five years. He wanted to think this over, particularly how to approach Shah who is very sensitive and prickly about Iran's minimum security requirements.

If delivery schedule for F-4 aircraft which alone total about \$475 million were stretched out from five to seven or eight years, over-all problem would become more manageable. I reminded Samii there is only \$400 million remaining in tranches under 1968 agreement. He said he fully understands this but we surely also understand that following Shah's talks with President last October Shah completely confident there would be no problem in obtaining additional \$100 million tranches for fifth year of his program and possibly several additional years since what he is doing is implementing "Nixon" doctrine. Samii said only possible way he could see to obtain Shah's acquiescence to stretch out would be based on extension for 3 or 5 years of 1968 program of \$100 annual tranches.

9. Comment and recommendation:

(A) Despite fact GOI knows that there are only four additional \$100 million tranches under 1968 agreement it is clear that Shah in his program for next five years is counting on additional tranche for fifth and possibly several succeeding years. As practical matter we are therefore faced today with issue of extending 1968 agreement.

(B) In face of this situation should we refuse to extend FMS credit after expiration of 1968 Agreement, we should have no rpt no doubt that result will be major crisis and end of special relationship Shah feels for us.

(C) My own strong recommendation, concurred in by Gen Twitchell, is that we break out of present impasse, which unless resolved will put increasing strains on our relations with Iran until they crack, by offering to extend 1968 Agreement for three or four additional years, subject of course to usual congressional caveats. As practical matter, this would be making virtue of what I believe will in any event be a necessity if we are to maintain our special relationship with Iran, which has resulted in special privileges and facilities for us, and Iran's cooperation in many other matters of importance to our own national interest. At same time extension of agreement would give us tool to try to reshape Iran's program of acquisition of US military equipment along much more effective and constructive lines, particularly in first instance through a stretch-out. We will only infuriate Shah if we try to tell him bluntly what he does or does not need but if we obtain stretch out we may be able also to do something about magnitude. We believe only effective way to try persuade Shah to stretch out his five year program is through extension of 1968 Agreement. Without such action on our part or increase in annual amount of FMS credit which we consider less desirable than stretch-out, longer term prospect for our relations with Iran appears bleak.

10. I realize of course extension of 1968 Agreement would require congressional consultation; however, in light of what is at stake in Gulf in terms our own most fundamental interests and fact program involves loan and not rpt not grant aid, I think a very special case can be made for Iran. All congressional visitors we have had here since my arrival have, after our briefings and talks with Shah, been most sympathetic and have expressed view that we should do all we can to help Iran increase its strength so it can defend our and other free world interests in Gulf without our having to get involved.
11. If above recommendation is accepted, it would not, of course, in any way affect continuing efforts of General Twitchell and myself to spur Iranian leadership to make their program match better their over-all resources and requirements regarding both magnitude and stretch-out. I should add aircraft acquisition is obviously at heart of problem and represents well over half the total of Shah's basic five year program; and until it is resolved, preferably through stretch-out, it is very difficult to see how we can deal with totality of problem.
12. I apologize for length this message but in view of Under Secretary's meeting with Shah April when he will surely get an earful, I thought you all should have full picture as seen from here so that it can be considered before April 20.

MacArthur

¹ Source: National Archives, RG 59, Central Files 1970-73, DEF 19-8 US-IRAN. Secret; Nodis.

58. Telegram 1312 From the Embassy in Iran to the Department of State¹

Tehran, April 7, 1970, 1259Z

For Asst Secy Sisco from MacArthur

SUBJECT:

Iran Procurement of Soviet Military Equipment

REF:

- (A) Tehran 965
- (B) Tehran 1019
- (C) Tehran 1247

1. In general discussion with Defense Attache, Gen Toufanian has confirmed information he had earlier passed to Gen Twitchell that Iran has contracted purchase following Soviet equipment:
 - (A) 136 artillery guns 130 mm, half deliverable 1970, remainder 1971:
 - (B) 170 ten-ton trucks (for towing 130 mm guns) deliverable 1970:
 - (C) 800 rounds per gun of 130 mm ammo, (Soviets originally offered 50 to 100 rounds per gun, GOI asked for 1200 and compromised on 800):
 - (D) 700 to 800 40 &-7 recoilless anti-tank rocket launchers (no delivery date mentioned);
 - (E)

Some additional non-combat equipment (e.g., laundry units, rubber boats, bridging material, etc.) details of which Toufanian will furnish us later.

(Foregoing arrangements bear out our prediction (para 7c reftel B) that Iran would acquire artillery from soviets.)

2. In conveying foregoing, Toufanian did not mention price or credit terms although Shah told Ambassador recently terms offered by Soviets very good, involving 2 1/2 per cent interest over long term (ref B). Toufanian also reviewed with DAtt deep concern of GOI re difficulties of financing Iran's military procurement in US and fact GOI military shopping list for next five years more than double amount of anticipated FMS credit (ref B and C). He also made strong pitch for larger FMS credit at reasonable interest rates and/or special

arrangement for Iranian oil which would take care of financing. Like Shah (para 9, ref B) he pointed out both British and French offering much better credit terms than US. As indication of how costly GOI's reliance on US equipment can be Toufanian observed that Iran can obtain all MiG 21s it wants from Soviets at about \$750,000 each: French have indicated Iran can get Mirage IIIs on long-term low interest (Toufanian mentioned French offering Greeks 2 1/2 percent interest loan) and French willing construct factory in Iran to manufacture Mirage spare parts, which could also supply other Middle East countries: he noted cost of retro-fitted M-47s under contract with BMY (which he expected would be signed in next two weeks) comes to \$108,000 per tank (\$10,000 to 15,000 more if up-gunning included), whereas brand new Soviet T-55 tank, could be purchased by GOI immediately for about \$110,000 per tank. He concluded by pointing out again that while Shah strongly desires to procure major items of equipment from us, he must get it elsewhere if we cannot find ways to enable him to do so.

3. Comment:

(A) [garble] heard from Shah, PriMin, Plan Org Director Samii, General and others that over past two or three months Soviets have been pressing Iran to accept Soviet military equipment on very liberal (a) price and (b) credit terms. Motive behind this Soviet pressure and continuing offers of military equipment on increasingly attractive terms, is of course, clear. It is to promote basic Soviet objective of substantially diminishing US influence in Middle East, particularly Mediterranean and Persian Gulf. Soviets doubtless believe, and with good reason, that if they can undermine special military cooperation arrangements between US and Iran—arrangements which since end of US grant aid represent single most important element in our close ties with Iran—overall US influence in this vitally important keystone country can be substantially diminished.

(B) Shah reiterated to JCS Chairman Gen Wheeler yesterday his strong desire to rely on us as source for major items of military equipment but at same time he stated flatly that if this impossible because we unable cooperate on financing of equipment essential for Iran's security and survival, then Iran will definitely have it elsewhere. While still reasonably confident he will not turn elsewhere for aircraft (unless we make impossible for him to purchase American aircraft by failing provide FMS credit on reasonably competitive terms), I am not confident he will not turn elsewhere for other hardware if some new arrangement for credit with us is not worked out. While I continue doubt Iran would, in final analysis, turn to Soviets for major sophisticated equipment (although I cannot

absolutely exclude tanks), fact remains Soviet purpose of eroding basis of close US-Iran relations would be partially served even if Iranians were to turn very substantially away from us toward other free-world sources.

- (C) Foregoing is of course relevant to our recommendation (reftel C) that we try at once to break out of impasse with Shah by offering to extend 1968 Agreement for three or four years so that he can fit major requirements of his five-year plan into stretch-out program of seven to eight years. At present Shah is determined to implement his five-year program and we do not know whether he could be persuaded to accept stretch-out of that program. Nor does stretch-out we have been talking about take into account problem which will arise later re follow-on aircraft for F-5's. Latter problem, however, can only be fitted in to longer-term picture when DOD has decided on choice for upcoming freedom fighter and this choice (particularly if it were F-4-EF aircraft) could affect (perhaps helpfully from our viewpoint) Shah's desire to obtain four additional sqdns of F-4s 1973-77. Whether or not stretch-out proposal will prove acceptable to Shah, we continue to recommend strongly that Under Secretary Richardson be in position when he visits Tehran April 20-21 to explore this possibility with Shah if at that time it seems best line of approach. At best might result in preventing crisis in our relations with Shah which in absence of some new understanding we will inevitably face. At worst—if unacceptable to Shah—it would indicate we are doing our best to help him within our own very definite limitations.
- (D) Strongly recommend that Under Secretary see General Wheeler (who spent hour and three quarters yesterday with Shah) following Gen Wheeler's return April 9.

MacArthur.

¹ Source: National Archives, RG 59, Central Files 1970-73, DEF 12-5 IRAN. Secret; Exdis. Kissinger's May 13 summary for the President of the Shah's conversation with General Earle Wheeler is [Document 67](#).

59. Memorandum From the President's Assistant for National Security Affairs (Kissinger) to President Nixon¹

Washington, April 13, 1970

SUBJECT:

Letter to You from the Shah of Iran

The Shah has written you another letter (Tab B) in which he makes the following two points:

1. No substantial progress has been made on the question of Iran's desire to sell oil to the United States. The Shah reaffirms his intention to use the proceeds from such sales to finance purchases of arms and other equipment in the U.S., a situation which he believes would help our balance of payments.
2. The terms of our FY 1970 military credit sales program—under which [the Shah is informed] Iran would get 50% direct U.S. government credits and 50% government guaranteed private credits—are too stiff. He does not feel that he can come up with 50% of the credits from the private sector without bearing unusually high interest rates.

The Shah repeats the familiar rationale in asking for your special consideration on both of these points—that Iran is bearing its own defense burdens while pursuing an unusually high rate of social and economic development. He does not want to compromise on either front.

Oil. As you know, there have been essentially two routes to pursue in helping to increase Iran's oil revenues:

1. Urging the Western consortium to lift more oil. Mr. Flanigan has pressed this forcefully with the companies. The consortium's negotiations with Iran are now going on, and a possible loan is being discussed as an alternative to increased lifting of oil.
2. Increasing U.S. imports. Under the present import system this has not been possible since the government is not in a position to import in quantity for its own purposes and Iran does not qualify for a quota as long as it has no association with an importer with refining facilities.

It is the latter question that the Shah alludes to briefly in his letter. While pressure on the companies will be maintained, it is not possible to

hold out much hope on the point the Shah raises unless we were to get back into the issue of altering import policy.

Military credit sales program. The situation here is that, under a five-year memo of understanding dating from 1968, we have budgeted to make available to Iran \$100 million in foreign military sales credit for FY 1970 as soon as the legislation is enacted and signed. It was estimated that this credit would be provided in the following proportions: 50% U.S. Government credit and 50% Government-guaranteed private credit and it is this information which the Shah had in mind when he wrote you about the difficulty of his obtaining credits from the private sector. However, State and Defense have arranged to make the total credits package available in a range of 50-50 to 75-25, with the final proportion to be determined by negotiation. The Shah is not aware of this flexibility and it is therefore possible for you to be forthcoming in your response to him on this point. The interest rate overall would be 7-1/2%, well below commercial rates.

You should be aware that Ambassador MacArthur has suggested a longer range response to the Shah's general concerns over credit availability—amending the 1968 memorandum of understanding to reach out another three or four years, 1973-76. He feels that the Shah might be more relaxed if he could see a way to fit his present military plans into foreseeable credits. A recommendation on this question will be put to you later this month. It is not an issue which you need address in your present letter.

Everyone agrees that the U.S. relationship with Iran is important for reasons ranging from our intelligence facilities there to its potential contribution to stability in that part of the world. Iran has received military sales credit at a steady rate of at least \$100 million yearly. The Shah, however, is a man understandably in a hurry—as you know—and has persistently pressed our resources and his to their limits. This creates a continuing tension. That tension need not be destructive but does mean that we will constantly have to deal with these pressures from the Shah.

For the moment, the attached letter deals with the subject the Shah has raised. Mr. Richardson will be seeing him on April 20 in Tehran and may be in a better position to discuss longer range military credit then.

Recommendation: That you sign the letter at Tab A to the Shah. [Mr. Keogh has cleared the text.]

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 755, Presidential Correspondence, 1969–1974, Iran. Secret. Tabs A and B were attached but are not published. Nixon signed the letter, which was sent on April 16. (Ibid.)

60. Letter From the Deputy Secretary of Defense (Packard) to the Under Secretary of State (Richardson)¹

Washington, April 14, 1970

Dear Elliot:

With reference to our conversation about Ambassador MacArthur's proposal to extend the 1968 credit understanding with Iran to cover the period FY 74 to FY 76-77, the Department of Defense does not believe we should submit this proposal to the President at this time. The following are the reasons for this position:

1. The Persian Gulf Study, NSSM 66, is designed to define U.S. policy toward the Persian Gulf area but has not yet been approved by the NSC. The decision made on it could well have a major impact on the armaments we want to supply Iran and the rate at which we will want to supply them. To make an offer to extend our credit commitment without an NSC decision on our overall policy on the Gulf does not appear warranted by the developments in this situation. DoD therefore' recommends that NSSM 66 again be placed on the NSC agenda as a matter of high priority. (As you know, it had been scheduled for discussion by the Review Group in early April, but has now been slipped to 21 May.) If this is done, it might be possible that an NSC decision could be reached by the time of your discussions with the Shah and you would then be able to discuss his desires in light of this decision. In the absence of such a decision, it is not believed to be in the U.S. interest to limit U.S. policy flexibility towards the Persian Gulf area by a prior commitment which might well impinge on it.
2. The Shah is concerned with two major issues: (a) increasing Iranian oil exports to the U.S., and (b) obtaining more than \$100 million in FMS credit over the next several years. While full weight is given to Ambassador MacArthur's recommendation, it does not appear certain that this proposed offer would satisfy the Shah as it does not meet either of his two primary demands. If we made this offer and it did not satisfy his requirements, we would then have committed the President without having solved the problem.
3. This does not appear to be a propitious time for the Executive Branch, and particularly the Defense Department, to be making new

“commitments” or extending existing ones. While we recognize that the extension of the 1968 undertaking is not a binding commitment on the U.S. Government, it does tend to be viewed by Iran as a commitment and in any case does limit the President’s flexibility.

4. We do not believe it prudent for an incumbent Administration to undertake an obligation which could possibly develop into an encumbrance to future Administrations unless such action is absolutely necessary. It does not appear that this situation requires such an action at this time.

In light of the uncertainty concerning the effect the proposed offer might have on the Shah and the questionable desirability of making such an offer prior to a decision on NSSM 66, I recommend that we expedite discussion of the NSSM before submitting a memorandum to the President. I would suggest also that during your audience with the Shah on 20 April, you take the opportunity to further explore the seriousness of this situation and what actions the U.S. could take which would have the highest probability of ameliorating the forecast crisis. Based on your discussions with the Shah and a decision on NSSM 66, we would then be in a better position to make a recommendation to the President.

In your discussions with the Shah, we believe it would be useful to reiterate several points which Ambassador MacArthur has recently made. Although the Shah is aware of these facts, it does not appear that he fully recognizes, or is willing to recognize, the special position and consideration Iran has in its military relationship with the U.S. As you are aware, these include the largest MAAG outside SEA, almost one-third of our FMS credit, the USAF F-4 Technical Assistance Field Team (TAFT), one-half of all our foreign jet pilot training spaces, and DoD assistance in the M-47 retrofit program. Several of these extend for several years into the future, i.e., there are no plans to eliminate the MAAG, the 1968 credit understanding extends through FY 1973, the TAFT will be in Iran for at least one year and perhaps longer, and we are committed to train Iranian pilots through FY 1974. In addition, the Department of Defense is working on providing the best possible credit terms for the FY 70 FMS credit for Iran and is looking into the possibility of providing additional pilot training in FY 74 and 75.

Sincerely,
Dave Packard

¹ Source: Washington National Records Center, OSD Files, FRC 330-76-067, Iran 1970, Iran 400.737. Secret. Underneath his signature, Packard added, "Read this subject to our telephone conversation of April 14." In an April 15 memorandum to Kissinger, Saunders noted that Packard would reluctantly concur with the plan if the Review Group had no time to meet before Richardson's trip to Tehran. Saunders added, "It is difficult to conceive that we will reduce our present military relationship with Iran and that we will build our posture in the Persian Gulf around it." Saunders did not believe "the decision we are asking the President to make now will foreclose any realistic option." (National Archives, Nixon Presidential Materials, NSC Files, Box 601, Country Files, Middle East, Iran, Vol. I, 1/20/69-5/31/70.)

61. Memorandum of Conversation¹

Washington, April 14, 1970

SUBJECT:

Military Credit Sales Program for Iran

PARTICIPANTS:

Department of State

The Hon. Elliot Richardson, Under Secretary of State

Mr. Jack C. Miklos, Country Director for Iran, NEA

Mr. Christian Chapman, Director, PM/MAS

Department of Defense

General Earle G. Wheeler, Chairman, Joint Chiefs of Staff

Captain Robert P. Hilton, USN, Office of the Chairman, JCS

Mr. Richardson opened the conversation by noting that, although he had spoken with General Wheeler on the phone about the question of Iran's military requirements, he thought it would be useful to explore the matter in a bit more depth. He was shortly going to be in Iran seeing the Shah and expected that this would be one of the main subjects of conversation. Specifically he wanted to know what General Wheeler's thoughts were on Iranian capability to absorb the kind of equipment it had in mind in its new five-year acquisition plan.

General Wheeler said he thought the Iranians would have trouble digesting all of the equipment they have in mind in the time frame presently contemplated. He thought that it would be particularly difficult to train enough pilots to man the four additional squadrons of F-4's that were in the plan. There were also maintenance and the training of maintenance personnel problems involved with such a large acquisition in such a short period of time. He noted the pilot problem was aggravated by the fact that Iran requires jet pilots in both seats of its F-4's in contrast to one required in our own air force. Mr. Richardson asked where these pilots are trained. General Wheeler replied that they were trained in the United States and that we had 75 spaces earmarked for Iran for the next two years. He noted that this represented 1/2 of all spaces available for foreign pilots trained in the United States.

Mr. Richardson then asked whether the stretch-out proposed by Ambassador MacArthur made sense. General Wheeler said that he thought a stretch-out would make more sense from Iran's absorptive capability point of view and it would also make more sense with regard

to financing. He noted that the additional squadrons of F-4's by themselves amounted to approximately \$362 million.

Mr. Richardson then asked whether Iran needed four additional squadrons of F-4's. General Wheeler replied that Iran could probably use two additional squadrons of F-4's and an additional two squadrons of some F-5 follow-on plane such as the P-530 or the modified version of the F-4, the F-4E (F). The Shah could use these better than F-4's in close ground support work. He noted, however, that the Shah has very firm ideas on this subject and it will be very difficult to convince him otherwise. He said Ambassador MacArthur had warned him before seeing the Shah that a "big brother knows it all attitude" simply would not wash with the Shah. He agreed with Ambassador MacArthur's judgment.

General Wheeler moved on to the question of the 36 additional C-130's included in the Shah's plans. He said that the Shah indicated a need for these in order to be able to move a battalion or two to threatened areas. General Wheeler said that in discussing this question with the Shah, without it ever having been stated explicitly, it was clear that what the Shah really had in mind was acquiring a capability to go to Saudi Arabian defense should the need arise.

Mr. Richardson said that he assumed that should we all agree that it would be a good idea for him to let the Shah know that we were willing to extend our 1968 undertaking for a few more years that Ambassador MacArthur and General Twitchell could work out the details with the Shah and his advisors. General Wheeler agreed that no special mechanism or mission need be appointed and indeed he doubted that anyone would be as competent as Ambassador MacArthur and General Twitchell in this undertaking. He said that he felt the MAAG in Tehran was one of the best in the world.

Mr. Richardson inquired about possible alternatives the Shah had and the problems that the exercise of these alternatives might give him. General Wheeler replied that he thought there were a number of factors that favored the Shah's desire to continue to get equipment from the U.S. even though it was more expensive and perhaps not on as favorable terms as elsewhere. Paramount was the Shah's feeling of special relations with the US, which he considered the leader of the free world. This was a most important and valuable psychological factor in the Shah's thinking. Secondly, American equipment is familiar to the Shah and the Iranian armed forces and they are organized to use and maintain U.S. equipment. A shift to other suppliers would of course involve the

establishment of a second source of supply with different standards, maintenance requirements, training requirements, technicians, etc. Should the Soviet Union be considered a source for sophisticated equipment it would mean the introduction of Soviet military technicians into Iran, something which the Shah did not want. In the case of the French it has been other people's experience that while the French are pretty good on delivering the original item they are difficult and slow when it comes to spares. General Wheeler felt that the Shah was well aware of all these factors and gave them serious weight in thinking about alternatives. In the end, however, the Shah was determined to provide for his security as best he could and we could not rule out completely the possibility of his turning elsewhere if he were seriously frustrated in his dealings with us.

Mr. Richardson turned to the question of NSSM-66 and the fact that it had not yet been run all the way through the executive machinery. He said that he knows this concerns Warren Nutter. On the other hand, he believes that a reading of NSSM-66 clearly points in the direction of the conclusion that we have no real option but to bank on Iran. General Wheeler agreed, noting there was no one else in the area. Mr. Richardson went on to note that there were of course some other considerations in NSSM-66 such as our relations with the Trucial States in the post-1971 period which needed to be considered but that this in no way affected the fundamental proposition that our best bet was with Iran and encouraging cooperation among the Persian Gulf states. General Wheeler said that he believed the Iranians and Saudis were already making good progress toward cooperation. They both shared the view that the Persian Gulf was vital to their interests and that Communist and radical Arab influence should be kept out of the area. General Wheeler felt this was a powerful incentive to further cooperation.

Mr. Richardson then noted that he was also going to have to face the oil question with the Shah. General Wheeler remarked that the Shah simply does not understand why we cannot help him out in this regard and he probably never will understand. He says the Shah views this as a straightforward proposition which has obvious advantages to the U.S. We buy more oil from him which helps him with his security purchases and he in turn undertakes to guarantee that every penny of the proceeds will be spent in the United States which helps out our balance of payments. General Wheeler said that the Shah decried large liftings of oils in the Persian Gulf area and singled out Kuwait specifically for criticism. He said the Kuwaitis had over 900 million pounds deposited in London banks that they don't know what to do with. He said the

absurdity of the situation was illustrated by a report he had heard that the Kuwaitis were even considering air conditioning the streets of downtown Kuwait.

Mr. Richardson concluded the meeting with his observation that he believed that he needed to have something in hand when he met with the Shah. He very much appreciated General Wheeler's views on this subject and was pleased to note that they coincided with his own. He said that he would be in further touch with Mr. Packard. General Wheeler assured Mr. Richardson of his support.

¹ Source: National Archives, RG 59, Central Files 1970-73, DEF 19-8 US-IRAN. Secret; Nodis. Drafted by Miklos and approved in U by John D. Stempel. The conversation took place in the Department of State.

62. Memorandum From the President's Assistant for National Security Affairs (Kissinger) to President Nixon¹

Washington, April 16, 1970

SUBJECT:

Military Sales Credit for Iran

The Shah of Iran, as you know, has been pressing to increase his financial resources on two fronts: (1) additional sales of Iranian oil to the U.S. and (2) additional U.S. credit for purchase of U.S. military equipment. Ambassador MacArthur believes we are headed for some sort of crisis with him if we cannot give him a little more financial flexibility.

The present U.S. military sales credit program for Iran is based on a U.S.-Iranian Memorandum of Understanding signed in June 1968. The U.S. Executive Branch undertook to provide Iran through FY 1973 with \$100 million credit yearly, contingent on annual Congressional authority and appropriations and on yearly reviews of Iran's military programs and financial position. \$200 million have already been provided, and this year's \$100 million is ready to go once Congress has passed the FY 1970 sales legislation.

The present problem stems from the fact that Iran has a five-year program, FY 1970 through FY 1974, to procure military equipment from the U.S., which if carried out completely would cost \$896 million at current prices, or a level of about \$180 million yearly. Ambassador MacArthur believes that some items will drop from this list as the Iranians sort out their priorities, bringing the total down to perhaps \$760 million, or about \$150 million yearly.

The Ambassador's proposal, endorsed by Secretary Rogers and the Defense Department, is to try to lengthen the period in which this equipment is to be purchased by 3 or 4 years. This would require our extending the 1968 Memorandum of Understanding, which now will run out in FY 1973, to run at least through FY 1976. This is not technically a commitment; it is an Executive Branch promise to seek \$100 million yearly from the Congress. Lengthening the period would permit us to stay around the \$100 million level which has been the basis of our presentations to Congress.

The alternative, of course, would be to try to increase our military credit closer to \$150 million through FY 1973 than to the present level of \$100 million.

The arguments for staying near the present \$100 million level but extending the period if we can are:

- The present level of \$100 million for Iran is about 30% of the total \$350 million Foreign Military Sales Program proposed to the Congress. Iran is the largest recipient. For the sake of comparison, Israel is next with \$75 million from FY 1970 appropriations (the remainder of the recent package will be funded early in FY 1971); Taiwan has received \$40 million; Greece is scheduled for \$40 million; Latin America is slated for \$48 million; and the rest is a collection of smaller programs.
- Increasing Iran's share would mean subtracting from what other countries receive or seeking a supplemental appropriation. Recently approved increases in the FY 1970 Israeli program at the expense of other programs rule out additional funds for Iran in 1970 in the absence of a supplemental appropriation. Conceivably an additional \$25 million could be allocated to Iran in FY 1971 under the current budget request if private credit were utilized, but this would remove the cushion for a potential response to additional Israeli credit requests. Budget Bureau staff advises me that the Bureau would not consider a supplemental appropriation desirable or feasible in view of congressional attitudes and budgetary pressures. A supplemental would require both authorization and appropriation action. Congress has not yet passed the FY 1970 Foreign Military Sales Act; the House-passed bill is pending in the Senate. Although we expect Congress to provide the amount requested, a request for additional funds for arms sales would probably be poorly received.
- The limitation on the Iranian side is keeping Iran's debt burden within safe limits. In addition to cash purchases from the U.S. of another \$150 million, Iran in the past four years has bought \$300 million for hard currency from other countries. These credits have to be repaid. While both the World Bank and the IMF judge Iran as creditworthy now, its debt service costs are already high. It is difficult, of course, to say what is too high; what can be said is that the level now is high enough to be cause for concern in Iran as well as here about raising it much higher.
- Finally, there is room to question whether the direct military threat to Iran from the Persian Gulf is as great as the Shah fears. This is not to say that there will not be political instability or that he should not build a strong military force. It does raise question as to whether the

- threat is growing so rapidly and effectively as to require rates of expenditure even higher than those with which we are now cooperating. The arguments for increasing the level somewhat are:
- The Shah's Iran is an island of stability in an otherwise unstable area which includes not only the broader Middle East but also the Persian Gulf from which the British will withdraw next year.
 - The Shah's foreign policy, while increasingly flexible, is openly based on a special relationship with the U.S. From our viewpoint, he is a good friend.
 - We have important intelligence facilities in Iran which Mr. Helms writes [*3 lines not declassified*]
 - Given the above factors and Iran's rapid economic growth, there seems little reason not to give the Shah whatever he wants.

The question, then, is mainly one of helping a friend as much as possible within restraints imposed by resources on both sides. No one argues against helping the Shah to the extent we are now. The problem arises as he pushes the limits of his resources and ours. He is understandably a man in a hurry who will press all resources available to their limits. The diplomatic problem here is to explain what our limits are and to see whether we can be helpful by making adjustments in the program that will not exceed our budgetary limits. The Secretary's and the Ambassador's recommendation is to see initially whether we can help by extending our present Memorandum of Understanding. Elliot Richardson, if you approve, -would tell the Shah next Monday that we are prepared to discuss this. If the Shah seems satisfied, we would proceed. If not, then we would need to have a more systematic look at whether a little higher level can be drawn out of the presently planned program. Bill Timmons concurs in this memo.

Recommendation: That Under Secretary Richardson be authorized to indicate to the Shah willingness to extend the 1968 Memorandum of Understanding by three or four years.

Approve

Disapprove

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 601, Country Files, Middle East, Iran, Vol. I, 1/20/69–5/31/70. Secret; Nodis. According to a note on an April 14 memorandum from Rogers to

Nixon, the President approved the plan on April 17, and Richardson notified the Shah on April 20. (Ibid., RG 59, Central Files 1970-73, DEF 19-8 US-IRAN.)

63. Memorandum From Harold Saunders of the National Security Council Staff to the President's Assistant for National Security Affairs (Kissinger)¹

Washington, April 16, 1970

SUBJECT:
Iran

A number of policy decisions affecting U.S.-Iranian relations are now before our Government. Some involve military sales and assistance requests. Some are concerned with oil—both our import policy and the pressures we can bring to bear on the companies controlling the Iranian Consortium. An NSCIG paper on “Future U.S. Policy in the Persian Gulf” which raises the whole question of long-range U.S. policy toward Iran has gone to the Review Group on its way to the NSC.

It is the Shah's contention that because of U.S. interest in the independence and prosperity of Iran, and in keeping both Iran and the Persian Gulf outside the zone of Soviet domination, we should accord an exceptional priority to meeting his requests for help and cooperation. Unless we accept the basic validity of his contention, it is easy for us to reject each of his proposals, one by one, on grounds of cost, lack of urgency, limited capability, undesirable precedent and other arguments. I believe, however, that it is in our own interest to support this concept of a special relationship with Iran; and as Director of Central Intelligence I have a particular responsibility to point out that continuing close U.S.-Iranian ties are essential in order to ensure the receipt of information which is most vital to our national security.

Almost all appropriately classified papers dealing with U.S. policy toward Iran mention the “intelligence facilities” situated there as an important factor affecting our decisions. In some ways it is unfortunate that even at rather high inter-agency levels we can not permit a reasonably complete statement of the accomplishments of these facilities, but this is a subject which honestly deserves maximum security protection. The USSR is aware of the existence and at least the general nature of our intelligence collection sensors in Iran, but we believe they have no accurate idea of the reliability and sophistication of the detailed information they provide us.

To you and a very few others I can say that the [*less than 1 line not declassified*] collection activities in Iran [*text not declassified*] Ruling out Afghanistan as politically infeasible, there is no place to which we could transfer these activities were Iran denied us. In time we hope that some of the important coverage now obtained from Iran can be picked up by overhead sensors, but for some years ahead the ground-based facilities will remain absolutely essential if we are to keep our knowledge of the Soviet programs up to date.

The [*less than 1 line not declassified*] installations in Iran [*1 line not declassified*] are entirely dependent upon the continuing willingness of the Shah to permit them to operate and to transmit promptly the information they collect. As you consider both our general policy toward Iran, and also the action to be taken on the Shah's requests for assistance, I urge you to accord great importance to our need to continue utilizing Iran as a base for the collection of highest priority intelligence on the USSR.

Richard Helms Director

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 601, Country Files, Middle East, Iran, Vol. I, 1/20/69–5/31/70. Top Secret; Sensitive. Kissinger wrote on the memo, "Hal—where do we stand on mil credit? HK."

64. Telegram 1626 From the Embassy in Iran to the Department of State¹

Tehran, April 21, 1970, 1100Z

UNSec MidEast trip UNSecto 08

SUBJ:

Under Secretary Richardson's Talk With Shah (Iran Military Equipment Program—Under Secretary, Asst Secy Sisco and Ambassador Present)

1. Shah opened by describing his development plans, particularly for Khuzistan province, pointing out its great potential in terms of oil, natural gas and agri-business. He hoped to interest James Linen's banking and industrial group in development of agri-business and related activities during Linen's visit in May. He pointed out Khuzistan still coveted by Iraq and Arab radicals who refer to it as "Arabistan" and call for its liberation.
2. He then described in some detail threat to Gulf posed by radical Arabs with Soviet aid and encouragement and fact that burden of defense of peace and stability in Gulf falls entirely on Iran. While he and king Faisal saw eye to eye re threat, Saudi Arabia could contribute little material strength to defense of Gulf and indeed it was up to Iran to extend aid to Faisal which Shah would certainly do. As to remaining moderate Gulf states, Kuwait vacillated back and forth in its efforts to appease Iraq and smaller sheikhdoms would add nothing to defense of Gulf.
3. This, Shah said, was why Iran must urgently develop and strengthen its forces. Forces he planned were modest given nature of threat. For example, he would go with M-47 tank retrofit program for next few years instead of at same time trying to acquire follow-on tanks for M-47's. This would save much money and in few years he might acquire follow-on tank, perhaps from British or even by Iranian production from expanded retrofit facility. At same time to minimize size of his ground forces he planned to maintain only territorial troops on Pakistan and Afghanistan borders and small regular forces along Soviet frontier. Even so, Iraq would still outnumber his six divisions and his Air Force and, if Syrian Air Force added to that of Iraq, he would be greatly outnumbered in the air. This was why he must have minimum Air Force buildup he envisaged: namely, two sqdns of F-4 in 1971: 4 additional sqdns of F-4 in 1973-76: and additional C-130's

for necessary mobility and paratroop and airborne capability for defense of Gulf area. Shah then said he must know exactly where he stood with us on credit for military equipment. He would like to obtain most of his equipment from us but financing was very difficult particularly since in addition to military program he must keep on with his economic and social development programs. This is why he had offered to tie all proceeds from additional oil sales in US to purchase of American military and capital equipment. He could not understand why we did not accept this offer because, insofar as other oil producing states are concerned, we had perfect justification for doing so since his offer was unique. This would enable him to pay in good American dollars for military equipment and FMS credit would not be necessary. If we could not find ways to cooperate in financing his over-all military program designed to defend Iran and free world interests in Gulf, he would have to look elsewhere for much of his equipment. However, he did want to keep his Air Force completely equipped with American aircraft and back-up items because multiple sources would create impossible logistics, maintenance and training problems. Therefore he must know soonest exactly what we are prepared to do re credit arrangements for his military program, particularly his air build-up, including eventually the carry-on plane for his F-5's.

4. Under Secretary said we fully appreciate unique contribution Iran can make to defense of free world interests in Gulf. He then explained in some detail our difficulties re Shah's oil proposal, but said we would keep looking to see what we could do for Iran on oil. Insofar as financing military equipment concerned, he assured Shah of our earnest desire to do everything we could within congressional limitations. Accordingly we were ready to examine with Shah his military requirements with view to extending 1968 Agreement to provide for acquisition of equipment not presently envisioned under that agreement. Under Secretary said Ambassador MacArthur and General Twitchell stood ready to look at this problem with Shah's people. Shah indicated general agreement and matter was left for further discussion in meeting Under Secretary will have with Prime Minister Hoveyda, Mehdi Samii (Plan Org Director) and General Toufanian this afternoon (April 21).
5. Asst Secy Sisco also briefed Shah on his Middle East trip which was much appreciated with Shah (a) agreeing more direct dialogue with UAR and Arabs useful and (b) expressing view time was working against Israel.

Richardson

¹ Source: National Archives, RG 59, Central Files 1970-73, ORG 7 U. Secret; Exdis. In Telegram 1736, April 25, the Ambassador reported that the Shah appeared more relaxed following his meeting with Richardson, and that if financing could be arranged for Iran's military equipment program, the Shah might abandon his oil quota idea. (Ibid.)

65. Memorandum From Harold Saunders of the National Security Council Staff to the President's Assistant for International Economic Affairs (Flanigan)¹

Washington, May 7, 1970

SUBJECT:
Iranian Consortium Settlement

You may have noted in the New York Times or from other sources that the Iranians and the oil Consortium have reached a satisfactory settlement. In case not, I want to be sure you see Ambassador MacArthur's report. According to him, the terms of the settlement include:

- The Consortium will try to achieve total revenues for Iran of \$1,030 million this year.
- In addition, the companies will make an initial advance of \$90 million and will advance another \$40-45 million later if necessary. Iran, however, by the end of the year will pay back last year's advance of \$83 million.
- The French Company agreed to provide an unspecified amount of oil directly to the Iranians to market themselves.
- The companies will try to find a loan for Iran of \$100 million from European banks before the end of May.

Despite some tense moments, this year's settlement was accomplished without the melodrama and extreme tensions of some past negotiations and we can be thankful for that. Ambassador MacArthur feels that this was in part due to the fact that the Iranians acted in a more responsible and realistic manner this year. The companies, however, also worked in a more flexible manner this year to bridge the gap between their capabilities and Iran's requirements. I would like to think that this was due to your efforts with them.

I just wanted to be sure you saw this report since you may want to indicate to your contacts your satisfaction with the results. But as you know, we will have the same problem next year and it might be helpful to add a note of hope that they will be prepared to act with comparable flexibility next year.

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 601, Country Files, Middle East, Iran, Vol. II, 6/1/70-12/70. Secret; Exdis. Kissinger wrote on a copy of a May 8 memorandum from Flanigan to the President informing him of the agreement, "Since when does Saunders write memos to Flanigan?" The "French company" was CFP, the French member of the consortium, which had agreed to supply oil to Iran at a "quarter way" price, i.e., between cost and posted price, for Tehran to sell on its own. In another memorandum of May 8, Samuels observed to Flanigan that "this arrangement is extremely sensitive to the oil companies and could be explosive if it became known in the other oil producing countries." (Ibid., RG 59, Central Files 1970-73, PET 6 IRAN)

66. Memorandum From the Assistant Secretary of Defense for International Security Affairs (Nutter) to Secretary of Defense Laird¹

Washington, May 9, 1970

SUBJECT:

Iran Foreign Military Sales Credit

Following is the information you requested on Iran FMS credit:

1. From FY 65 through FY 69, Iran received \$500 million in credit to purchase military equipment. Iran's principal and interest repayments during FY 70 will amount to approximately \$38.0 million, of which \$18.7 million is due between 30 April-30 June 1970. Iran has never defaulted on its repayment obligations.
2. You may recall that there have been two letters exchanged between the President and the Shah concerning FMS credit for Iran. The President in his 16 April 1970 letter told the Shah that the US will "make every effort to reach a satisfactory agreement with your representatives. We will be as forthcoming as is possible in meeting your concerns about the terms of the FY 70 credit." Following the delivery of this letter to the Shah, Under Secretary Richardson, in his audience with the Shah on 20 April 1970, expressed his "earnest desire to do everything within Congressional limitations" to help Iran in future credit years (specifically, FY 1974-77). Accordingly, Mr. Richardson promised that the USG is ready to examine with the Shah his military requirements "with a view to extending the 1968 agreement to provide for acquisition of equipment not presently envisioned under that agreement." This agreement by Mr. Richardson was coordinated with the Department of Defense, and after lengthy negotiations between State and Defense, this version of the statement was finally achieved. Mr. Richardson also expressed to the Iranian Prime Minister his belief that there is a need for a careful task force study of Iran's future defense needs, and to this end Chief AMISH MAAG and the head of the Iranian defense industries will be meeting in preliminary discussions.
3. Status of the Iranian FY 70 credit program is as follows:
 - a. On 17 March 1970 the NSCIG/NEA decided, and the White House has been informed, that the mix of Government and private interest rates on this credit should result in an overall rate of not less than

the cost of money to the US Treasury at the time the credit is negotiated. There was also a consensus that the overall interest rate should not exceed substantially the cost of money to the US Treasury.

- b. During hearings before the HFAC on the FMS Act on 5 February and 17 February, and on 11 March before Chairman Passman's Appropriations Committee, you, as well as Mr. Packard and General Warren, in response to specific questions relating to the rate of interest charged on credit funds (NOA) being requested from the Congress, replied that we will charge interest rates equal to the prevailing cost of money to the Government. Although Mr. Packard noted to the HFAC that we could grant "special interest rates," he went on to say "we have adhered rather strictly to the policy of requiring interest on these credit sales at the current cost of money." In a response to Fulbright Committee questions on rates of interest for FY 70, we provided a table listing the credit terms which showed that interest rates for all countries would be at the current cost of money to the US Treasury (prevailing rate is 7-1/8%).
- c. We believe that all three Committee Chairmen, i.e., Morgan, Fulbright and Passman, are convinced that we will not grant concessionary terms on FY 70 and 71 Government-appropriated FMS credit funds. Chairman Passman is particularly sensitive on the subject of concessionary rates and in reply to your statement that we charge the prevailing cost of money to the US Government stated, "I want to commend you for your program of short terms and the interest rate that you are charging the countries that borrow."
- d. Section 34 of the FMS Act empowers the President to establish "standards and criteria for credit and guaranty transactions in accordance with the foreign, national security and financial policies of the United States." The present standards and criteria established in February 1969, and reviewed by the National Security Council, apply to the FY 70 credit program. These provide that for those transactions in which direct Defense Department credit is combined with private credit, the interest rate on the Defense credit will be such that the rate for the combined package is not less than the cost of money to the US Government. To implement this policy, Treasury has determined that a combination private/public credit could include the US Government portion at not less than 6% interest to balance off the higher private interest rate, provided that the effective or combination rate is not lower than the current cost of money to the US Treasury. This is not concessionary credit, but if the effective rate is less than cost of money, or if the US

Government portion is less than 6%, this would constitute "concessionary" credit. We believe that the Congress does not fully understand this definition of concessionary credit.

- e. We are presently coordinating an updated "Financial Standards and Criteria for Foreign Military Sales" which will be more explicit and clarify our authority to provide for a lower interest rate on the public portion of a mixed public/private credit agreement. The Financial Standards and Criteria also provide that if there are overriding US national interests, concessionary credit, as defined above, may be used.
 - f. If we are to achieve the \$350 million FY 70 credit program, we must utilize \$100 million of private financing. Since we have told Iran that we would undertake to provide \$100 million in FMS credit for FY 70, and since this is such a significant proportion of the total FY 70 program, private participation in the Iranian program is essential. The specific mix of Government/private financing and interest rates on each portion is subject to final negotiation. Preliminary discussions with private banks on the basis of a 50/50 or 75/25 mix for Iran indicate that the private rate will be between 8-1/2-8-3/4%. Assuming a 50/50 mix, and in order to achieve a net rate at the prevailing 7-1/8% cost of money, the rate on the Government portion would have to be approximately 6-3/8%. Over the 10-year loan period this means that, to quote Chairman Passman, "the US Government would be subsidizing" Iran for approximately \$2.0 million. If the same policy is followed for the proposed \$100 million FY 71 Iranian program, and assuming that the prevailing rate of interest remains approximately the same, the Congress will probably claim that we also will be subsidizing Iran at the same rate in FY 71. Chairman Passman would view such "concessionary rates" as a "\$4 million giveaway program" and would violently oppose it.
4. It is doubtful that we will obtain final legislation on the FY 70 program before mid-June which will leave little time to consummate approximately \$280 million in agreements with fifteen countries. We therefore intend to seek State approval for the DOD to proceed with preliminary discussions with selected countries and private banks in order to reach maximum possible agreement prior to passage of the FMS Act. Subject to State agreement, it is also intended that State, assisted by DOD and Treasury, will notify selected members of Congress of the terms of the final credit agreements in those instances where the interest on the public funds is less than the cost of money to the US Treasury. At the same time, the provisions of the Financial Standards and Criteria will be explained in detail. This will be done only after passage of the FY 70 FMS Act.

G. Warren Nutter

¹ Source: Washington National Records Center, OSD Files, FRC 330-76-067, Box 73, Iran 1970, Iran 400.137. Secret. A note on the memorandum indicated that Laird saw it.

67. Memorandum From the President's Assistant for National Security Affairs (Kissinger) to President Nixon¹

Washington, May 13, 1970

SUBJECT:

General Wheeler's Talk with the Shah of Iran

General Wheeler has sent you the attached memorandum on his recent audience with the Shah while he was in Tehran for meetings of the CENTO military committee. The Shah was "friendly and courteous" but at the same time was "serious and grave."

General Wheeler feels that the Shah is deeply concerned about the security situation in the region after the British withdrawal. The following are some of the main points made by the Shah in this connection:

- The Persian Gulf is Iran's lifeline and Free World control of it is also a strategic necessity because of the oil.
- He anticipates that the Soviets will, after the British withdrawal, attempt to stir up mischief in the smaller Gulf states. To counter this, Iran must support, and have the support of, the conservative Arab regimes in the area.
- Iran must have the military capability to defend its borders and the Persian Gulf. His program calls for improvements of all elements of Iran's armed forces and especially the air force.
- To meet his programs he must have more resources, either from increased sales of oil and/or from credit. The Shah appeared "rather bitter" about the attitude of the oil consortium. Also he feels that the U.S. should buy more Iranian oil, conserving our own reserves. He would then spend every dollar in the U.S. on military equipment and other purchases. General Wheeler concludes that the Shah "is determined to create the military forces which he is convinced the security of Iran requires." He wants to buy the necessary equipment from us, "but he will get it elsewhere, reluctantly, if he has to do so."

Comment: The Shah continues to play hard on the same themes in all his contacts with us. He seems in fact to be testing the limits of our capacity to help

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 601, Country Files, Middle East, Iran, Vol. I, 1/1/69-5/31/70. Secret; Nodis. A stamp on the memorandum indicated that the President saw it on May 19. The attached memorandum from Wheeler to Nixon is not published.

68. Telegram 2225 From the Embassy in Iran to the Department of State¹

Tehran, May 25, 1970, 0800Z

Rome for Tosec

Dept for Acting Secretary and Asst Secy Sisco from MacArthur

SUBJECT:

Abu Musa Concession Dispute as it Relates to Future of Gulf

REF:

(A) Tehran 2182 (B) State 79456

1. Am deeply disturbed by various telegrams we have recently received from London and Department indicating British Foreign Office has decided to proceed down path of international arbitration between Sharja and Umm-al-Qaiwain with respect to disputed waters off Abu Musa. To proceed down this path at this time will, we believe, put Britain and Iran on a head-on collision course—a course which will ultimately oblige us to side either with Britain, which is withdrawing from Gulf and will have progressively less influence there, or Iran, which holds best hope of peace and stability in Gulf and prevention of extension of radical Arab-Soviet influence into that vitally important body of water.
2. Problem in simple terms is that, in our best judgment, Iran has not and will not renounce its claims to three small islands in Gulf (the Tunbs and Abu Musa) which it believes are vital to its national security— islands which Britain seized by force in last century and now for its own convenience desires to dispose of, handling problems inherent in relinquishment in a way which will justify its original act of seizure and allocation to respective sheikhdoms.
3. We believe Shah will regard as totally unacceptable and react very strongly against a British proposal for arbitration between two of its protectorates (soon to be independent) over island water (Abu Musa) which British know Iran claims because such arbitration not only disregards Iran's historic claims and oft-stressed-security interest in Abu Musa but also reinforces Sharja's claim to sovereignty. If arbitration proposal is implemented, either Iranian acquiescence or acceptance would amount to admission by Iran that sovereignty over Abu Musa rests elsewhere. Similarly, we do not rpt not believe that

Shah would accept proposal for some form of arbitration involving two sheikhdoms and Iran. While arbitration often useful in dispute of legal nature, it is non-starter in this dispute which is territorial and therefore highly political involving what Iran considers its most vital security interests. Acceptance of arbitration by Iran would be tacit acceptance that its claims to Abu Musa are open to question, admission we do not believe Shah will make in view of fact he regards control of Tunbs and Abu Musa as vital to Iran's security, particularly should Arab side of Gulf fall to radical Arab-Soviet subversion.

4. We believe British Amb Denis Wright and UK Embassy here are aware of realities of Gulf situation (ref A). We also believe that at this juncture best hope of a solution which would not create a major crisis in Gulf between Iran, sheikhdoms and UK lies in an Iran-Sharja settlement where neither party would be obliged to reaffirm or renounce its sovereignty as suggested in ref A. However, messages from London and indications given to Dept by UK Counselor Moberly lead us to conclusion that certain elements in UK Foreign Office lack understanding of (a) the intensity of Iran's feeling and (b) the realities of what will probably happen if British initiate their arbitration plan now (rpt now) instead of waiting for Iran to reach agreement with Sharja over Abu Musa. This is not to say that discussions between Abu Musa and Iran should not take account of Sharja-umm-al-Qaiwan territorial waters problem. But this should initially be dealt with in context of Iran-Sharja and then Iran-Umm-al-Qaiwain negotiations and not by activation British proposal for arbitration between two sheikhdoms which we believe will "tear" it.
5. If British should proceed with their arbitration proposal, we must be prepared not only for Shah's very strong reaction against Sheikhdoms and British but also for a request from him for US to support his position. While we should try to stay out of this dispute, if British move forward with arbitration we doubt we will be able to do so. Zahedi has already told us (in his talk with Sisco May 14, State's 075064) Iran is counting on US support for its claims to disputed Gulf islands. If, as seems most probable, Shah seeks our support of his position he will regard our response as measure of what friendship and cooperation with US is worth on matter on which he believes Iran's security and even survival may depend, as well as test of our sincerity in wanting Iran to play major stabilizing role in Gulf after UK withdrawal in keeping with Nixon Doctrine which Under Secretary Richardson recently assured Shah was relevant to Iran's future role. And, of course, Iran's cooperation not only in future of Gulf but in many other matters (facilities, overflights, only air corridor

to Asia from Europe, etc.) is vitally important, indeed essential to our own national interest.

6. Therefore, at very minimum we strongly recommend that USG at high level (if possible by Secretary to Steward in Rome) tell British very frankly that we think their proposal is extremely dangerous: that coming at present time it could create serious crisis with Iran involving both Britain and sheikhdoms which could threaten formation of Gulf federation; that it could also envenom Gulf atmosphere improved by Iran's statesmanlike action in giving up its claim to Bahrein, making future Iran-moderate Arab cooperation (on which free world's vital Gulf interests so heavily depend) difficult if not impossible: that we believe they should concentrate their energies at this time on active endeavors to achieve an Iran-Sharja settlement along lines of ref A rather than muddying waters with micro-legal arbitration proposal relating to oil company interests and risking a major crisis which British will not be able to control; and that if they proceed on arbitration course and create crisis with Iran they must not expect our support. In short, UK should be reminded of vital interest they, we and free world as whole have in ensuring maximum degree of stability in Gulf after British withdrawal (Gulf supplies one-third free world's petroleum; two-thirds of world's proven oil resources; 90 percent of Japan's oil; 56 percent NATO oil; Britain able to pay in sterling for Gulf oil protecting sterling; Gulf oil benefits US by about \$2 billion in balance of payments, etc.) They should also be reminded critically important factor in Gulf stability will be relations between Iran and moderate Gulf Arabs; and ipso facto satisfactory resolution of Iran-sheikhdom disputes re Abu Musa and Tunbs; and that Stewart only recently reassured Iranians UK will use its full influence with Gulf rulers to bring about settlement (May 15 CENTO Council of Ministers, State's 075132).
7. We urge this course of action because our own interests in Gulf are of paramount importance and because we must recognize that with departure of British military from Gulf next year, British influence there will continue to shrink providing little if anything in practical terms to capacity of moderate and friendly Gulf forces to resist Soviet radical Arab efforts to take over. Whether we like it or not Iran is key to holding Gulf and constitutes only positive element of strength and progress there with which we and others can work.

MacArthur

¹ Source: National Archives, RG 59, Central Files 1970-73, POL 33 Persian Gulf. Confidential; Priority. Repeated Priority to Beirut, and to Dhahran, Jidda, Kuwait City, London, and Rome. In Telegram 2059 from Jidda, May 26, Hermann F. Eilts observed that the Arab and Iranian sides both had to be considered in the dispute, which involved the sovereignty claims of the sheikdoms of Sharja and Ras Al-Khaimah to the islands of Tunbs and Abu Musa at the mouth of the Persian Gulf. Noting that Abu Musa was inhabited by Arabs, he added that "with deep respect, however, I find it just a bit difficult to accept suggestion that Iran's vital security and 'even survival' may depend on possessing these islands. While appreciating Iran's potential for stabilizing Gulf, we and Iran should also bear in mind that this is best achieved through sincere cooperation with Arab littoral states." (Ibid.)

69. Telegram 2333 From the Embassy in Iran to the Department of State¹

Tehran, June 1, 1970, 1400Z

Pass Moscow and London

For Under Secy Richardson and Asst Sect Sisco from MacArthur

SUBJECT:

Shah's Deep Concern Re (A) Increasing Soviet Pressures Against Iran and (B) Doubts Re British

REF:

Tehran 1716 (para 5)

1. In FonMin Zahedi's absence in Jordan, Acting FonMin Khalatbari asked me to call urgently last evening to receive message from Shah. Khalatbari said Shah asked him to remind me of talk he had April 25 with me (reftel) re Soviets, after years silence, bringing up with Iranians 1921 Soviet-Iran Treaty, Article 6 of which gives Soviets right militarily to occupy Iran if developments there threaten Soviet Union.
2. Shah wanted USG to know at top level that following references by Podgorny and Soviet Amb some week ago (reftel) another high Soviet official (I understood it was high-ranking member of Soviet delegation to joint Iran-USSR economic committee) had again referred recently to 1921 Treaty but with more menacing nuances which also involved US. In meeting with Minister of Economy Ansary, This Soviet official referred to visit in May James Linings (Time, Inc.) US investment group, saying Soviets understood members of Linen Group, interested in joining with Iran in exploiting forest in Caspian area. He then referred pointedly to 1921 Treaty and recent public comment by Shah that frontier between Soviet Union and Iran was frontier of friendship and peace. Soviets wanted frontier kept that way and therefore if Iran needed foreign assistance he suggested, with heavy-handed humor, that they get "angels" to help them exploit Iran's resources, adding that in Soviet view "Americans are not angels."
3. According to Khalatbari, Ansary replied with some spirit that 1921 Treaty signed before UN came into existence and that UN Charter and not 1921 Treaty governed relations between two countries. Furthermore, not just Americans but British, French, West Germans, Soviets themselves and others were cooperating with Iran in development of

its resources. Iran could not recognize that there was any difference in such friendly foreign cooperation whether it occurred in north center or south of Iran. ANSARY Also pointed out that some years ago Iran had made contract with American company (Fairhurst Co.) re forestry in north and asked why at this late date Soviet Union suddenly felt obliged to raise this matter. Soviet official turned aside Ansary's riposte with another heavy-handed attempt at humor and dropped subject.

4. Shah wanted to know our view as to why Soviets at this juncture putting thinly veiled pressure on Iran through 1921 Treaty. "What does US think this means?" Khalatbari said what worries Shah is that Soviets may be reading extreme preoccupation of USG with Southeast Asia and to lesser extent Israel-UAR situation as indication that USG has such urgent problems elsewhere that it has neither time nor energy to be deeply concerned with future of Persian Gulf region, thus enabling Soviets to become "arbiter" of entire Middle East. Shah, he said, views Soviet activity in Middle East as extended hand with fingers probing Mediterranean, Iraq and Gulf, Afghanistan, etc. Soviets have been advancing into Middle East with success after success in much of Arab world where they are considered not just as supporter of Arabs against Israel and US but as actual defender through SA-3 and Soviet air sqdns in [illegible] Egypt. Khalatbari concluded "Shah wished to flash you a red light. He feels recent Soviet efforts at intimidation through 1921 Treaty may result from Soviet confidence that US is so committed elsewhere that Soviets can start their move toward Gulf with impunity, utilizing increasingly dependent Iraq. Shah hopes USG will make clear its interest in this vital area and will also move ahead with joint projects Iran has discussed with us with view to strengthening Iran's ability to cooperate with other like-minded countries in Gulf to assure peace and stability there after British withdrawal in accordance with Nixon Doctrine.
5. I replied I was sure HIM knew from his talks (a) with President last autumn and (b) subsequently with Under Secy Richardson and Asst. Secy Sisco, as well as Richardson-Sisco Tehran departure statements that there no rpt no question whatsoever as to our vital interest in what happens in Gulf and our conviction of importance of Iran's role of leadership in area. Insofar as Iran's military acquisition program concerned, we should be able complete negotiation of eighth tranche just as soon as FMS legislation passed Congress and in meantime Generals Twitchell and Toufanian were working on agreed study to obtain over-all picture of Iran's military requirements so that we could see how best we could assist our Iranian friends with resources that we could reasonably expect would be available to us.

6. Khalatbari then said that Shah and GOI also worried by attitude of British Gulf area, fearing British playing some kind of devious game. He said, while British Amb Wright assures GOI British influence is being used with sheikhs of Sharja and Ras-al-Khaimah on behalf of acceptable settlement Iran re Abu Musa and Tunbs Islands. On other hand British officials in Gulf are indicating to sheikhs that RAF aircraft and British forces are there to "protect them" against Iranian or other pretensions. Iranians also angered by UK Foreign Minister Stewart's exchange with Zahedi during recent Washington CENTO meeting over islands, but more particularly over Stewart's bland assertion to Zahedi when latter tried to probe him that he (Stewart) "was really not informed re details." Khalatbari said this absurd in light of conversations with Stewart during his last visit here and preoccupation of British FonOff with island situation and unhelpful leaking to press it has recently engaged in re Sharja and Umm-al-Qaiwain oil concession dispute. (He mentioned article in latest "Economist" and May 31 "Sunday Times" as examples.) Khalatbar said there also rumors Britain may in some way be conniving with Iraq and some Iranians believe Kuwait Govt would not have permitted recent publication of anti-Iranian and pro-Iraq press commentary re Gulf islands unless British, "who have traditionally been close to ruling family," had given green light.
7. Finally, there was incident last week over islands involving Amb Wright and Foreign Under Secy Zelli. Zelli convoked Wright to officially request UK to use its authority to prevent Occidental from beginning drilling. Wright reported this to London and subsequently received instructions (part of which he read to me which I thought a bit equivocal and legalistic) which among other things made clear Britain obliged to protect rights of its protectorates, etc. This was interpreted by Zelli as "arrogant threat" that Britain would use force against Iran if it asserted its rights to Abu Musa and was so reported to Shah who I hear was extremely displeased. Wright subsequently assured Alam and Foreign Ministry there no rpt no threat and instructions which he had read to Zelli were carefully worded in terms of Britain's legal position and responsibilities. Khalatbari concluded by saying there growing Iranian apprehension that "Britain will leave Gulf in same kind of mess in which it left Aden, India, Pakistan and other colonies from which it has withdrawn."
8. I said I could not of course speak for Britain and its activities and responsibilities with respect to sheikhdoms: however, I could see no rpt no conceivable advantage to Britain in conniving with Iraq and on contrary I personally felt Iraq represented basic danger to British interests because of its historic claims against Kuwait which today

holds in London about 700 million pounds sterling and from where comes much of UK oil paid for in sterling. From my talks with Amb Wright, I believe he quite sincere that Britain would use its influence with sheikhs to try to persuade them to reach amicable agreement with Iran re islands. However, Britain obviously had its own problems and from purely legal viewpoint British Foreign Office would probably have to take legal position which justified its original action of seizure of islands in nineteenth century. To expect it to take any other position that would indicate that British actions over 150 years had been illegal seemed unrealistic.

9. Comment: I have reported foregoing at length because from every quarter we hear of Shah's (a) increasing preoccupation with Soviet advances into this area and (b) Shah's growing suspicion that if Britain is not playing some dubious game of its own devising, it is at least behaving in a way which will make more difficult maintenance of peace and stability in Gulf after British withdrawal in 1971. Whether or not suspicions and fears of Shah and some senior members of his govt are justified is quite beside point. Unhappy fact at this juncture is that such suspicions and apprehensions re Britain do exist. Would greatly appreciate any thoughts or comments, particularly to alleviate Shah's apprehension that we are so bogged down in Southeast Asia that we will sit by and let Soviets fulfill their traditional aspirations and move in to become "arbiter of Gulf and entire Middle East" as Shah puts it.

MacArthur

¹ Source: National Archives, RG 59, Central Files 1970-73, POL IRAN-USSR. Secret; Priority; Exdis; Noform.

70. Memorandum From Harold Saunders and Richard Kennedy of the National Security Council Staff to the President's Assistant for National Security Affairs (Kissinger)¹

Washington, June 3, 1970

SUBJECT:
Review Group—Persian Gulf

There are three subjects to be covered at this meeting:

1. What should be our general strategy toward the Gulf? [Options 2 and 3 of State paper.]

For the sake of argument the paper poses four possible options: (a) assuming the UK's role as protector; (b) backing either Iran or Saudi Arabia as the key to stability; (c) pressing Saudi-Iranian cooperation; (d) actively promoting a regional security pact. We can assume that the first and the last are impractical.

The logical strategy lies in marrying what is already in fact extensive support for Iran as the unquestioned power in the area with the logic of cooperation between a strong Iran and a weak Saudi Arabia. We are not likely to diminish our relationship with Iran; we do not want to have to choose between Iran and Saudi Arabia; Saudi-Iranian cooperation is the optimum.

That means that the real choice is not really a choice as long as there is no trouble and Saudi-Iranian cooperation continues to grow. The real choice will come when, for instance, the Iranians look as if they are preparing to seize the small Arab-held islands at the mouth of the Persian Gulf. In circumstances like that, we will have to ask ourselves how much political capital to spend with the Shah to restrain Iran.

The first objective in this meeting therefore is to determine whether there is general consensus on the following strategy: The logical U.S. strategy is to promote Saudi-Iranian cooperation in the first instance "but to recognize that Iran is the real power in the Gulf and to pursue the fullest feasible U.S. -Iranian relationship in that context. [This is a counter

to those who argue, for instance, that our military credit assistance is making Iran too powerful.]

In arriving at that working view of our strategy, we should avoid relaxing and pinning all our hopes on Saudi-Iranian cooperation on Iran. Cooperation may break down, and Iran may prove a heavy-handed peace-maker. This brings us to the second question.

2. What kind of presence can the U. S. develop in the Gulf? [State paper, pages 34-41.]

If the above is a logical view of U. S. strategy, the U.S. still has an interest in making the Arab participants in this cooperation more effective and stable partners.

The general issue to be discussed is: Can the U.S.—given present restrictions on technical assistance relations with countries that have their own money and limitations on funds for scholarships, not to mention low USIA appropriations—realistically talk about an active U.S. presence on the Arab side of the Gulf?

The fact is that U.S. does not now have programs and appropriations geared to an area like the Gulf with its own money. Yet the area desperately needs U.S. technical and educational assistance. At present, it is kidding ourselves to talk about an active U.S. role in the shaikhdoms without at the same time talking about increasing our cultural exchange budget for the area or providing organized backstopping for a technical assistance effort (mainly using private U.S. experts for whom the shaikhs would pay).

One outcome of the discussion might be to ask State to draw up now for possible use in connection with the FY 1972 budget a comprehensive U. S. program—cultural exchange, trade promotion, technical assistance, diplomatic representation—which would represent the most imaginative U.S. effort in the Gulf.

As a side point you may recall that the final paragraphs of the President's foreign policy message to Congress alluded to the need for new policies and programs in order for us to relate to areas like this which have their own capital resources. The Persian Gulf is the classic case. It is therefore worth pushing the above suggestion if for no other reason than to push the staffing of a problem which the President has identified under his signature. See Tab marked "Programs."

3. Should we maintain our small naval force in the Persian Gulf based on Bahrain?

Everyone agrees this is more a psychological presence than a very useful military force. There has been some argument for removing it on grounds of its low military value. There has even been some hint that the Shah is not especially anxious to see us stay on. However, there has also been a feeling that now is not the time to reduce our presence even though we may be ready to concede that the force is not necessarily going to be welcome for any extended period.

The operational problem is this: If we wish to keep the force there, the British will have to arrange with the Bahrainis for us to go on using a small port facility with a U.S. flag over it. We would want to sound out the Shah in more detail.

The decision required is a decision in principle not to reduce our presence at this time. That would trigger the necessary feelers to determine feasibility.

While it is difficult to see the force having great utility, on balance it does seem the wrong moment to remove it.

Outcome of the meeting. We recommend that you propose a short memo for the President (which we would draft) seeking his endorsement of:

1. the general U.S. strategy proposed;
2. in principle not reducing our naval force (if that is the judgment of the Group);
3. drafting a plan for fuller U. S. representation in the shaikhdoms. We would then put out an NSDM.

We would then put out an NSDM.

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, NSC Institutional Files (H-files), Box H-046, Senior Review Group Meetings, Persian Gulf, 6/5/70. Secret. National Security Decision Memorandum 92, which emerged from the June 5 meeting, is [Document 97](#). The minutes of the meeting are scheduled for publication in [Foreign Relations of the United States, 1969-1976, Volume XXIV](#)¹: Arabian Peninsula; Middle East

Region, 1969-1972; Jordan, 1970. The attachment entitled "Programs" is not published.

71. Telegram 87985 From the Department of State to the Embassy in Iran¹

Washington, June 6, 1970, 1937Z

For Ambassador from Sisco

REF:

Tehran 2333

1. We concur fully in reassurances you gave Acting Foreign Minister Khalatbari as well as expression of our belief that there no conceivable advantage to British conniving with Iraq to Iran's disadvantage. We consider London's 4351 excellent statement on latter point and general UK attitude toward Gulf and you authorized draw on it as seems appropriate. In reconfirming assurances you have already given Iranians you may also wish to draw attention to fact that it was only two months ago that you reconfirmed in writing and on instruction USG continued adherence to the validity of the US-Iranian bilateral of March 5, 1959. You may also cite our move into Cambodia as clear evidence our resolve and ability to act when we believe our interests affected. This step was taken in the full realization that it would not meet with full public approval. We believe that the conclusion the other side will draw from this is clear notwithstanding the heightened public debate it has generated in the United States.
2. While it is possible Soviets sought remind hosts of more favorable aspects of 1921 Soviet/Iran Treaty which replaced onerous and distasteful Czarist conventions, it is far more likely that Soviets have developed some suspicion that US intends to move in behind British after UK withdraws from Gulf in 1971. Pursuing this line of thought Soviets may have speculated US may ask Iran for military base facilities. Reminding Iranians of 1921 Treaty would, of course, put Iran on notice as to what Soviet reaction likely to be. This would be consistent with earlier Soviet behavior when it trotted out 1921 Treaty in attempt to force Iran to sign nonaggression pact in early 1960's. Soviets also mentioned it when it was in process of obtaining Iranian assurances that no American missiles would be stationed on Iranian soil.
3. Finally, it is probably also a Soviet reminder that the Soviets can be difficult if the occasion requires.

4. While we agree with Iran that there is no room for complacency, we nonetheless do not believe that Soviet power and influence in the Middle East or the Gulf should be overdrawn. Soviet relations with Syria and Iraq, for example, are not uniformly harmonious or entirely to Soviet liking. Both countries have demonstrated decidedly independent attitudes when the Soviets appear to become too overbearing. Further, indigenous Communist political parties have had anything but unqualified success. Indeed there are recent reports of anti-communist activities by governments of both countries with arrests being made of a number of Communist Party members. We believe, therefore, that Soviet efforts to become arbiters of Gulf and entire Middle East face formidable obstacles not only from strong moderate countries such as Iran but also from indigenous forces in countries where it has already established a substantial presence.
5. Hope you agree point to be made is that we are resolved to stand by our commitments, to support our friends, and we have great confidence in Iran's own ability withstand Soviet blandishments or thinly veiled threats.

END

Rogers

¹ Source: National Archives, RG 59, Central Files 1970-73, POL IRAN-USSR. Secret; Exdis; NoFORN. Drafted by Miklos; cleared by Emory C. Swank (EUR), Irving Cheslaw (EUR/BMI), Davies; Richard W. Murphy (NEA/ARP), Bryan H. Baas (NEA/ARN), and Brown (S/S); and approved by Sisco. In Telegram 2506 from Tehran, June 13, MacArthur advised that the British be urged to reach an agreement with Iran over the Gulf islands, so as to prevent an Arab-Iranian rupture. MacArthur recommended that the British put forward a reasonable arrangement that, while not impairing the Sheikhs' legal claims to the islands, would meet Iran's basic security requirements. If the British did so, MacArthur suggested that the United States use its influence informally to persuade Iran to blur the issue of sovereignty. (Ibid., POL 33 Persian Gulf) In Telegram 93548 to Tehran, June 15, Sisco agreed. (Ibid.)

72. Airgram 182 From the Embassy in Iran to the Department of State¹

Tehran, June 9, 1970

SUBJECT:

Narcotics: Iran's Determination to Continue Poppy Cultivation

REF:

Embassy's A-135, May 4, 1970 (NOTAL); A-5, January 7, 1970

Iran's determination to continue its domestic opium production program so long as its neighbors continue to produce opium, was again evidenced in two recent developments:

1. In a television interview on May 25 the Shah restated the reasons why Iran had resumed poppy cultivation and instituted the death penalty for narcotics smuggling, noting that it was ridiculous for Iran to have banned opium and given up foreign exchange from legal international sales, only to find its addicts exporting large sums for smuggled opium and its prisons full of thousands of Iranians convicted of narcotics offenses. He said that so long as Iran's neighbors continue poppy cultivation Iran had "no alternative but to continue to do the same to fulfill our local needs." But he added that "if the cultivation of poppies in our neighboring countries comes to a stop, we would also put an end to cultivation." (See Enclosure No. 1 for full statement.)
2. The press on May 28 reported that the Ministry of Land Reform had doubled the acreage to be allotted for the coming year to poppy cultivation raising the total area authorized for planting for the 1971 crop to 12,000 hectares. (See Enclosure No. 2 for comparative area break-down.)

COMMENT: Obviously the GOI still considers it essential, in order to eliminate the heavy illicit importation of opium into Iran, to pursue vigorously its two-pronged program of strict anti-smuggling controls and of controlled provision of home-grown opium for incurable Iranian addicts and those under treatment. As previously reported, there is evidence that the program has begun to affect smuggling. There seems little prospect that Iran will consider restricting or eliminating poppy cultivation before seeing persuasive evidence of poppy elimination and control in Turkey and perhaps even Afghanistan. However the Shah's comments that production will continue in order to meet "local needs"

may indicate that the GOI has abandoned its earlier notion of producing for export. Opium production to date has been low and costs of production have far exceeded world market prices; perhaps the hard reality that Iran simply cannot compete profitably in the declining world market has finally been recognized. Collection of the 1970 opium crop is now in its final stages, but the Embassy has no estimate yet of the total quantity produced or even of the number of hectares actually cultivated out of the 6,200 hectares previously authorized for planting.

MacArthur

¹ Source: National Archives, RG 59, Central Files 1970-73, SOC 11-5 IRAN. Limited Official Use. Repeated to Ankara, Kabul, and Paris. Drafted by John H. Rouse, Jr, Political Officer, Executive Section; cleared by Donald R. Touissaint, Political Officer, Political Section; and approved by Thacher, DCM. Enclosures 1 and 2 are not published. In Airgram 296, October 12, the Embassy reported that in September the government had banned private poppy cultivation, which it interpreted as showing Tehran's determination to control these crops. (Ibid.)

73. Letter From the Shah of Iran to President Nixon¹

Tehran, June 15, 1970

Dear Mr. President,

I thank you for your letter of 8th June, and I appreciate very much your thoughtfulness in sending to me a copy of the text of your interim report on the Cambodia operation which I have read with great interest.

My Minister for Foreign Affairs, following his return from Washington, has given me a detailed account of his discussions with you and the members of your Government which took place entirely in an atmosphere fraught with cordiality and an understanding of Iran and its requirements.

All this is a source of great encouragement and gratification. However, in the meantime, new developments have again occurred which may have a negative bearing on the future destinies of this region. New and reliable information has been received to the effect that intense efforts and endeavours will be made to upset the security of the Persian Gulf area. It appears that plans are in the making to threaten and possibly to gain control of the strategic Straits of Hormoz by exercising influence on the Tumbs and Abu Musa Islands, which were forcibly wrested from Iran by the British sixty-seven years ago.

The danger to Kuwait is probably known to all and if the recent events in Hashemite Jordan should lead to an eventual takeover by extremists, then Saudi Arabia will face grave danger, and we will perforce have to re-evaluate our defence arrangements. We will have to face up to all these eventualities and in order to be able to achieve this we must take the necessary steps to equip and prepare ourselves.

In the meanwhile, the question of the 8th tranche is not yet completely settled. The United States of America does not purchase oil directly from Iran, and not only will the Oil Consortium provide us this year with a decrease in oil revenues of \$120m from the total amount which we had set ourselves, but the outlook for 1971 and 1972 seems even gloomier.

I believe it my historic duty to discuss these questions with you, Mr. President, once again. For just as my predictions for the last ten years

have unfortunately turned out to be correct, if we do not take steps to meet the requirements of Iran and if this is not undertaken as soon as possible, a situation will arise where it will unfortunately be too late to do anything the consequences of which will be immeasurable.

I therefore urge you most emphatically to provide Iran with a sufficient oil importation quota which will enable us to purchase our requirements, or at least our defence equipment from the United States of America. Another alternative concerns the decision of Libya to decrease her daily production of oil by 800,000 barrels which amount could at least be taken off from Iran and the matter will thus be solved.

The system of annual tranches is a source of great inconvenience and perhaps it would be possible for us to draw up a five year plan in this respect which would settle the matter for this period of time. If you, Mr. President, were to solve the question of the direct purchase of Iranian oil by your country or to adopt the above mentioned alternative as regards taking off 800,000 barrels per day from Iran, we would then be able to enter with your approval into contracts with American firms in order to buy our requirements. This would also preclude the necessity of seeking the approval of the legislature of the United States of America as in the case of the yearly tranches.

I should greatly appreciate it, Mr. President, if you would kindly give these matters your very urgent and considerate attention.

The Empress joins me in sending to you and Mrs. Nixon as well as to your family our warmest greetings and kindest personal regards.

Sincerely,
M.R. Pahlavi

¹ Source: National Archives, RG 59, Central Files 1970-73, POL IRAN-US. No classification marking.

74. Telegram 97664 From the Department of State to the Embassy in Iran¹

Washington, June 20, 1970, 0014Z

FOR AMBASSADOR FROM SISCO

REF:

Tehran 2623

1. Very much appreciate your concern over the consequences of indefinite delay in FMS legislation which I share. We have been taking virtually hourly readings on FMS prospects and cannot truthfully predict yet what the outcome may be.
2. In line with your suggestion we have taken an earnest and in-depth examination of the possibilities of acquiring credit from some other source to provide loan funds hitherto expected to be available under FMS. Specifically we have focused on Eximbank as a possible source of these funds. The Bank has been exceedingly cooperative in helping us to consider what might best be done. I think that, other things being equal, we could have perhaps reached agreement that the Bank would provide the funds we need for Iran. We also had to consider, however, the impact this move would have on FMS prospects. The fact that Iran is presently included in the bill is a strong argument in favor of its passage and one that we have used very recently in urging Congressional action. After considering all aspects we had to conclude that Iran's withdrawal at this juncture would jeopardize further prospects which are already by no means reassuring. We badly need FMS for a number of other countries, some of whom are in our own NEA area. These countries for various reasons have no chance of obtaining alternative financing. I concluded therefore that the risks of weakening the prospects of FMS legislation were too great from an overall point of view and that we would have to continue to bank on last-minute favorable Congressional action on FMS.
3. For your own very confidential information I want you to know that should FMS legislation fail to pass for this fiscal year we will make very special efforts to push for a supplemental which would provide for funds in addition to those presently contemplated for FY 1971.
4. We shall take advantage of Mehdi Samii's presence in Washington in the coming days to explain this matter fully.

End

Rogers

¹ Source: National Archives, RG 59, Central Files 1970-73, DEF 12-5 IRAN. Secret; Limdis. Drafted by Miklos; cleared by DOD/ISA and Davies; and approved by Sisco. MacArthur had expressed his concern in telegram 2623 from Tehran, June 18. (Ibid.)

75. Memorandum From the President's Assistant for National Security Affairs (Kissinger) to President Nixon¹

Washington, June 25, 1970

SUBJECT:

Your Query on Iran's Role in the Persian Gulf

During your meeting with the CENTO foreign ministers, you asked Assistant Secretary Sisco just how far the U.S. could go in leaving it to Iran to guarantee stability in the Persian Gulf. His response is attached but these are its main conclusions:

What Iran Can Do

- (1) Iran has a formidable military capability which—short of direct Soviet aggression—can defend itself from any foreseeable attack. It has the assistance of U.S. military sales credits to help it enhance this capacity over the next few years with the objective of becoming a deterrent of such credibility that it will not be seriously challenged.
- (2) Iran is making diplomatic efforts to secure trans-Gulf friendship and cooperation. [They have successfully resolved the Bahrain issue; they are talking to the Saudis about military cooperation; and they are offering aid and support to the Gulf states.]

Complications

- The traditional Arab/Persian antagonism cannot be overcome overnight.
- The Arab-Israeli dispute complicates Iran's efforts to move closer to the Arab states. Its relations with Israel and its CENTO role are visible.

What Iran Cannot Do

- (1) It cannot prevent—despite its military capacity—incipient subversion or revolution among its neighbors, nor arbitrate always successfully disputes among the Gulf states rooted in traditional rivalries and conflicting territorial claims.
- (2) Arab radicalism—despite Iran's money and support to the moderates—will have to be dealt with in the end by indigenous forces. Its ability to stem Soviet influence—working through Arab radicalism—will also be limited.

On balance, it would appear that Iran should continue to seek the active cooperation of its Islamic neighbors such as Saudi Arabia and Pakistan.

A fuller study of the Gulf and discussion of U.S. strategy—including this question of how heavily we can depend on Iran—will be on its way to you through the NSC process.

Attachment

Washington, undated

IRAN AND THE PERSIAN GULF

By the end of 1971 the British will have withdrawn militarily from the Persian Gulf. Their departure ends a century and a half of control in the lower Gulf sheikhdoms which excluded unfriendly major powers, suppressed radical dissidents, and kept under control long-standing intra-Arab and Arab/Persian antagonisms. The prospect of the British departure has brought an air of uneasiness to the Gulf. Some wish the British would remain, but most accept the inevitability of their leaving.

With the exception of Iraq, which is already under its sway, radical Arabism is the thing most feared by the Gulf states. Interrelated with this fear is the fear of Soviet encroachment. All know the Soviets favor radical Arabism and all know of the favorable position the USSR has established in the UAR, Syria and Iraq.

In looking to the future two movements have gotten underway. On the Arab side of the Gulf cautious steps have been taken by the nine sheikhdoms to band together in a Federation of Arab Emirates.* Age-old jealousies and suspicions make it an uphill fight. On the other side of the Gulf, Iran, the most powerful and stable nation in the area, has made clear its intention to assume a leading role in providing for the security of the Gulf in the future.

What Iran Can Do. Iran already has a formidable military capability which it is rapidly augmenting against the day the British leave. It has the resources (over \$1 billion yearly from oil) and the manpower (28 million population) to sustain its armed might and defend itself from any foreseeable attack short of direct Soviet aggression. Iran's goal is to develop a deterrent of such credibility that no area nation or likely

combination would dare attack it or seriously challenge Iranian unrestricted use of the Persian Gulf or access to the waters beyond.

Iran has sought US military sales credits to help it create this deterrent. We have responded with credit of \$100 million for each of the last two years and plan to continue a program of this magnitude for at least another 4-5 years, Congressional approval permitting. Used wisely, as we hope and expect it will be, this military force can be an important factor in preserving stability and security in the Persian Gulf after 1971.

Iran recognizes the need, however, to supplement this force with a skillfully contrived and executed program of diplomatic initiatives aimed at securing trans-Gulf friendship and cooperation. Having foregone its claim to Bahrain, it has begun assiduously to woo its Gulf Arab neighbors by invitation to Tehran, the dispatch of special envoys and good will missions, and the offer of financial and technical aid. It has talked quietly with its largest Arab neighbor, Saudi Arabia, about military cooperation and steps Iran might take to come to Saudi aid in time of emergency.

The successful pursuit of this policy will require tact, patience, time and doubtless some money. It faces formidable obstacles. Fundamental is historic Arab/Persian antagonism. The Persians are ethnically different, they rarely conceal their belief that Arabs are inferior, and the Persians are of a branch of Islam which is considered heretical by orthodox Muslims. Added to these historical differences is Iran's circumspect but nonetheless well-known relations with Israel. The Arab/Israel conflict obviously makes it difficult for even moderate Arabs overtly to get very close to Iran. Prolongation of the Arab/Israeli confrontation or another outbreak of widespread armed conflict could either end nascent friendships between Iran and Arab states or force Iran to lean more heavily in the direction of the Arabs. Indeed there are already signs that Iran would give preference to improving its Arabic relations. Iran's CENTO connection with the West is also a liability in the context of developing closer relations with the Arabs. The introduction of CENTO into the Persian Gulf would particularly alarm Arabs.

What Iran Cannot Do. While Iran's military power and example of a stable, well-run nation doubtless stands for much, it cannot prevent incipient subversion and revolution among its neighbors. Nor can it do much to arbitrate the squabbles which will inevitably arise among sheikhdoms and states on the Arab side of the Gulf which are also rooted in age-old rivalries and conflicting territorial claims. Iran itself is

involved in two disputes which concern several small islands (Abu Musa and the Tunbs) which guard the entrance to the Persian Gulf. As often as not these disputes are grievously complicated by the actual or suspected presence of oil.

Iran's ability to contain the growth of radical Arabism in the area is also severely circumscribed. It can provide some money and moral support for moderate regimes but in the end it is a matter that can be dealt with decisively only by indigenous forces. Iran's ability to prevent the growth of Soviet influence in the Gulf area through the ascendance of radical Arabism is also very limited. The Soviets have reflected increasing interest in the Gulf. Whether they will move cautiously in the interest of preserving good relations with Iran, Turkey and Pakistan is problematical. The Soviets maintained a position of neutrality in the recent dispute between Iran and Iraq over the Shatt al-Arab River. This position was assumed even though Soviet influence in the Gulf area is concentrated mainly in Iraq.

Conclusion. There a substantial and positive role Iran can play in providing for the security and stability of the Persian Gulf after the British leave in 1971. There are also real limits to what it can achieve. Its best chance of achieving its purpose lies in its gaining the active cooperation of its Islamic neighbors, particularly Saudi Arabia and Pakistan.

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 601, Country Files, Middle East, Iran, Vol. II, 6/1/70-12/70. Secret. Sent for information. A stamped note on the memorandum indicated that President Nixon read it. The report was in response to an attached, undated, handwritten instruction from Nixon, which read, "Give me a report (no priority) on the Shah's idea of Iran (& Cento) playing a greater role in the Persian Gulf—Is it just too naive—"

* Bahrain, Qatar, Abu Dhabi, Dubai, Sharjah, Ajman, Ras al-Khaimah, Umm al-Qaiwain, Fujairah. Total population 453,000 of which 200,000 is on Bahrain.

76. Airgram 217 From the Embassy in Iran to the
Department of State, July 7, 1970¹

July 7, 1970

July 7, 1970
AIRGRAM
DEPARTMENT OF STATE
TEHRAN 217

TO:
Department of State

INFO:
BEIRUT, JIDDA, RAWALPINDI, Amconsuls TABRIZ, KHORRAMSHAHR

FROM:

Amembassy TEHRAN

DATE:
July 7, 1970

SUBJECT:
Selecting a New Leader for Shi'ite Islam

Summary.

The position of "Pishva" or leader of the Shiite sect of Islam became vacant on June 1st upon the death of Ayatollah Hakim, and the GOI is attempting to have a religious leader who is resident in Iran and not opposed to the Shah's rule, chosen to take his place.

GOI efforts in support of two leading Iranian Shi'ite divines, Ayatollah Shariat-MADERI and Ayatollah Khonsari, have been counter-productive since its activities have generated suspicion among the Ulema, or religious leaders, who traditionally distrust the government and resent its interference in religious matters. The leading contender for the leadership among the faithful is

Ayatollah Khomeini, who commands considerable respect and popularity in the bazaars of Iran. However, his residence in Iraq and his firm opposition to the Shah make him totally unacceptable to the GOI which,

in turn, virtually precludes his becoming the new Pishva. The selection of a new leader is adversely affecting the already strained relations between Iran and Iraq. Iran, as the population center of world Shi'ism, claims the right to veto the selection of a leader it finds unacceptable; Iraq would favor the selection of Khomeini, due in large measure to his antipathy toward the Shah. Because of the different attitudes and goals of the governments, it is likely the position of Pishva will remain vacant for some time.

Ayatollah* Seyed Mohsen HAKIM, the spiritual leader of the world's million Shi'ite Muslims, died on June 1 in Baghdad, at the age of 84. The choice of a pishva to succeed Hakim immediately became a prime topic of concern in Iran, where 92% of its 29 million inhabitants are adherents of Shi'ite Islam, making Iran the heart of the Shi'ite world. There is a very elastic and informal procedure for choosing a new Pishva. According to Shi'ite theology, there must be a consensus of the Ulema on who should be the new leader. Considering the inherently political nature of Shi'ite Islam, the consensus is hard to achieve and is usually won only by a man noted not only for his piety and learning but also for his political astuteness in balancing different factions and views. The procedure also makes it difficult for any government to control the choice since the opinions of all leading clerics must be considered, not merely the views of a formal body similar to the College of Cardinals in the Catholic Church.

The GOI is acutely aware of the considerable influence the Ulema still have in Iranian society and see the benefits to be gained from the selection of a Pishva who is resident in Iran and not critical of the Shah. Consequently, GOI efforts to influence the choice of a new Pishva have been quite intense.

The Shah declared three days of official mourning upon Hakim's death, and sent condolence messages to the Hakim's son in Baghdad and to two leading Iranian clerics. The Iranian charge in Baghdad called on Hakim's son to express the Shah's condolences and also attended Hakim's funeral. The Ayatollah was praised in the Persian press as a man of great learning and a light to the Shi'ite faith. These actions not only confirmed the Government's bona fides as a supporter of the faith but were also indicative of the esteem in which Hakim was held in Iran. This is all the more notable considering Hakim generally opposed the Shah's rule and, although of Iranian parentage, never visited Iran, even after being invited by the GOI.

The Government chose two leading Iranian Shi'ite divines as its candidates for Pishva of the faithful—Ayatollah Haj Seyed Kazan SHARIAT-MADERI of Qom and Ayatollah Haj Seyed Ahmad Mousavi KHONSARI of Tehran. Although the Government made no public announcement indicating its support for the two clerics, its preferences were obvious. The Shah's condolences were sent only to them and to no other Ayatollah of equal standing. Press reports speculating on the choice of the new Pishva have repeatedly played up both of the clerics, especially Shariat-MADERI. Both clerics had certain attributes which made them natural choices from the government's point of view. They are highly esteemed among the Ulema in Iran, they live in Iran—and most important—they are apolitical, thereby posing no threat to the Government.

Shariat-MADERI, the leading choice of the GOI, is 68 years old, an Azerbaijani, a teacher of Shi'ite law and tradition, an expert in trade and business, and generally recognized as a man of great piety and knowledge. His knowledge of Shi'ite commercial law has given him a broad following in the bazaars throughout Iran. He is also relatively liberal on questions of family law and education, thereby making him even more attractive to the Government. He does not, moreover, have the reputation of being a Government supporter, which would preclude him from being considered as Pishva, for the Ulema view with suspicion any religious leader with close ties to the Government. He is apolitical, believes in minimizing Shi'ite political activities and dedicates himself to furthering Shi'ite religious teachings. The Government, however, faces a number of obstacles in its efforts to have Shariat-MADERI chosen as Pishva. Ulema opposed to his selection have seized on the telegram sent by the Shah, and the fact that he replied to it, as proof that he is a "lackey" of the Government and not deserving of the title of Mara-e-Taqlid—"Source of Imitation".

Opposition to his elevation exists from other quarters as well. The clandestine radios, realizing Pishva who is not opposed to the Shah would reduce opportunities for encouraging dissidence among religious elements, view the government push for Shariat-MADERI with apprehension. The National Voice of Iran* noted that "the Coup d'état regime was shamelessly attempting to turn his (Hakim's) death into a victory for their dirty designs and appoint one of their stooges as his successor."

The strongest opposition to Shariat-MADERI comes from Iraq, the theological center for Shi'ite Islam, where the leading candidate for

Pishva is Ayatollah Ruhalla KHOMEINI. Khomeini lived in Iran until 1965 when he was exiled to Istanbul for his opposition to the Shah's reform programs and the Government's interference in religious matters. He went from Istanbul to Iraq and has resided there ever since. Khomeini is not only a respected, learned Shi'ite divine, but also a polished speaker, politically astute and well-versed in Middle Eastern political machinations. His opposition to the Shah's rule is well-known, making him more attractive to the Iraqi Government but anathema to Iran. Although the selection of a new Pishva is on the surface strictly a religious matter, it assumes political importance because both Iran and Iraq have sizeable Shi'ite communities (48% of the Iraqi population), and the strained relations between the two countries are undoubtedly exacerbated by their respective maneuverings to influence the selection of a leader.

Khomeini has strong support among the bazaaris and Ulema in Tehran and his selection is also being encouraged by Iraq and the clandestine radios. His picture is being displayed in the bazaar and south Tehran and some Mullahs have begun reading the daily prayers in his name—an honor reserved for the leader of the Shilites. *[text not declassified]* reports of leaflets supporting

Khomeini being smuggled from Iraq into Iran, and Radio Peyk-e-Iran^{*} has praised Khomeini for his "struggles" in support of "freedom, democracy and anti-imperialism." The growing support for Khomeini has met with strong opposition from the GOI. Mullahs who have publicly supported him have been detained by the security organization and have been warned to desist in their support.

It is becoming increasingly obvious, however, that any Ayatollah who does not have GOI support will not be able to assume the mantle of Pishva, at least for the 27 million Shi'ites in Iran. A recent English language weekly published in Tehran noted that although political considerations should not affect the choice of a Pishva, it is obvious that since Iran is the center for world Shi'ism, no one could be chosen who did not have the support of the GOT. Khomeini was mentioned specifically as falling in the category of the non-acceptables.

Indications are that neither Shariat-MADERI nor Khonsari, because they have been tainted with the Government brush, will receive the necessary support among the Ulema to be chosen as the new Pishva. Although Khomeini probably has the greatest support among the Ulema, the opposition of the Government of Iran to his selection will probably

preclude his being named Pishva. Since the possibility of finding a leader acceptable to both the Iraqi and Iranian governments is negligible, the post will probably remain vacant for the foreseeable future.

MACARTHUR

¹ Source: National Archives, RG 59, Central Files 1970-73, SOC 12 IRAN. Confidential. Drafted by Arnold L. Raphel and approved by Touissaint.

* - Title given to leading Shi'ite clerics.

* - Clandestine Communist radio broadcasting from Baku.

* - Clandestine Communist radio broadcasting from Eastern Europe.

77. Telegram 115967 From the Department of State to the Embassy in Iran, July 20, 1970, 2106Z¹

July 20, 1970, 2106Z

TELEGRAM

Department of State 115967
20 Jul 70 2106Z

ACTION:

Amembassy TEHRAN

Pass Armish/MAAG

INFO:

CINCSTRIKE/CINCMEAFSA

JOINT STATE/DEFENSE MESSAGE

1. GOI contacts with manufacturers concerning acquisition of C-130's and F-4's in expectation that special deal with Occidental Oil may provide funds enabling Iran to make additional purchases gives us concern that the GOI clearly understand USG policy decision on sale of these additional major items has not yet been made. Realize that negative decisions would cause grave problems in our relations with Iran. Nevertheless we believe we must examine again the question of whether our military sales to Iran are in our overall interests, whether they may affect area security and stability, and whether there is a military requirement for this equipment. In this connection DOD has requested a special national intelligence estimate of the threat to Iran. In addition JSOP FY 1973-80 currently being prepared and will be used in evaluating Iranian military requirements to meet threat.
2. We continue to be hopeful that instead of piecemeal approach purchases such as those mentioned above will be included an overall plan which emerges from the Toufanian- Twitchell study now underway. We understand study is being prepared to provide Shah consolidated list of equipment each armed service wishes acquire to enable HIM to make rational decision on allocation of resources among competing services. Would hope that once study completed we can enter into discussion with GOI of items, time and, to degree possible, financing of acquisitions to be made in US along lines discussed by

Under Secretary Richardson with Shah and Hoveyda last April. In meantime MAAG should ensure continued GOI understanding that MAAG participation in Toufanian-Twitchell study in no way implies USG endorsement of total equipment acquisition wants of GOI armed services.

3. Request MAAG provide status report on program and content Toufanian-Twitchell study ASAP.

END

ROGERS

¹ Source: National Archives, RG 59, Central Files 1970-73, DEF 12-5 IRAN. Secret. Drafted by Miklos; cleared by DOD and Richard C. Matheron (PM/MA&S); and approved by Davies.

78. Telegram 3144 From the Embassy in Iran to the
Department of State, July 22, 1970, 0730Z¹

July 22, 1970, 0730Z

TELEGRAM
Department of State
TEHRAN 3114

21 - 19

ACTION NEW-05

INFO OCT-01 SS-20 NSC-10 NSCE-00 INR-06 CIAE-00 NSAE-00 PM-03
DODE-00 RSR-01 L-02 E-04 MC-02 EUR-12 /070 W 129683

PR 220730Z JUL 79

FM AMEMBASSY TEHRAN

TO SECSTATE WASHDC PRIORITY 1817

INFO CINCSTRIKE/CINCMEAFSA

FOR ASST SECY SISCO

SUBJECT:
IRAN'S MILITARY PROCUREMENT PROGRAM

REF:
STATE 115967

1. NEITHER I NOR GENERAL TWITCHELL UNDERSTAND PRECISELY WHAT IS MEANT BY REFTTEL AND WE ARE CONCERNED OVER POSSIBLE IMPLICATIONS. FIRST, SPECIAL DEAL WITH OCCIDENTAL OIL IS NOT RPT NOT TO "PROVIDE FUND ENABLING IRAN TO MAKE ADDITIONAL PURCHASES" TO THOSE HE HAS ALREADY SIGNALLED TO US. IT IS TO PAY FOR F-4 AND C-130 AIRCRAFT WHICH SHAH LONG SINCE INFORMED US HE BELIEVES ESSENTIAL FOR SECURITY OF IRAN AND ITS LIFELINE, THE PERSIAN GULF. INDEED SHAH SUBSEQUENTLY DISCUSSED THESE AIRCRAFT ACQUISITION PLANS PERSONALLY WITH

PRESIDENT, SECRETARY ROGERS AND SECRETARY LAIRD LAST OCTOBER AND LAST APRIL WITH WITH UNDER SECRETARY RICHARDSON AND HIS NEED FOR THIS EQUIPMENT WAS NOT CHALLENGED.

2. WE ALSO DO NOT RPT NOT UNDERSTAND WHAT IS MEANT BY PHRASE IN REFTTEL: "NEVERTHLESS, WE BELIEVE WE MUST REEXAMINE AGAIN QUESTION OF WHETHER OUR MILITARY SALES TO IRAN ARE IN OUR OVER-ALL INTERESTS, WHETHER THEY MAY AFFECT AREA SECURITY AND STABILITY, AND WHETHER THERE IS A MILITARY REQUIREMENT FOR THIS EQUIPMENT." IRAN IS, OF COURSE, RECEIVING NO RPT NO GRANT ECONOMIC OR MILITARY EQUIPMENT FROM US. IT ISBUYING EQUIPMENT FROM US. WE MUST OF COURSE KNOW WHETHER REFTTEL MEANS THAT WE ARE CONSIDERING REFUSING TO LET IRAN PURCHASE MILITARY EQUIPMENT FROM US AND AT SAME TIME REVERSING OUR POLICY WITH RESPECT TO IRAN AND IN EFFECT RENEGING ON 1968 UNDERSTANDING PROVIDING IRAN WITH FMS CREDIT IN \$100,000,000 ANNUAL TRANCHES, OF WHICH THERE ARE STILL \$400,000,000 OUTSTANDING?
3. IN THIS CONNECTION UNDER SECRETARY RICHARDSON IN HIS TALKS LAST APRIL WITH SHAH AND OTHER GOI LEADERS NOT ONLY INDICATED THAT WE INTENDED TO CARRY OUT OUR UNDERSTANDING UNDER 1968 MILITARY EQUIPMENT ACQUISITION ARGEEMENT BUT ALSO THAT WE WERE READY TO EXAMINE SHAH'S MILITARY REQUIREMENTS WITH A VIEW TO EXTENDING 1968 AGREEMENT TO PROVIDE FOR ADDITIONAL EQUIPMENT. RICHARDSON PRIVATELY TOLD SHAH AND PRIMIN HOVENDA WE RECOGNIZE RELEVANCE OF NIXON DOCTRINE TO SHAH'S PROPOSAL FOR MAINTAINING PEACE AND STABILITY IN GULF AREA AND THAT US SHOULD SEEK TO HELP THOSE WHO ARE WILLING, LIKE IRAN, TO BEAR REGIONALDEFENSE BURDENS. BEFORE LEAVING IRAN UNDER SECRETARY PUBLICLY REFERRED TO FUTURE OF GULF AREA SAYING: "I THINK IT WOULD BE CLEARLY MORE CONSISTENT WITH PURPOSE AND OBJECTIVE OF NIXON DOCTRINE THAT WE SHOULD LOOK TO COUNTRIES IN AREA, AND TO LEADERSHIP OF IRAN IN PARTICULAR, TO CARRY OUT OBJECTIVES OF MAINTAINING FRAMEWORK OF PEACE AND STABILITY.
4. IT IS VERY IMPORTANT THAT WE KNOW WHETHER USG IS PRESENTLY CONSIDERING REVERSING OUR POLICY WITH RESPECT TO IRAN AND GOING BACK ON OUR UNDERSTANDINGS WITH SHAH (A) AT AT TIME WHEN A STRONG IRAN SEEMS MORE IMPORTANT THAN EVER TO OUR OWN ESSENTIAL

NATIONAL INTEREST IN GULF AND (B) WHEN WE HAVE VITAL INTEREST THAT SOVIETS DO NOT UPSET OVER-ALL EAST- WEST BALANCE OF FORCES IN MIDDLE EAST AREA. TO WHICH A STRONG AND FRIENDLY IRAN CAN MAKE IMPORTANT CONTRIBUTION BY BALANCING OFF INCREASING SOVIET INFLUENCE IN ARABIAN PENINSULA. AND AS WE HAVE ALSO POINTED OUT BEFORE, IRAN PROVIDES ONLY RPT ONLY CORRIDOR FOR US TO DEPLOY EASTWARD FROM MEDITERRANEAN AND NATO AREAS: IT PROVIDES US WITH VITAL AND IRREPLACEABLE FACILITIES: AND IT IS ONLY POSITIVE AND DEPENDABLE ELEMENT OF STRENGTH STABILITY AND PROGRESS THAT WE HAVE TO WORK WITH IN THE ENTIRE GREAT SOUTH ASIAN-ARABIAN PENINSULA COMPLEX.

5. IF, AS COULD BE READ INTO REFTTEL, WE ARE INDEED CONTEMPLATING REVERSING OUR POLICY WITH RESPECT TO IRAN, I WANT TO MAKE CLEAR THAT PRICE WE WILL PAY IN TERMS OF OUR NATIONAL INTERESTS WILL, IN OUR BEST JUDGEMENT NOT BE ONE THAT WE CAN AFFORD. SHAH IS DETERMINED TO GET THE EQUIPMENT FOR HIS FORCES THAT HE BELIEVES IRAN'S SECURITY AND SURVIVAL REQUIRE. IF WE WILL NOT PROVIDE IT, HE WILL OBTAIN IT FROM BRITAIN, FRANCE, GERMANY AND ITALY WHO ARE ALL EAGER TO BECOME SUPPLIERS TO A COUNTRY WHICH THEY REGARD AS IMPORTANT TO THEIR OWN NATIONAL INTERESTS IN GULF AND IF WE SUDDENLY TURN OUR BACK ON HIM AND SHUN HIM BY REVERSING OR CHANGING OUR POLICY WITH RESPECT TO COOPERATING WITH HIM IN HIS MILITARY BUILD-UP, THERE WILL BE AN END TO SPECIAL RELATIONSHIP SHAH FEELS FOR US WHICH HAS AND CAN CONTINUE TO BE OF SUCH GREAT IMPORTANCE TO OUR OWN NATIONAL INTERESTS. I KNOW I NEED NOT POINT OUT AGAIN THAT WITH TERMINATION OF GRANT ECONOMIC AID, THIS SPECIAL RELATIONSHIP AND RESULTANT SPECIAL FACILITIES AS WELL AS VERY HELPFUL DIPLOMATIC SUPPORT WE ENJOY FROM IRAN ARE FROM SHAH'S VIEWPOINT A NATURAL CONSEQUENCE OF OUR COOPERATION IN HELPING TRAIN, DEVELOP, AND EQUIP HIS FORCES SO THAT IRAN CAN SURVIVE EVEN IF, AS IS POSSIBLE, OTHER SIDE OF GULF FALLS TO RADICAL ARABS AND THEIR SOVIET SUPPORTERS. REFUSAL ON OUR PART TO CONTINUE COOPERATE WITH HIM IN DEVELOPMENT OF HIS FORCES WILL INEVITABLY LEAD TO A RUPTURE OF THIS SPECIAL RELATIONSHIP WHICH WE HAVE SO CAREFULLY DEVELOPED OVER YEARS AND WHICH IN LIGHT OF SOVIET PENETRATION OF MIDDLE EAST SEEMS

FROM THIS VANTAGE POINT MORE IMPORTANT THAN EVER TO US.

6. WE ARE NOT RPT NOT IN ANY SENSE BLIND TO FACT THAT SHAH'S APPETITIE FOR EQUIPMENT IS SOMETIMES EXCESSIVE. WE TOOK INITIATIVE IN GETTING AT THIS PROBLEM LAST WINTER BY PERSUADING IRAN TO DRAW UP A SHOPPING LIST OF EQUIPMENT WHICH BROUGHT TO ATTENTION OF SHAH AND PRIME MINISTER FOR FIRST TIME COST IMPLICATIONS OF WHAT HIS THREE, SERVICES WANTED TO ACQUIRE. WE THEN FOLLOWED UP BY PROPOSING TWITCHELL-TOUFANIAN STUDY THROUGH WHICH WE HOPE TO PROVIDE BASIS FOR ORDERLY SELECTION OF PRIORITIES AND HOPEFULLY A SCALING DOWN OF OVERALL REQUIREMENTS, ETC. ALREADY SOME ITEMS AMOUNTING TO SEVERAL HUNDRED MILLION DOLLARS HAVE BEEN DELETED FROM ORIGINAL SHOPPING LIST OF US EQUIPMENT. HOWEVER, AS SHAH INFORMED PRESIDENT, HE GIVES ABSOLUTE PRIORITY TO DEVELOPMENT OF HIS AIR FORCE AND WISHES IT AMERICAN-EQUIPPED AND TRAINED. REALISTICALLY I DO NOT SEEN HIM REDUCING BASIC AIRCRAFT REQUIREMENTS HE INDICATED TO PRESIDENT AND SECRETARIES ROGERS AND LAIRD ALTHOUGH I DO I BELIEVE THERE MAY BE POSSIBILITY OF SOME STRETCH-OUT OF HIS PLANS BECAUSE OF TRAINED MANPOWER LIMITATIONS. WE WILL, OF COURSE, CONTINUE TO TRY TO DISCOURAGE AN EXCESSIVE IRANIAN APPETITE FOR MILITARY EQUIPMENT. IN OUR JUDGMENT, BEST WAY IS TO PROCEED BY JOINT STUDIES SUCH AS TWITCHELL-TOUFANIAN EFFORT WHICH, SHOULD NOT ONLY INDICATE TOTAL MAGNITUDE IN FOREIGN EXCHANGE AND REAL COSTS BUT ALSO COST AND NECESSARY TIME LEAD IN VITALLY IMPORTANT TRAINED MANPOWER SPHERE.
7. URGENCY OF OUR QUERIES ABOUT REFTEL STEMS FROM FACT THAT OCCIDENTAL PRESIDENT HAMMER AND OCCIDENTAL INTERNATIONAL PRESIDENT WATSON ARRIVING TEHRAN JULY 29 "TO WORK OUT FINAL DETAILS OF AGREEMENT WITH GOI ON OVERLIFT PURCHASES AND DRILLING IN ABU MUSA AREA." (STATE 116065) IF AGREEMENT IS REACHED ON OVERLIFT PURCHASES IT WILL BE FOLLOWED BY OXY SIGNING AGREEMENTS WITH MCDONNELL-DOUGLAS AND LOCKHEED (WHICH HAVE FIXED A JULY 31 DEADLINE) FOR PURCHASE OF ADDITIONAL F-4 AND C-130 AIRCRAFT WHICH SHAH HAS MADE CLEAR TO US HE BELIEVES ESSENTIAL TO IRAN'S VITAL SECURITY NEEDS. IF THERE IS ANY QUESTION OF OUR REFUSING TO LET IRAN PURCHASE THESE ADDITIONAL AIRCRAFT, WE OWE IT TO

SHAH TO TELL HIM SO AND WHY. HOWEVER, IF WE DO SO, HE WILL TAKE SUCH ACTION ON OUR PART AS PERSONAL AFFRONT AND A LACK OF CONFIDENCE IN HIM AND AS CLEAR INDICATION THAT DECISION HAS BEEN TAKEN AT HIGHEST LEVEL IN USG AND NOT RPT NOT TO COOPERATE WITH IRAN IN MEETING WHAT HE CONSIDERS ITS ESSENTIAL SECURITY REQUIREMENTS. AS I HAVE POINTED OUT, THIS WILL INEVITABLY LEAD TO A DEFINITE ESTRANGEMENT WITH SHAH AND IRAN.

GP-3

MACARTHUR

¹ Source: National Archives, RG 59, Central Files 1970-73, DEF 12-5 IRAN. Secret; Priority; Limdis.

79. Memorandum From the Assistant Secretary of Defense for International Security Affairs (Nutter) to the Director, Joint Staff (Vogt), Washington, July 29, 1970¹

Washington, July 29, 1970

29 JUL 1970

MEMORANDUM FOR THE DIRECTOR, JOINT STAFF, OJCS

SUBJECT:

United States Military MissiON with Iran and United States Military Advisory GroUP to Iran (ARMISH-MAAG)

The number of personnel currently authorized for ARMISH-MAAG, Iran, is 425 (272 U.S. Personnel and 153 foreign nationals). The annual cost to the U.S. to support these personnel in FY 71 is approximately \$6.8 million (\$4.7 million is Service funded and \$2.1 million is funded under the Military Assistaace Program).

There are a number of factors which militate against the maintenance, at U.S. expense, of this large U.S. military representation in Iran. Among these are our desire to reduce the U.S. military presence abroad, and the fact that Iran's economy is such that it can afford to pay for the military advice, materiel and services it requires.

While the military relationship is a very important factor in our overall relations with Iran, I am convinced that a reduction in the size of ARMISH/MAAG will not substantially impair those relations, particularly if the MAAG is reorganised functionally in such a way to be responsive to the needs of the GOI.

Accordingly, the Joint Staff is requested to submit for approval within 60 days (1) a revised organizational structure, tailored to and responsive to MAP residual functions in Iran, advisory requirements, and Iran's U.S. Foreign Military Sales (FMS) needs which will permit successive strength reductions without need for reorganization; (2) Terms of Reference which eliminate all functions related to administration and logistical support of non-MAP and non-FMS activities; and (3) Tables of Distribution for 1 July 71, 1 July 72, and 1 July 73 to implement the following guidelines for reduction of authorized personnel:

cc: SD-I

Distribution

Original + 3 - Addee

Green - OSD

Blue - R&C

White - ISA

Yellow - C&T comeback

Pink - O&T hold copy

	U.S. Personnel	Foreign Nationals	Total
1 Jul 70	272	153	425
1 Jul 71 (25% reduction)	204	115	319
1 Jul 72 (25% reduction)	153	86	239
1 Jul 73 (25% reduction)	115	65	180

In addition, the Joint Staff should develop a plan through which the non-MAP support functions currently provided by the MAAG can be continued outside the Military Assistance program.

G. Warren Nutter
ASD/ISA

¹ Source: Washington National Records Center, OASD Files, ISA Files, Box 19, FRC 330-73A, 1975, Iran 000.1—, 333, 1970, 320.2, Iran. Secret. Drafted by Colonel Aguilar. This document, a copy, has a stamp indicating that Nutter signed the original.

80. Letter From President Nixon to the Shah of Iran,
Washington, July 30, 1970¹

Washington, July 30, 1970

THE WHITE HOUSE
WASHINGTON
July 30, 1970

Your Imperial Majesty:

I greatly appreciated your letter and the frankness with which you wrote me about problems of concern to both our countries, including your assessment of developments in the Persian Gulf area. Such frankness also characterized the good talks we had with your Foreign Minister during his recent Washington visit and contributes greatly to better understanding.

I have delayed replying to your letter in the hope that I could send you some definite word about the Foreign Military Sales bill, which I fully appreciate is so important to your defense planning. To my very great regret, this bill was delayed by Congressional debate and is presently being considered by a Senate-House of Representatives conference. We will be in touch with you as soon as we can see more clearly the outcome of this conference. However, I am hopeful that this matter will be resolved in the next two or three months. I can assure you that we are extremely conscious of the problems this uncertainty causes you and we intend to make every effort to find a practical solution.

While our system of annual tranches does cause inconvenience for both our governments, I know you understand that the Congress only reluctantly approves programs for more than even one year and we unfortunately cannot settle the matter definitively for a five-year period. However, I fully agree that there is great merit in planning military acquisitions over a five-year period. Along these lines, I understand that General Toufanian, with the full cooperation of the U. S. military advisers in Tehran, is preparing a study which will focus on all the factors related to the military equipment which the armed services of your country wish to acquire. I hope this study will be of value in helping you to reach decisions regarding the priorities and programming

of military acquisitions. It should certainly provide a framework for the greatest possible continuing cooperation between us. I know of your concern over the possibility that the islands of Abu Musa and the Tumbs might fall into hostile hands. I sincerely hope that conversations you have had with the Sheikhs of Sharjah and Ras al-Khaimah will lead to an amicable arrangement for the future of these islands.

I share your concern over recent events in Jordan which could make it much more difficult to achieve a settlement of the Arab-Israeli dispute. As Your Majesty knows, my government has undertaken new initiatives in the search for ways in which the two sides can be brought together to discuss how they might settle their differences. I hope that these efforts will continue to bear fruit and that I may count on you as I have in the past for your understanding and support.

After receiving your letter, we have again given the matter of a special oil import quota for Iran very careful thought. I greatly regret that under the current program, we are unable to do anything in this regard in the foreseeable future. As you know from past conversations, this issue is a complex one for my government both economically and politically, involving as it does this country's entire import system and policy.

I recognize and sympathize with the economic difficulties that make it desirable for Iran to maximize its oil revenues. Iran's welfare is of great concern to us. I want you to know that we have urged several American firms to explore urgently the practicality of purchasing Iranian oil, at least in part as an offset to recent production decreases ordered in Libya. I understand that serious discussions have been taking place between your Government and at least one American company. We shall continue to encourage other companies to try to find ways of dealing with the particular problems each of them may have in connection with shifting their purchases to or increasing them in Iran. I hope that these initiatives will help in some significant measure.

Mrs. Nixon joins me in sending our warmest regards to you, the Empress, and your family. I greatly value these exchanges with you and the relationship they reflect.

Sincerely,
Richard Nixon
His Imperial Majesty
Mohammad Reza Shah Pahlavi

Shahanshah of Iran
Tehran

¹ Source: National Archives, RG 59, Central Files 1970-73, POL IRAN-US. Drafted and cleared in NEA on July 15. In Telegram 105171 July 1, the Department reported to the Embassy that its attempt to encourage American oil companies to replace reductions in Libyan production with Iranian oil had been unavailing to date, but that the Department would continue to pursue these efforts. (Ibid., PET 6 IRAN)

81. Telegram 124269 From the Department of State to the Embassy in Iran, August 1, 1970, 1617Z¹

August 1, 1970, 1617Z

TELEGRAM

Department of State 124269

ACTION:

Amembassy TEHRAN IMMEDIATE

INFO:

CINCSTRIKE/CINCMEAFSA

STATE_____

LIMDIS

JOINT STATE/DEFENSE MESSAGE

REF:

Tehran 3144

1. Very much appreciate your comments and concerns about difficult issues which would arise should we turn down certain Iranian requests purchase additional military aircraft which Shah believes essential for his security. Unquestionably a decision of this nature would be made only at highest USG levels.
2. We feel it important, however, that we and GOI not overlook caveats set forth in our 1968 undertaking to Shah. We take seriously and believe GOI does as well our annual military-economic review which, among other things, calls for examination of impact of Iran's military expenditures on other pressing economic development and social needs. Fact that Iran might acquire heretofore unanticipated resources through some special arrangement with Occidental US Oil Co. does not in our view lessen the need for both US and the GOI to assess carefully the broad policy implications as well as narrower financial and manpower effects of major new purchases. Such assessments are not intended and should not be interpreted as a sign of our lack of confidence in the Shah or a signal that some basic USG policy change is in the offing. Rather they are intended to insure, however, that

rational, conscious decisions are made only after all relevant factors have been taken into account.

3. In this connection we understand from MCDONNELL-Douglas here that the Shah has requested the McDonnell Douglas representative in Tehran to change its letter of intent to indicate that Iran intends to purchase 73 rpt 73 F-4's. If this is correct it would indicate an expenditure of approximately \$300 million, not including spares and support equipment. While we have no reason to believe that the GOI is not well aware of the condition that any such purchase contract is dependent on final USG approval, we believe it desirable to explicitly draw this fact to its attention at whatever level you deem most appropriate and effective. In doing so you should make it clear that a purchase of this magnitude will require most careful consideration and will take some time. You may draw on the views expressed in para 2 if there appears a need to elaborate on this point.

GP-3

END

JOHNSON

¹ Source: National Archives, RG 59, Central Files 1970-73, DEF 12-5 IRAN. Secret; Immediate; Limdis. Repeated to CINCSTRIKE/CINCMEAFSA. Drafted by Miklos; cleared by Christian G. Chapman (PM), DOD, Melvyn Levitsky (S/S), Christopher Van Hollen (NEA), and Sisco; and approved by Acting Secretary Johnson. In Telegram 3387 from Tehran, August 7, MacArthur relayed the unanimous recommendation of the country team that a "fundamental US policy review with respect to Iran be considered ASAP by highest level of USG in the broad context of the over-all RPT over-all role of Iran in terms of Nixon Doctrine and our national interests in this vitally important part of world where Iran is the solid and only dependable eastern anchor of our over-all Mid-east position." (Ibid.)

82. Memorandum From [name not declassified] of the Near East and South Asia Division of the Directorate for Plans, Central Intelligence, to the Deputy Director's Executive Assistant [name not declassified], August 10, 1970¹

August 10, 1970

MEMORANDUM FOR:

Executive Assistant to the Deputy Director

SUBJECT:

Visit of Major General Palizban

REFERENCES:

Previous memoranda, same subject as above.

1. In connection with Major General Palizban's visit to Headquarters building on 18 August, the ACSI desires that all personnel who will be in contact with Major General Palizban during his visit to the United States be informed of the following information recently furnished by ARMISH-MAAG, Tehran:

"It is important to note that Iranians have a tendency to want to buy or be given exotic equipment which they are not prepared to use and, in many instances, cannot afford to purchase. There is also a tendency to accept a casual remark such as 'we will look into this and let you know' as a definite promise to provide equipment, information or assistance. Therefore, it is recommended that discussions and demonstrations take into consideration imperial Iranian Army capabilities, costs, and the U.S. national disclosure policy. Should the situation arise, General Palizban should be politely informed that availability, price, etc., cannot be determined until after a specific purchase or other request is received from his government.

2. Please brief the DDCI on the substance of para 1 above prior to his luncheon meeting with Major General Palizban scheduled for 1200 hours on 18 August 1970.
3. Also for the DDCI's information, attached is a copy of the official ACSI itinerary for Major General Palizban's U.S. visit.

Attachment (1)

As Stated

[text not declassified]

3 August 1970

MEMORANDUM FOR:

Deputy Director of Central Intelligence
VIA: Deputy Director for Plans
Foreign Intelligence Staff
Counter Intelligence Staff

SUBJECT:

Visit of Major General Azizollah Palizban, Chief, Combined Intelligence and Counter-intelligence Organization and J-2, Supreme Commander's Staff, Imperial Iranian Army

REFERENCE:

Memorandum for the DDP, dated 29 July 1970, same subject as above

1. Major General Azizollah Palizban, Chief, Combined Intelligence and Counterintelligence Organization and J-2, Supreme Commander's Staff, Imperial Iranian Army, accompanied by his aide/interpreter, Major Razavi, will visit the Headquarters building on 18 August 1970. He will be your guest for lunch on that date at 1200, along with senior NE Division officials (a guest list is attached). While here, General Palizban will receive briefings from representatives of OTR, OCI, and SE Division. An agenda of the briefings is attached in the event that General Palizban raises some of the briefing topics in conversation with you during lunch.
2. There is no cover for the visit to Headquarters building as General Palizban is visiting the United States from 11-19 August 1970 as an official guest of Major General J. A. McChristian, General Staff, Assistant Chief of Staff for Intelligence. *[text not declassified]* The Agency Officer for the visit will be *[text not declassified]*
3. *[text not declassified]*

4. [*text not declassified*]
5. As a result of his position, General Palizban has direct access to the Shah and responds to his personal guidance. In view of this, the General may have been encouraged by the Shah to raise the following topics which involve policy during meetings with high-level U.S. Government officials:
 - a. He may attempt to get an indication of any change in basic policy vis-a-vis Iran in view of its rapprochement with the Soviet Bloc and its "independent foreign policy." He will probably emphasize Iran's role as a strong, stable nation in the Middle East, an area in which the U.S. has few friends and little influence as a result of the consequences of the June 1967 Arab/Israeli War. Recommendation: Stress the U.S. Government's long established friendship with and regard for Iran as a strong and reliable ally in the Middle East. Also comment favorably on the rapid rate of Iran's economic growth as well as the social progress achieved under the leadership of the Shah.
 - b. Continued U.S. military sales to Iran under the Foreign Military Sales (FMS) credit authorization bill currently under Congressional scrutiny. Recommendation: As stated by the President as well as senior Department of State officials, reiterate that the U.S. Government plans to continue the FMS credit authorization subject to Congressional approval.
 - c. Increased importation of Iranian oil. Recommendation: Oil importation quotas are established and regulated by Congress; they can only be altered by Congressional action.
6. General Palizban has never had any previous meetings with Agency Directors and/or Deputy Directors. He will most probably bring a gift for the DDCI which is the Iranian custom. The NE Division will purchase an appropriate gift for presentation by the DDCI if the need arises.

David H. BLEE
Chief, Near East and South Asia Division

5 Attachments,

- 1 - DDP Memorandum dated 29 July 1970
- 2 - Briefing Agenda
- 3 - Lunch Guest List [*text not declassified*]

¹ Source: Central Intelligence Agency, Executive Registry Files, Job 80B01086A, Box 1, Folder Executive Registry Subject Files, I-13, Iran. Secret. The memorandum and attachment are copies with indications that the originals were signed.

83. Memorandum From the Executive Secretary of the Department of State (Eliot) to the President's Assistant for National Security Affairs (Kissinger), Washington, August 27, 1970¹

Washington, August 27, 1970

DEPARTMENT OF STATE
Washington, D.C. 20520
August 27, 1970

MEMORANDUM FOR MR. HENRY A. KISSINGER
THE WHITE HOUSE

SUBJECT:

Export-Import Bank Financing for Iranian Purchases of U.S. Military Equipment

Foreign Military Sales authorization and appropriation legislation may not be forthcoming in the foreseeable future. This has most serious implications for our relations with Iran which has long-term commitments for purchases of U.S. military equipment and payment obligations for this equipment which will be coming due shortly. These obligations and continuing economic development and military requirements have stretched Iran's resources to the limit. It now faces a short-term financial crisis.

Iran has counted heavily on our fulfilling the undertaking we gave it in 1968 to help it finance purchases of U.S. military equipment over a five-year period. If we are now unable to help our close relations with Iran are bound to suffer and our position in this important area of the world deteriorate.

The Department has concluded that we must move urgently in providing Iran with alternative financing. We understand that it may be possible for the Export-Import Bank to help.

We are therefore, with Department of Defense and Treasury concurrence, urging the Export-Import Bank to be responsive to Iranian requests for credit to finance its purchases of U.S. military equipment. This will, of course, be a shift from the course of action we have been pursuing up to

the present in that we had expected Iran would obtain its military credit requirements through Foreign Military Sales legislation. It will also mean that the Export-Import Bank will have to face recurring requests from Iran for military credit at least through FY '72 in accord with our 1968 undertaking.

Group 3

Downgraded at 12-year intervals; not automatically declassified.

We believe that Export-Import Bank Chairman Kearns will consider it prudent to advise the Congress of a favorable Bank decision to finance Iran's military purchases. In this connection the Department believes it would be most helpful for him to have an expression of White House interest in this matter. Accordingly, we believe it would be helpful if you were to write Chairman Kearns indicating White House belief, that, provided Iran meets the Bank's normal lending criteria, it is in the U.S. national interest that the Bank provide Iran with military credit in amounts to be determined after consultation with the Department of State and the Department of Defense. We hope you will find it appropriate in this letter to urge Mr. Kearns to coordinate the timing of any consultations on the Hill on this subject with the State Department in order that they do not jeopardize any other consultations designed to secure authorization for foreign military sales which are currently stymied in the House-Senate Conference.

Theodore L. Eliot, Jr.
Executive Secretary

Clearances:

H- Mr. Schnee

Treasury - Mr. Mc Ginnis

DOD - Mr. Nutter

PM - Mr. Chapman

NEA - Mr. Davis

NEA/IRN: JCMiklos:ml

¹ Source: National Archives, RG 59, Central Files 1970-73, DEF 12-5 IRAN. Secret. Drafted by Miklos; cleared by Schnee, Chapman, and Davies, and in Treasury, and Defense,. According to Telegram 3760 from Tehran, August 31, Iran was able to reach agreement with the Export-Import bank on financing for military aircraft. (Ibid.)

84. Memorandum From the Director of the Central Intelligence Agency (Helms) to the President's Assistant for National Security Affairs (Kissinger), September 2, 1970¹

September 2, 1970

CENTRAL INTELLIGENCE AGENCY
WASHINGTON, D. C. 20505
OFFICE OF THE DIRECTOR
2 September 1970

MEMORANDUM FOR:

The Honorable Henry A. Kissinger

1. I am forwarding herewith a copy of a recent CIA study, Student Unrest Abroad. The Study assays the role of students and the conditions of higher education in some thirty countries and in so doing, strives to place in perspective the relationship of student action and dissidence to other social and political forces in these countries.
2. You may find of particular interest the first section of the Study, "An Overview of Student Unrest," which introduces the ensuing country studies with some observations about the general phenomenon of student dissidence. We have attempted to elaborate, for example, important differences in the patterns of student political action as they occur in the Communist world, the less developed countries and the industrialized non-Communist societies.
3. I intend to keep the matter of world-wide student unrest under periodic review and to bring Student Unrest Abroad up to date upon the development of new evidence and insights.

Richard Helms
Director

Attachment

Copy 2, No. 0532/70

Student Unrest Abroad
August 1970 No. 0532/70

[Omitted here are portions unrelated to Iran.]

IRAN

General Context

Overt student opposition to the government, as well as other opposition elements, has been almost nonexistent in recent years. The Shah is firmly in control of the government and the country, and dissident activity has been suppressed firmly and quickly by his security forces. In addition, programs for reforms and for rapid economic development which he has pushed have pre-empted many of the issues around which intellectual opposition to the Shah was able to rally. As the economy has boomed and as job opportunities have grown, most of the 40,000 university students have been increasingly concerned with securing their place in the establishment rather than fighting it and seem in most instances unwilling to risk their futures by political activity.

Political activism among University of Tehran students was, until recent years, endemic; there were few years between the early 1950s and 1963 not marked by rioting and often bloody demonstrations. Traditionally, the activists were nationalists, supporters of former Prime Minister Mossadeq, of his National Front, or one of the offshoots of the National Front. The Tudeh (Communist) Party was also heavily involved; Tudeh Party cells were active on the campus for 15 years. A few of the early Tudeh Party leaders were university professors, who retain a shadow party-in-exile in Eastern Europe.

In the past, student demonstrations were almost all antigovernment. The Shah provided a natural target and the demonstrations were for the most part unabashedly political, with little attempt to use genuine student grievances as a pretext.

Present Student Attitudes

Most intellectuals and students apparently feel no sense of identification with the regime and its development programs, which are decided at the highest levels. Antiestablishment sentiment is probably intensified by the lack of an effective political opposition either in the universities or in the society as a whole. No political organizations are permitted on university

campuses, and social organizations—primarily government-sponsored "Youth Houses"—are closely watched by the security forces and their informers. There is virtually no channel for effective communication and no constructive outlet for student energies and talents. Outspoken critics of the government have been expelled and drafted.

A university education is today probably the most important requirement for success in Iran. Despite their dissatisfaction with the political system, therefore, most of Iran's students are unwilling to jeopardize future job security by a confrontation with the police over political ideology. In the past, many university graduates were unable to find jobs and therefore had less to lose. Now, however, many of the brightest graduates are absorbed into a burgeoning bureaucracy as participants in the reform program, and the problem of an unemployed, disgruntled educated class is beginning to fade.

Recent Unrest

In recent years, student demonstrations have been aimed at specific educational and economic grievances and appear to have had few political overtones. Student disorders broke out in Tehran in February 1970 apparently as a spontaneous protest against an increase in bus fares. Large-scale arrests were made, followed by further demonstrations protesting the arrests. Most of the students arrested were subsequently released. Some antigovernment leaflets were distributed, but the disorders appear to have been apolitical in nature. In May, a small group of students in Tehran attacked the Iran-American Society student and academic centers, breaking windows. The group, which seemed to be protesting US involvement in Iran rather than the government of the Shah, was quickly dispersed.

The largest and most widespread disturbances in recent years broke out in May and June of 1967 and again in January and February of 1968, affecting all eight of Iran's institutions of higher learning. These demonstrations were aimed primarily at pressing complaints about the educational system; the students demanded, among other things, abolition of newly instituted tuition fees, upgrading of degrees, higher university budgets, and better facilities. Most of these demonstrations were followed by others protesting police and security forces' over-reaction and arrests.

Problems in Higher Education

Iran's eight universities are in transition, changing from a system of memorization and learning by rote to a more flexible, creative approach. Conservative, religious-oriented students find this modernization threatening, as do older entrenched professors. Others probably believe that change is not coming fast enough.

The universities have had difficulty in attracting competent and dynamic faculties, despite government efforts to recruit better qualified teachers. At Tabriz, for example, until a reorganization in 1968, the university was dominated by conservative, long-entrenched native Azerbaijanis with questionable qualifications.

Although the apparent student-faculty ratios at Iranian universities are not too bad, these figures are deceptive. At Tehran University, for example, where the ratio was 28 to 1 in 1966, faculty members have been only part-time teachers—medical professors with private practices, economics professors with their own businesses, etc. Some top professors reportedly have not shown up for classes in years. There has been virtually no faculty-student relationship. Professors traditionally deliver lectures and depart with little or no exchange with their students. The government now has banned part-time teaching, but it is not known to what extent its ruling has been enforced.

Outside Influences

There is little evidence of off-campus influence on student activism. Security officials, and in some instances university officials, charged that Communists were active in the 1967-68 demonstrations; 20 of the 100 students arrested in the Tehran area in February 1968 were alleged to be pro-Chinese Communist. This was not confirmed. There is some Communist activity, consisting primarily of the circulation of a limited amount of Soviet and Chinese propaganda, but generally its effectiveness has been undercut by rapid economic and social development. A few Tudeh Party cells continue to exist at the University of Tehran, but there is no overt manifestation of their presence, and their covert activities are directed mostly at staying alive.

In universities such as Pahlavi, which are in less urban areas, Muslim religious leaders still have an influence over youth. About 50 religiously conservative Shirazi citizens were arrested following disturbances at Pahlavi in February 1968 on charges of fomenting the strikes.

There is no evidence that student revolts in the US, France, and other countries have influenced the Iranian students, or that Iranian dissidents abroad have had an impact on the local scene.

Government Approach to Student Problems

Iranian officials, from the Shah on down, are aware that the regime has not been accepted by many intellectuals. They are anxious to keep youth satisfied and to encourage students to support and participate in the government. There is no visible effort to train youth for political responsibility, however; in fact, the government attempts to keep students from engaging in any political activity.

In the wake of the 1968 demonstrations, the Shah launched a program of reform for higher education. University chancellors were replaced wholesale; an awareness of the need for change was instilled in educators; plans were set forth for producing more graduates in development fields and for increasing technical training; and students were promised a greater voice "within reasonable limits" in university affairs. The government is also attempting to improve and enlarge enrollment, university facilities, and faculties and to establish a more creative and relevant method of instruction. Progress is slow, however, particularly when change is still fought by conservative elements within the academic community.

Political and social pull—being a descendant of one of Iran's "1,000 families"—is still important in the rise to success, but less so than before. More middle-class youth are attending universities, and with the government's increasing emphasis on skill and technical competence, more of them without political connections are now able to get jobs. Of greatest impact, however, has been the increasing availability of government jobs. Both high school and university graduates are employed in large numbers in the Literacy, Health, and Development Corps.

Although the widely publicized educational reform program demonstrates the government's willingness to use the carrot to quiet students, there is little doubt that the stick would be employed without hesitation should student unrest take political shape. There is some evidence, in fact, of a dispute over how to handle restive students between the soft liners in the Education Ministry and hard liners in the security forces.

Iranian Students Abroad

Iranian officials estimate that some 25,000 to 37,000 Iranians are studying abroad, including 5,000 to 12,000 in the US. Surveys have shown that many of the best do not return home because of better opportunities abroad, while average students are likely to come back. Most of the sizable number of dropouts and failures (only 50 percent of the Iranian "students" in the US are thought to be actually enrolled in schools) get nonprofessional jobs with good pay abroad and do not return to Iran.

A degree from a US or European university is considered far more prestigious than one from an Iranian university, and many youths go to fantastic lengths to study abroad. For example, private enterprises in Iran sell admissions to small, often unaccredited universities in the US to students who are unable to gain admission to better US schools. Poorer students often seek education abroad because they are unable to gain entrance to Iran's universities.

A small but vocal segment of Iranian students abroad (an estimated 500 of those in the US), engage in active anti-Shah activities. They hold meetings, issue sporadic publications, and make grandiose plans, but their major activity is to harass the Shah when he travels. Anti-Shah demonstrations, joined by radical students in the US, Germany, Austria, and England, among other places, have been a major irritant to the Shah. They have strained relations with host governments and have often led to supersecrecy and extremely tight security measures during his trips.

The largest organizations of Iranian students abroad—the Iranian Students Association in the US and the Confederation of Iranian Students in Europe—appear to be a conglomeration of Communist sympathizers, National Front-oriented leftists, middle-of-the-roaders, and religiously oriented rightists. They have no ideological cohesiveness; only opposition to the Shah unites them. The leftists, who tend to be more active, almost always assume control but do not necessarily reflect the attitudes of the majority. Most of the funds apparently come from membership dues. Those who are in the forefront of anti-Shah activities are well known to Iranian authorities and most of them find it impossible to return to Iran.

The government is also concerned by the so-called "brain drain" problem. During the past few years, it has initiated a number of steps calculated to lure overseas residents back—draft exemptions, the promise of good jobs in government and private industry, and active recruiting or

teaching jobs at Iranian universities. The regime may also be making it more difficult for Iranians to go abroad in the first place.

The Long View

There will probably be no dramatic changes in student attitudes over the next ten years, assuming that the Shah's economic development programs continue to provide challenging employment to increasing numbers of university graduates. It is also unlikely that many Iranian students will risk political activism while economic and social advancement appears possible. Nevertheless, as long as political activity is proscribed—and it is likely to be for as long as the Shah is in power—the regime will probably not win wholehearted student support, and resentment of its authoritarianism, however benevolent, will pervade university life.

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 1325, NSC Unfiled Material, Unfiled Material, 1970. Secret. The full study is in *ibid.*, Box 1323. A note on the attached routing slip reads, "There seems no reason for HAK to read or reply to this. It is much like the Time and Newsweek cover stories. No action required."

85. Memorandum From Harold Saunders of the National Security Council Staff to the President's Assistant for National Security Affairs (Kissinger), Washington, September 2, 1970¹

Washington, September 2, 1970

THE WHITE HOUSE
WASHINGTON
INFORMATION

MEMORANDUM FOR DR. KISSINGER

FROM:

Harold H. Saunders

SUBJECT:

Memo from Mr. Helms on Iran

Dick Helms has sent you the attached memo [*text not declassified*]

Essentially Ambassador MacArthur has [*text not declassified*] convey his concern that certain bureaucratic turnings in Washington might undercut what the Shah believes is a commitment by the President to provide a substantial number of F4 and C130 aircraft. Mr. Helms writes out of his concern for the continuation of our unique intelligence collection facilities in Iran [*text not declassified*]. The bureaucratic state of play is that the Defense Department has asked the intelligence community to do a SNIE on the military threat to Iran. This is somewhat like the Arab-Israeli situation in that the visible threat is probably not great enough to justify as much hardware as the Shah wants. However, the Shah is building not just a military establishment suited to the threat, but a deterrent as well.

An effort is already being made to broaden the framework of the SNIE so that it will not turn out to be so limited as to make it more difficult for us to operate from a broader view of the situation. However, the SNIE by itself obviously will not make policies. The decision on the number of planes to be sold will be made over the next couple of

months, and we will have a crack at it in the normal bureaucratic machinery. Essentially, this decision will be made with the President's general commitment in mind, although not perhaps without some argument.

In passing on the attached memo, therefore, I simply want to reassure you that I am on top of this problem and will continue to work—along with Joe Sisco—to make sure that the President's general promise is not undercut.

The broader problem with Iran, of course, is that as long as the military credit program is held up we will not have the assistance of Iran that will permit it to proceed with financial confidence.

[Attachment]

CENTRAL INTELLIGENCE AGENCY
WASHINGTON, D. C. 20505
OFFICE OF THE DIRECTOR

MEMORANDUM FOR:

The Honorable Henry A. Kissinger
Assistant to the President for National Security Affairs

SUBJECT:
Aircraft Sales to Iran

Ambassador MacArthur has [*text not declassified*] a matter with which the Ambassador is greatly concerned. While this may seem a somewhat unusual channel, the Ambassador wished to [*text not declassified*] to ensure that I became fully aware of the background of his thinking on a developing situation which could seriously affect our very considerable intelligence interests in Iran.

The Ambassador is certain that the Shah believes he has a firm commitment from the President to permit the Shah to purchase some 73 F-4 aircraft and about 30 C-130 aircraft in addition to the number of these aircraft already on hand or on order for the Iranian Air Force. The Shah also discussed the need for this larger amount of aircraft with the Secretaries of State and Defense, neither of whom expressed any reservations.

At the present time the Department of Defense is re-evaluating Iran's defense needs, and joint State- Defense cables to Embassy Teheran put in question the validity of the Shah's judgement as to his aircraft requirements.

There can understandably be any number estimates and opinions as to how many of what kind of aircraft Iran requires—depending among other things upon the view taken of the importance of U.S. interests in the Persian Gulf and of the role Iran can reasonably be expected to play in helping to preserve them. Whatever these opinions may be, however, the Ambassador believes that the determining factor is the Shah's conviction that he has in fact a commitment from the President, and his belief that, to seem to renege would raise serious doubts in the Shah's mind as to the wisdom of continuing to regard the U.S. as a reliable partner in the effort to achieve and maintain stability in the Gulf area.

Our intelligence collection facilities in Iran [*text not declassified*] are unique, and their presence rests very directly on the Shah's support. Any action which would undermine the Shah's confidence in the consistency of U.S. policy would inevitably have an erosive effect on this vital intelligence relationship. For this reason, as well as the total U.S. concern over the Persian Gulf area, I suggest we reconsider the need at this time for a major re-evaluation of Iran's defense needs, particularly as this re-evaluation process is certain to become a substantive, and adverse, factor in Iranian-U.S. relations.

Richard Helms
Director

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 601, Country Files, Middle East, Iran, Vol. II, 6/17/70-12/70. Secret; Sensitive. Kissinger wrote on the memo, "Make sure this is followed."

86. Special National Intelligence Estimate 34-70,
Washington, September 3, 1970¹

Washington, September 3, 1970

SPECIAL NATIONAL INTELLIGENCE ESTIMATE
SNIE 34-70
NUMBER 34-70
3 September 1970

Iran's International Position

SUBMITTED BY
[Richard Helms]
DIRECTOR OF CENTRAL INTELLIGENCE

CONCURRED IN BY THE
UNITED STATES INTELLIGENCE BOARD
As indicated overleaf
3 September 1970

AUTHENTICATED:
[James S. Lay, Jr.] (EXECUTIVE SECRETARY, USIB)

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IRAN'S INTERNATIONAL POSITION

SCOPE NOTE

This estimate deals primarily with Iranian foreign policy over the next several years, the place military forces have in that policy, the likelihood of hostilities between Iran and its neighbors, and some implications of these matters for the US, including the question of arms sales.

CONCLUSIONS

- A. The Shah is determined to ensure for Iran a position of power and leadership in the Persian Gulf after the British withdrawal. He is deeply concerned that radical Arab regimes, supported by the USSR, may in time threaten Iran's interests in the Gulf. However, Arab disunity and dislike of external direction almost certainly will prevent the formation of an effective radical Arab military coalition against Iran. Moreover, an overly active Soviet policy of support for radical Arab movements against Iranian interests could jeopardize the USSR's currently satisfactory relations with Iran.
- B. The Shah regards a modern, well-equipped military establishment as essential to maintain and further Iranian interests in the Gulf, to deter hostile moves by Iraq, and to assure Iranian egress from the Gulf. The existence of a large military force will help him to get the cooperation of conservative Arab rulers in opposing the spread, of radical doctrines and forces in the Gulf.
- C. The physical integrity of Iran is not threatened by any of its Persian Gulf neighbors. Iran is on good terms with all but Iraq. Hostilities between the two are clearly possible, but the Shah's armed forces are substantially larger and better-trained than those of Iraq. What the Shah fears most in the Gulf is the growth of Arab radicalism-seeking the overthrow of traditional rule there-with consequent harm to Iranian interests. Should a radical movement succeed in establishing itself in one of the smaller states, he would almost certainly try to contain or unseat it by clandestine means, but might use overt force as a last resort. A unilateral use of force by the Shah would virtually compel even conservative Feisal to support fellow Arabs, and this would upset both Gulf stability and the Shah's designs for cooperation of conservative Gulf States under his leadership.
- D. The Shah considers US willingness to provide the arms he wants as evidence of this country's high regard for him and for his policies. He would probably settle for a substantial part of the total number he wants, hoping to get approval for more at a later date. If, however, he felt that US explanations implied a prolonged delay or an unwillingness to meet his needs, he would almost certainly turn to other Western sources-probably France in the first instance. If US rebuffs or deferrals of his arms requests should convince the Shah that the US was no longer responsive to his needs, he would conclude the US was downgrading its relations with Iran. Consequently, he would readjust Iranian policies in the direction of: closer ties with certain West European states, a more accommodating attitude toward the USSR, resistance to US advice on international issues, probably

increased pressures on US oil interests, and possibly termination of US special facilities and military overflight rights.

DISCUSSION

I. THE DOMESTIC SETTING

1. The successes of the Shah's program of social reform over the last five years or so-the "white revolution"-and Iran's notable progress in economic development have given the Shah great confidence that he is master of his own house. It has also given many Iranians more confidence in their country and its future. Shaking off an earlier insecurity and hesitancy, the Shah has become a confident and purposeful leader. No major-and very few minor-decisions are made without his approval. Behind the facade of a parliament, he appoints and dismisses cabinet ministers as he pleases. Domestically, his ambitious plans involve far-reaching economic and social changes, e.g., land reform, industrialization, and wide-scale education. The country is governed through a large bureaucracy which is, within limits imposed by inertia and inefficiency, responsive to the Shah's wishes.

2. In addition to the civilian bureaucracy (one out of six Iranians employed outside agriculture works for the government), the Shah has the support of armed forces numbering 183,000, a 67,000-man gendarmerie, and an extensive policeman and security apparatus. The Shah takes particular care to keep his officer corps content, mostly through the provision of extensive perquisites in the way of salaries, housing, and the like. Supplying the armed forces with sophisticated weapons is an additional, but apparently not critical, element in keeping them loyal.

3. There are still a number of Iranians who disagree with the Shah's policies or who desire a share in power, but no organized opposition of any consequence exists. The elements that formed the bulk of Mossadeq's supporters in the early 1950s, including the Tudeh (Communists), have either been cowed or drawn into the government's programs, which now incorporate almost all the social demands of the old opposition-though not the political ones-they once made. The conservative Muslim clergy resent the way the Shah dominates or ignores them, yet they appear to be able to do little more than grumble. However, there have been assassination attempts on the Shah-the most recent in 1965; should he die, through assassination or accident, there is no single person able to wield the power he does, nor would the system permit devolution of authority. The Shah would probably be succeeded, as provided by law,

by the Queen as regent for the minor son of the Shah. The regency would likely be supported by the military leaders, but would be notably less effective than the present regime.

4. One of the principal factors in the success of the Shah's rule has been Iran's booming economy, which has grown at an annual average rate of 9 percent since 1963. Oil has led this growth and has provided the money to stimulate growth in almost all other parts of the economy. Construction has grown at an annual average rate of 15 percent, industrial output at about 12 percent, and agriculture (which provides a quarter of GNP) has grown at about 5 percent.

5. This rapid economic expansion, however, has been achieved at the cost of serious balance of payments difficulties; the deficit in 1969/1970 was about \$150 million. Foreign exchange earnings will probably rise at about 17 percent annually for the next several years; nevertheless the annual balance of payments deficit will reach about \$350 million by 1973 if import growth continues at the pace of recent years.

6. About 10 percent of Iran's annual foreign exchange expenditure of \$2.1 billion is for military purposes. It cannot pay for both military procurement and civilian imports at levels specified in existing programs without significantly increasing its already heavy debt burden. The Shah thus already faces a choice between military and civilian goals and will probably opt to cut non-military imports, including inputs to further industrial growth, thereby causing a moderate slowing in economic growth from the 1969/1970 level of 9 percent. A windfall of several hundred million dollars from new oil agreements would reduce the difference between existing expenditure plans and currently anticipated income, but it would not close the gap.

II. THE CURRENT STATE OF IRAN'S FOREIGN RELATIONS

7. For well over a century, Iran was an arena in which larger powers contested for influence. Up to about 1945, the UK and Russia were the principal contestants. As British power declined after World War II, the US took over some of the UK's role in Iran. However, the UK's past reputation as kingmaker in the area, its ownership of the Anglo-Iranian Oil Company and since 1954 of 40 percent of the Iran Oil Consortium, and its position as guardian of the smaller states of the Persian Gulf have continued to give Britain considerable influence. During the past 10 years, however, Iran has made considerable progress in emerging from the shadow of the great powers. This change has been made possible by

massive oil revenues, which relieved Iran of the need for foreign economic and military assistance, by the changing pattern of relations between the US and the USSR, and by the Shah's emergence as a confident powerful autocrat.

A. Turkey, Pakistan, and Afghanistan

8. Iranian relations with Turkey and Pakistan have long been very good; the three have been members of the Western-sponsored CENTO alliance since 1955. In recent years, the three states, wishing to be less dependent on Western guidance, formed a regional cooperative organization (RCD) to deal with projects of mutual concern. For all practical purposes, there are no matters of contention between Iran and either of these two neighbors. Iranian relations with Afghanistan are less close than those with Turkey and Pakistan. Most of what is now Afghanistan was once ruled by Persia, but the Sunni Muslim Afghans broke away well over a century ago in protest at Iranian Shia Muslim rule. Although relations between the two states have from time to time deteriorated, e.g., over the location of borders and the division of the Helmand River waters, these disputes are not of great moment. For some years now Iranian-Afghan relations have been smooth if somewhat distant.

B. The Arab States

9. In the Shah's mind, Iran's foreign problems, aside from its relations with the larger powers, really center in the Arab region to the west, especially the Arabian Peninsula and Iraq. The Shah has no use for the radical republican socialist movements-exemplified by Baathist Iraq and by NASSER-which have appeared in the Arab world in recent years. Iran's problems with the Arabs are complicated by a collision of Persian and Arab nationalisms. There are also ethnic, religious, and linguistic minorities along Iran's western border. The principal oil-producing areas of Iran lie in Khuzistan, an area with a large Arabic-speaking population which was ruled by an autonomous Arab family until the mid-1920s. The Baathists in particular claim this area as part of the Arab homeland. About half of Iraq's population is Shia Muslim, and it has very close ties to the Shia community which is the majority of Iran's population; the Iranians have a protective feeling about their Iraqi co-religionists.

10. The Shah cares relatively little who runs the Arab states of the Gulf, as long as they do not challenge his pre-eminence, are not hospitable to radicals and revolutionaries, and are responsive to Iranian security objectives. Nevertheless, he does view physical control of certain locations

as the key to stability in the Gulf. Thus, he wants control of the tiny islands of the Tunbs and Abu Musa on the grounds that forces hostile to him might physically seize these islands and control entry to and exit from the Gulf. Control of the islands also involves conflicting Iranian and Arab oil claims. He recognizes that too heavy a hand could be counterproductive, and has indicated that he will not press the sovereignty issue so long as Iran obtains effective control of these islands. If such an arrangement is not worked out before the British withdrawal, the Shah will exert increasing pressure on the tiny Trucial states which claim them, and in the last resort would probably occupy the islands by force.

11. The Saudis and the Iranians have cooperated fairly well in the Gulf recently, although Iranian pretensions occasionally grate on the Saudis. The Iranians have also irritated Kuwait from time to time by assuming an attitude of superiority. The present Kuwaiti and Saudi Arabian regimes, however, recognize Iran as a conservative government whose interest in the stability of the Gulf generally coincides with their own. Neither Kuwait nor Saudi Arabia is likely to challenge Iranian efforts to play a pre-eminent role in Gulf security, for example, by naval patrols, so long as Iran respects territorial waters and agreements on undersea oil rights.

12. Iranian relations with Iraq have been antagonistic in recent years. The Iranians have unilaterally denounced the treaty of 1937 which extends Iraqi jurisdiction to the low water mark on the Iranian side of the Shaat-al-Arab instead of placing the boundary essentially on the shipping channel. The treaty requires shipping for Abadan and Khorramshahr to transit Iraqi waters. The Shah believes that the revolutionary regimes in Baghdad threaten his interests, and he has actively opposed them. For instance, he has supported Kurdish rebels in Iraq extensively over the past seven or eight years. This support has involved direct military aid, cash subventions, and some haven on the Iranian side of the border for Kurdish rebels. At the same time, the Shah prefers to keep potentially troublesome Kurdish leaders occupied outside Iran, which also has a Kurdish minority. The Iranians were considerably annoyed when the Kurds accepted the Baghdad government's proposals for a cease-fire and settlement in March 1970, but Tehran maintains contact with Kurdish leaders against the day when fighting may start again.

13. It seems likely that Iraqi-Iranian relations will remain poor, at least as long as the present Baath government is in power in Baghdad. The Baathist regime will continue to use the party and the state apparatuses

to further Iraq's aims of replacing of traditional rulers in the Gulf with revolutionary governments, and, as far as possible, to exclude Iran from Gulf affairs. The Baath groups in Bahrain, Kuwait, Abu Dhabi and a few other principalities are likely from time to time to attract Iran's attention. The Iranians and the Iraqis continue to support the activity of political exiles from the other country. For example, an Iranian-supported group tried to oust the Baath regime in January 1970. The Iraqis, for their part, continue to call for the "liberation" of Khuzistan, which they call Arabistan. Especially since Iraq became heavily involved in the Arab-Israeli dispute, however, these endeavors have been largely rhetorical. Nevertheless, the Shah is seriously concerned about Iraqi pretensions to Khuzistan.

14. In the past, NASSER had ambitions to extend his country's political influence into the Persian Gulf, and he may well entertain thoughts of making trouble for the local rulers there at some time in the future. Egypt now has neither the time nor the resources to devote to such a task in so distant an area; the Israelis are Egypt's pressing problem. NASSER is also inhibited from involvement in the Gulf area by the fact that Kuwait and Saudi Arabia supply 76 percent of the \$250 million annual subsidy which is of great importance to the Egyptian economy. For the present, he is not likely to risk offending these donors by adventuring in the Gulf. In any case, other persons and parties now present alternatives, which have some appeal to young would-be revolutionaries in eastern Arabia. The Shah deeply distrusts NASSER's aims, however, and fears that a detente in the Arab-Israeli dispute might give NASSER a chance to renew pressures in the Persian Gulf region.

15. Iran has maintained good relations with Israel for many years, but, out of regard for the sensibilities of conservative Arab associates, the Shah has kept his Israeli association fairly discreet. His concern to maintain good relations with King Feisal and the Amir of Kuwait, for example, will continue to set limits to public displays of intimacy with Israel. Yet, Iran is the major source of oil for the pipeline across Israel from the Gulf of Aqaba to the Mediterranean, and the two governments get along quite well and cooperate in certain quiet ways.

C. Western Europe

16. The Shah maintains good relations with the principal countries of Western Europe. The Iranians and the British successfully worked out an independent status for Bahrain, thus defusing a potentially serious post-UK withdrawal problem. There is a good chance that the British, who

wish interstate relations in the Gulf to be as orderly as possible in anticipation of their withdrawal, will also work out an amicable arrangement allowing Iran control over the islands of Tunbs and Abu Musa, which it claims. The Shah views the UK, along with France and perhaps Germany, as potential sources of arms if he cannot purchase what he wants from the US.

D. Iran and the Superpowers

17. Iran and the USSR have brought their relations to a fairly normal level over the past eight years. The situation today contrasts sharply with the state of bitter hostility which prevailed in the late 1940s and much of the 1950s. The USSR and Iran have exchanged many high-level visits; the Soviets have extended \$525 million in economic credits, of which about \$120 million has been drawn. The major projects involved are a natural gas pipeline which is due to begin operation in late 1970 and a steel mill in Isfahan. Iran has also contracted for \$235 million worth of military equipment from the USSR, mostly personnel carriers, trucks, and artillery.

18. The Soviets have attempted to build good relations with Iran and other states along its border which are allied to the West. At the same time, it has courted the "progressive" Arab regimes and become the major arms supplier for Iraq, Syria, and the UAR. The USSR places considerable importance on expanding its presence in the Persian Gulf, where it has limited diplomatic representation and few political assets. Showing the flag by Soviet naval vessels is certain to increase in the years ahead. However, an overly active policy of support for Arab radical movements in the Gulf or undertaking independent conspicuous political or military efforts there could jeopardize the USSR's currently good, if not overly cordial, relations with Iran. The Soviets would therefore prefer not to be put in a position of having to choose between Iran on the one hand and Iraq and the radical Arabs on the other. This consideration will set limits on how aggressive the Soviets will be in pursuing their policy in the Gulf in the next few years.

19. The Iranians continue to regard the USSR with concern, recalling Soviet efforts to create puppet regimes in Iran during and after World War II and active support thereafter for the Communist Tudeh movement. The Shah takes considerable pains to avoid Soviet military and economic aid in areas he considers critical, e.g., sophisticated weapons and training. He is suspicious of historic Russian designs on Iran and desires for direct access to the Persian Gulf. He believes,

however, that good Iranian-Soviet relations offer benefits to Iran and that he can control any Soviet presence and subversive activities in his country.

20. Since the early 1950s, the Shah has considered the US to be Iran's principal foreign supporter. By 1967, Iran had outgrown its dependence on US economic and military assistance and, while it continued to look to the US for advice and weapons, it became substantially less ready to accept guidance. This has been particularly the case in the field of weapons procurement. In the 1950s, Iranian military programs were designed with the confrontation of the cold war in mind. More recently, the Shah has emphasized that he wants to buy arms to protect Iran and the Gulf from radical Arab revolutionary forces. In 1968, the US undertook, subject to annual Congressional approval, to provide Iran credit up to \$100 million annually for five years for the purchase of arms. Purchases under these credit arrangements, together with earlier arms procurement, aim at modernizing and streamlining Iran's Armed Forces. This process is well along; Iran has over 300 M-60 tanks, 31 F-4s (and 32 more on order), and nearly 100 F-5s. (See Table at Annex for details.) In April 1970 the Shah was informed that the US was ready to examine further military needs with him and possibly make new financing arrangements on the basis of this examination.

III. THE SHAH'S FOREIGN POLICY GOALS

21. The Shah is acutely conscious of Iran's great past and is determined to set his country on the road to a great future. He is determined to ensure for Iran a position of power and leadership to which he believes it is entitled on the basis of its history and standing in the region. The Shah sees the British withdrawal from the Gulf as a development which gives Iran an opportunity to restore its historic position in the Gulf, but which also contains dangers of turmoil.

22. Considerations of this sort underlie the Shah's military and foreign policy. He wants Iran to be on good terms with its neighbors, if possible. He has no major territorial ambitions; save as noted below, he accepts-as do almost all Iranians-the country's boundaries as they were determined by wars and treaties in the 18th and 19th centuries. He has, for example, given up Iranian claims to Kuwait and Bahrain. However, there are possible points of friction with Iraq on such matters as the boundary in the Shaat-al-Arab, and with some Arab states on seabed petroleum rights in the Gulf.

23. The Shah has long been concerned that Arab radicals present a threat to Iran. He has seen a succession of conservative and monarchial Arab governments replaced by military regimes espousing socialism, anti-imperialism, and friendship for the USSR which has provided arms and other aid to them. These regimes have, in varying degrees, extended help to like-minded elements in "non-liberated" Arab states. The Shah appears to believe that, perhaps over an extended time, the USSR will be able to dominate a number of these regimes and manipulate them against Iran's interests, especially in the Gulf, and ultimately against Iran itself. He views any new radical regime as a potential adherent to these "anti-Iranian" forces.

24. The Shah's worries are not without justification, but they are exaggerated. The Soviets and the Arab radicals are indeed working for "progressive" regimes in the Middle East. Each addition to the radical side-and there probably will be a few more in the course of the 1970s-further isolates the remaining traditional rulers. Yet, there are several factors which militate against a Soviet-radical Arab campaign against Iran. First, the USSR is continuing to improve its political relations with Iran by government to government dealings. Second, the Arab radicals are deeply split; there are the Nasserists, two bitterly antagonistic Baath Parties, two Arab Nationalists Movements, and a variety of local revolutionary groups. Cooperation among these radical Arab states and movements is decreasing, even with regard to Israel. Communist parties in several Arab countries, e.g., Iraq and Syria, are divided. Third, except where their interests run parallel, the Arab radicals have shown little disposition to accept Soviet direction. Fourth, most Arab radicals have so far shown little interest in Iran, even though they regard the Shah as an imperialist agent and a friend of Israel.

25. In the Persian Gulf, Iraq and the USSR will, to some extent, be carrying out parallel activities. The Soviets are likely to make the "correct" diplomatic moves, naval visits, and the like, while the Iraqi Baathists promote their revolutionary interests. The Baathists will be willing to cooperate with other revolutionary forces in the Gulf, including the Communists, as long as such cooperation seems likely to further Baath interests. Iraq is not likely to help in promoting the fortunes of other Arab radical movements or of the USSR at its own expense. Moreover, Baghdad would resent Soviet efforts to direct Iraqi activities in the Gulf.

26. The Shah wants modern sophisticated armed forces to establish military superiority over neighboring Arab countries, particularly Iraq, in

order to deter present or potential hostile forces from any notions of armed adventure in Iran, and to promote Iranian interests in the Gulf. In recent years, he has emphasized improvement of his air force, and to a lesser extent his navy. Iran's Armed Forces are already larger and better equipped than any the Iranians are at all likely to fight-notably that of Iraq. The additional aircraft which the Shah wishes to purchase-about 70 F-4s and 30 C-130s-will make a dramatic increase in certain of Iran's capabilities. If he gets these C-130s, Iran would have the capability to airlift over 4,000 combat soldiers at one time to any likely trouble spot in the Gulf region. Forces of this nature would permit Iran to conduct military operations in, say, Saudi Arabia in response to a request for help against insurrection.

27. Iran's neighbors are probably not yet aware of just how impressive Iran's forces may become by the mid-1970s-even without these additional purchases. The conservative Arab rulers in the Gulf have and are likely to continue good relations with Iran; in any case, there is little they can do militarily about Iran's preponderant force. The Iraqis, who have built up their forces considerably in recent years but are still militarily inferior to Iran, are likely to get quite concerned when they realize the levels of air power toward which the Iranians are building. Baghdad will probably believe that the Iranians are doing so with operations against Iraq in mind and will almost certainly seek to add to its own forces.

28. Hostilities between Iraq and Iran, though not likely, are clearly possible. In 1969 and in early 1970, Iraqi and Iranian forces mobilized to a degree and faced each other across the border in the south. This could happen again, and an incident might touch off fighting-e.g., border skirmishes, exchanges of artillery fire, and occasional air raids. Iraq will, however, be particularly inhibited from initiating provocative actions as long as about a fifth of its army remains in Jordan and Syria.

29. Should large-scale hostilities between Iraq and Iran take place, the major scene of action would be along the southern half of the two countries' common border. The Iraqi Army has not reached the border in the mountainous north for 10 years, thanks to the Kurdish rebellion. The Iranian Armed Forces are substantially larger than those of Iraq, although the two sides are about evenly matched in numbers of such weapons as tanks, artillery, armored personnel carriers, and aircraft. The Iraqis, despite their nearly 10 years of warfare against Kurdish guerrillas, do not seem to have developed much spirit and dash. Their senior officer corps has been decimated several times by political purges.

30. An Iraqi attempt to invade Iran would in all probability be an advance on the Abadan- Khorramshahr region in the south or possibly one on Kermanshah in the center of the border. The Iranians should be able to deploy forces of at least equal magnitude against those of Iraq. The Iranian Air Force appears superior to Iraq's since it has about half again as many qualified pilots and better aircraft, although the Iraqis have had experience in ground support operations in the Kurdish war. Each side could do some damage to the other, e.g., by bombing or shelling oil installations; both Abadan and the Iraqi oil ports are close to the border. It seems likely that both sides would rapidly find that the complexity of their equipment caused high breakdown rates and that their logistics was inadequate to support an ambitious advance. Hence, any fighting would probably not go on for an extended period.

31. Syria or Egypt would have virtually no capability to support Iraq in such a war as long as they actively confront the Israelis. Should a settlement be reached with Israel, Syria and Egypt could move some troops to Iraq. Syria and Egypt could also deploy aircraft to assist Iraq. However, a major change in the relations among the three would have to take place before Syria and Egypt would contemplate such moves. The Syrian Baathists despise their Baghdad colleagues. The Iraqi Baathists despise the Syrians. NASSER distrusts both, and the feeling is reciprocated. An effective coalition of radical Arab states against Iran is virtually impossible in the foreseeable future.

32. Hostilities with other countries seem remote indeed. The very close ties that Iran enjoys with Turkey and Pakistan preclude hostilities involving these countries. We see no likelihood that Iran and Afghanistan would see any reason to go to war in the foreseeable future. The USSR could of course overwhelm Iran with ease. Clearly, however, Soviet policy with non-Communist neighbors is to maintain good state to state relations and to promote Soviet influence through trade, aid, and other conventional instruments of statecraft. Hostilities between the two are probable only in the context of general hostilities between the US and the USSR in this area. Should either Kuwait or Saudi Arabia fall under the domination of a radical regime, relations with Iran would almost certainly deteriorate. But neither country has sufficient military force to pose any threat to Iran, nor could either build such a force for many years. Even under a radical government, neither is likely to receive external assistance sufficient to reverse this situation.

IV. IMPLICATIONS

33. The existence of a stable government with a large military force will help the Shah get the cooperation of conservative Arab rulers in opposing the spread of radical doctrines and forces in the Gulf. Yet, there are formidable obstacles in the way of an enduring cooperation between Iran and these rulers. There is a basic, longstanding antagonism between Persians and Arabs, and even the conservative Arabs in the Gulf are likely to view a projection of Iranian power in this area with some suspicion. At present, the Shah and Feisal are determined to cooperate, but this disposition is essentially a personal matter on the part of the two rulers rather than a firmly grounded matter of national policy of the two states. In any case, cooperation between the two is a prerequisite but not a guarantee of stability in the Gulf. The means by which the Shah seeks to make Iranian power felt in the Gulf could set Iranian and conservative Arabs at loggerheads. Feisal might help the Shah if the latter moved covertly, but should radical turmoil break out in one of the shakier mini-states of the Gulf, for example, and the Shah were to intervene openly, the need to show Arab solidarity would probably compel Feisal to denounce Iranian intrusion-even though his sympathies probably would be against the radicals.

34. Developments of this sort would cause some difficulties for the US, which might find itself caught between two friendly states, both armed with US weapons and both of major interest to US petroleum companies. Even if matters do not reach such a stage, Iranian moves in the Gulf could cause much Arab opinion to believe that the US is supporting Iranian efforts, including those clearly directed against Arab interests. Such a belief would have some adverse effect on relations with the Arab world; the issue could become serious if Iran did use force on the Arab side of the Gulf.

35. Of more immediate concern is the issue of US-Iranian bilateral relations, and particularly the Shah's desire for additional military aircraft. He probably would settle for a substantial part of the total number he wants, hoping to get approval for more at a later date. If, however, he felt that US explanations implied a prolonged delay or an unwillingness to meet his needs, he would almost certainly turn to other Western sources-probably France in the first instance. He would be reluctant, as he says, to complicate his air force's logistics by doing so, and this consideration would cause him to delay for a time, while trying to convince the US to give him greater satisfaction. He is unlikely to turn to the USSR for military aircraft; he remains deeply suspicious that Russia has long term subversive designs on his country, and he would not want the Soviets to have access to his air force.

36. The Shah considers US willingness to sell him the arms he wants as evidence of US support for his policies and for him personally. Since the Shah views Iran's relationship with the US as extremely important, deferral or even refusal of a particular request would not cause him to make major alterations in the overall relationship unless he considered this request essential. Yet, his suspicions that the US does not fully appreciate him would increase. He would probably become correspondingly resistant to US advice on future arms purchases and on Iranian policies generally.

37. But if US rebuffs or deferrals of his arms requests should convince the Shah that the US was no longer responsive to his needs, he would conclude the US was downgrading its relations with Iran. Consequently, he would readjust Iranian policies in the direction of: closer ties with certain West European states, a more accommodating attitude toward the USSR, resistance to US advice on international issues, probably increased pressures on US oil interests, and possibly termination of US special facilities and military overflight rights.

IRAN

DEPLOYMENT CAPABILITIES IN A CONFLICT WITH IRAQ

At the outset of hostilities with Iraq, Iran would be able to deploy 2 infantry divisions, 2 armored divisions, and 5 separate brigades. If required the remaining 2 infantry divisions could be deployed within 24-72 hours. The Iranian Air Force would be able to deploy 8 tactical fighter squadrons (5 F-5a/B, 2 F-4, 1 F-86). Logistics deficiencies, although existing, would not be a significant factor in the defense of Iran from Iraq. However, the Iranians would probably not be able to support a major offensive movement into Iraq. Perhaps as much as an infantry division would be kept for duty along the Soviet border east of the Caspian, but, if required, most of this force could be deployed into action against Iraq.

Although an Imperial Guard division is assigned security duty in Tehran, only a brigade would be required for internal security during hostilities with Iraq.

[Omitted here are portions unrelated to Iran.]

¹ Source: Central Intelligence Agency, NIC Files, Job 79R01012A, Box 387, Folder 3, SNIE-34-70, Iran's International Position. Secret; Controlled Dissem.

87. Telegram 144737 From the Department of State to the Embassy in Iran, September 3, 1970, 2142Z¹

September 3, 1970, 2142Z

TELEGRAM

Department of State 144737

3 Sep 70

ACTION:

Amembassy TEHRAN

INFO:

Amembassy LONDON

REF:

Tehran 3696 and 3703

1. Fully endorse your remarks to Hoveyda that attempts to whip up national sentiment against oil companies would almost certainly be resented abroad and would do nothing to improve Iran's credit rating. Indeed, if such attempts were successful, as we assume they would be if instigated by the Shah, we fear it possible that they could create a climate in which the oil companies might carried only so far before counterreaction sets in and they themselves are not without options. Quite frankly, we feel we and the GOI have pushed the companies about as far as they will go on the offtake question. As you know, the pressure has been insistent and virtually unremitting for almost a year.
2. We assume that the GOI is fully conversant with the physical limitations the current tanker shortage puts on any immediate, dramatic increase in Persian Gulf offtake. We assume also that it recognizes that Iranian oil and Libyan oil are of different qualities and therefore not interchangeable in meeting specific European market requirements. We note also that offtake for the first seven months of the current year as compared to the first seven months of last year indicate an 11.2% increase for the Middle East generally, a 12.5% increase by the Consortium and a 14.2% increase for Iran. This compares with a decrease of 0.3% for Abu Dhabi. Nevertheless you may assure the GOI that we will continue to be alert to opportunities that may occur which would help increase Iranian offtake and that we will urge the oil companies to act on these opportunities when they occur.

3. We found your remarks about the need for Iran to tailor its security and development needs to its financial cloth most timely and relevant. They might bear repeating in the near future. We were gratified at Hoveyda's response and indications that he may have taken them to heart in cutting back and/or stretching out some of the government's programs now underway or contemplated. We hope that it is coming home to the GOI that it has pretty well wrung out all possible sources of external assistance be it the Consortium, special deals with oil independents, the international financial community or the US Government. Further pressures, therefore, are unlikely to result in anything other than irritation and increased questioning of what Iran itself is doing to restrict its expenditures to strictly essential programs.
4. We appreciate fully the difficulties the GOI faces in making hard judgments on this score. Nevertheless, evidence that they are doing so will doubtless bolster the confidence and faith of its friends as they continue to try and be helpful. Certainly evidence of our good faith in this respect was clearly demonstrated most recently by our willingness to consider financing Iran's military requests through the Eximbank because we appeared to be stymied on FMS legislation.
5. We are informing the British here of the general tone of the foregoing and expect that they will be advising Ambassador WRIGHT in Tehran along similar lines.

End

JOHNSON

¹ Source: National Archives, RG 59, Central Files 1970-73, PET 6 IRAN. Secret; Exdis. Drafted by Miklos, cleared by Davies, Clark, Murphy, and Robert C. Brewster, and in S/S; approved by Samuels.

88. Memorandum From the Deputy Assistant Secretary of Defense for Near Eastern, African, and South Asian Affairs (Noyes) to the Assistant Secretary of Defense for International Security Affairs (Nutter), Washington, October 2, 1970

Washington, October 2, 1970

MEMORANDUM FOR THE ASSISTANT SECRETARY OF DEFENSE, ISA

2 Oct 1970

SUBJECT:

Financing of Iranian Military Acquisitions

For some time Iran has been pressing us for additional credits to fund the military equipment which it wants to buy. In response to these initiatives, Ex-Im Bank has decided that it would be willing to loan Iran \$120 million in FY 71 instead of the \$100 million to which the bank had committed itself. Ex-Im is now seeking State and Defense concurrence in a cable informing the GOI of this decision, and State has agreed in principle.

We believe it is unwise, at this time, for the U. S. to offer to increase Iran's credit for purchases of military equipment for the following reasons:

1. The requirement for \$120 million is based on the GOI acquiring, inter alia, 32 F-4Es, in addition to the 64 already purchased, and 30 C-130s. As you are aware, no U.S. decision has yet been made on the sale of these additional aircraft, which cannot easily be justified in terms of the threat Iran faces. Notifying the GOI of US willingness to loan \$120 million would imply the decision has already been made.
2. It appears that the GOI has made a firm decision to purchase 32 more F-4s but Iran is much less certain that it can afford to buy the additional 41 F-4s included in the recently signed Letter of Intent. We believe there is a strong possibility that if Iran is informed it can have \$120 million credit in FY 71, it will assume it can probably get a similar amount annually over the next three or four years. (The history of our dealings with the Shah suggests that this assumption is

fair.) The prospect of an additional \$20 million per year over the next three or four years could well be the deciding factor in Iran's decision to purchase the last 41 F-4s. Since we are not yet convinced that it would be in the best interest of either Iran or the U. S. for Iran to have an 8-squadron F-4 force (128 aircraft), we do not believe that we should do anything to encourage Iran to make a positive decision at this time.

The GOI must convert the F-4 Letter of Intent to a firm contract by 1 December 70 and has already signed, without US approval, the C-130 contract. The US position on those transactions must therefore be established by late October. We are consulting with Systems Analysis and JCS to prepare the DoD recommendation for Secretary Laird and anticipate having this in about two weeks.

Pending the Secretary's decision on the entire question of F-4s and C-130s, I recommend that ISA non-concur in the Ex-Im proposal to raise the FY 71 credit for Iran to \$120 million.

JAMES H. NOYES
Deputy Assistant Secretary
Near Eastern, African and South Asian Affairs

APPROVE [G. Warren Nutter]

DISAPPROVE

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89. Extract from the President's Daily Security Brief,
October 6, 1970¹

October 6, 1970

[Omitted here is material unrelated to Iran]

—The Shah is feuding once again with the consortium of oil companies and Ambassador MacArthur feels that “the moment of truth” has come for the consortium and the Shah. The Shah claims that the consortium continues to be totally unresponsive and negative toward his proposals that they increase the amount of oil they are lifting for sale in non-consortium markets. He had tried to be reasonable and fair but the companies seemed to think that they owned the oil and could push the host countries around. The Shah said that he would make one final proposition to the consortium, which, if it did not accept, would oblige him to seek legislative action—an action which would be based on “United Nations papers that make clear that mineral resources of a country belonged to the country itself rather than the foreign exploiting companies”.

Secretary Richardson in Cairo and Ambassador MacArthur in Tehran covered most of the same points again with Prime Minister Hoveyda. The Prime Minister on behalf of the Shah asked that the Shah's concerns on the consortium and on continuing U.S. military supply be passed to you. (Tab A)

[Omitted here is material unrelated to Iran]

¹ Source: National Archives, Nixon Presidential Materials, President's Office Files, Presidential Handwriting, Box 7, Folder Presidential Handwriting, October 1970. Top Secret; Sensitive. Contains Codeword. The president wrote on the memorandum, “PETER—tell these oil barons—American security is vitally involved—keep Henry advised of your progress.” Tab A was not found. The full report of the Shah's remarks is in Telegram 4335 from Tehran, October 3 (Ibid., RG 59, Central Files 1970-73, PET 6 IRAN).

90. Memorandum From the Assistant Secretary of Defense for International Security Affairs (Nutter) to Secretary of Defense Laird, Washington, October 12, 1970¹

Washington, October 12, 1970

ASSISTANT SECRETARY OF DEFENSE
12 OCT 1970

MEMORANDUM FOR THE SECRETARY OF DEFENSE

SUBJECT:
Iranian Military Acquisitions

We are at a major decision point in our relations with the Shah of Iran over his arms acquisition program. The Shah desires to purchase amounts of military equipment that exceed the ability of his services to absorb, lie far beyond his military requirements, and run the risk of destabilizing the military balance in the Persian Gulf area. If we do not acquiesce to the Shah's wishes, we may seriously damage the currently close relationship with Iran. Our choice is, therefore, between an unwise and possibly dangerous arms program, on the one hand, and denial of the Shah's wishes and likely damage to our relationship with Iran, on the other hand.

In order to meet force goals that the US has not yet endorsed, the Shah is attempting to buy, largely on credit, an additional 73 F-4E, 4 RF-4E, and 30 C-130 aircraft. These aircraft would all be delivered to Iran by the end of 1974 and would give the Imperial Iranian Air Force (IIAF) an operational inventory of approximately 128 F-4D/Es, 4 RF-4Es, 96 F-5s, 16 RF-5s, and 50 C-130s. (The IIAF currently has 31 F-4Ds, 96 F-5s, RF-5s, and 21 C-130s, with an additional 32 F-4Es and 5 C-130s on order and scheduled for delivery before the end of 1971.) The total cost of the new aircraft purchase program would be approximately \$500 million. The Shah also plans to buy other defense items that could bring the total cost to some \$800 million over the next four or five years.

The following case can be made for meeting the Shah's request:

1. We would demonstrate our continued support for Iran and our willingness to help build the military force that the Shah considers

necessary to meet contingencies in the Persian Gulf area after the British withdrawal next year.

2. A military force of that size could deter overt Iraqi military aggression against Iran, Kuwait, and Saudi Arabia.
3. If we refuse his request, the Shah may buy aircraft elsewhere, thereby degrading Iran's logistic system and the IIAF's orientation toward the US.

The following case can be made against meeting the request:

1. The threat to Iran does not require such a significant increase in military power. A Special National Intelligence Estimate (SNIE) reaching this conclusion is attached at Tab A. Although the Joint Staff now supports a force goal of 128 F-4 aircraft (Tab B), it does so on the basis of the same rationale used last year to support a goal of 64. Systems Analysis considers the change in the Joint Staff's opinion to be unwarranted and supports ISA's assessment that the Shah's force goals are excessive in view of the threat. (Tab C).
2. Although the Shah's goal for combat aircraft would probably not provide Iran with quantitative superiority over Iraq, Iran's most likely antagonist, it would provide qualitative superiority and almost certainly lead Iraq to seek additional assistance from the USSR, perhaps even in the form that Egypt is currently receiving. We might therefore be faced with an arms race nullifying any temporary improvement in Iran's security.
3. Subversion rather than aggression is the major threat to peace and stability in Iran and the Persian Gulf area. The air force desired by the Shah would not counter this threat. At the same time, the diversion of Iranian resources to military rather than economic and social ends could promote internal discontent and subversion.
4. An \$800 million program of military purchases over the next five years could have a damaging impact on the Iranian economy, since it would absorb a significant portion of the funds available for importing capital goods.
5. Purchase of such a large number of complex aircraft would severely strain the meager base of technical personnel. We have already assigned some eighty blue-suiters to assist in maintenance of present F-4s, an arrangement we wish to terminate as quickly as possible. We can expect requests for more rather than fewer blue-suiters.
6. The Shah has been seeking for some time to increase training spaces in the US for his pilots, even though Iran already accounts for almost half the spaces allotted to foreign trainees. We can expect additional pressure.

Because of the political importance of Iran to the US (area stability, overflight rights, and intelligence facilities), we should meet at least some of the Shah's postulated needs even though they cannot be justified on purely military grounds. In fact, the Shah may not have made a final decision on buying all 73 F-4Es, and funding problems together with personnel constraints may lead him to restrict his 1970 F-4 buy to 32 (plus a few attrition aircraft). Indeed, Iran's funding request to the EX-IM Bank mentioned only 32 F-4s.

In light of these factors and the countervailing pressures for and against this sale, I recommend that:

1. You approve the sale of 32 F-4Es plus up to 7 attrition aircraft, 4 RF-4Es, and 30 C-130s.
2. We make a vigorous attempt to dissuade the Shah from buying the last increment of F-4s, perhaps by persuading him to substitute the pending freedom fighter.
3. You be prepared to consider a follow-on request for additional F-4s if we are unsuccessful in dissuading the Shah.

APPROVE [MSL]

DISAPPROVE _____

OTHER _____

A related problem is the level of credit to be offered Iran by EX-IM. The Bank has proposed a level of \$120 million for Iran in FY 1971, with a promise to consider sympathetically a similar amount for FY 1972 and 1973. This level of credits would be required to meet disbursements under the proposed sales package. I recommend that you approve the EX-IM proposal.

[G. WARREN NUTTER]

APPROVE [MSL]

DISAPPROVE

Attachments

a/s

¹ Source: Washington National Records Center, OASD Files, ISA Files, FRC 330-73A, 1975, Iran, 334-1970, 400 Iran. Secret. Laird approved both recommendations on October 15. Tab A is published as [Document 86](#). The other attachments are not published.

91. Memorandum From the President's Assistant for
National Security Affairs (Kissinger) to President Nixon,
Washington, October 22, 1970¹

Washington, October 22, 1970

MEMORANDUM
THE WHITE HOUSE
WASHINGTON
ACTION 22858
October 22, 1970

MEMORANDUM FOR THE PRESIDENT

FROM:

Henry A. Kissinger

SUBJECT:

The Persian Gulf

The NSC Review Group has completed a study of the Persian Gulf following withdrawal of British military forces and termination of formal defense treaties and protectorate responsibilities. Since the British never planned to withdraw their political presence and since announcement of the revision of their relationship has released local nationalist aspirations, the problem is less one of filling a vacuum than of dealing with a readjustment of the balance in the area.

It does not seem that this subject warrants discussion in the NSC at this time, but it does seem desirable to describe the options considered and to seek your concurrence in the general line of policy that is being followed. There will be discussions soon with the Shah and the British about a base for our Persian Gulf naval force after the British military leave, and plans must be included in your next Budget for slightly increased diplomatic representation and other activity. A longer paper reflecting the Review Group discussions is at Tab B, but the options and decisions to be made are summarized below.

The Problem

The central problem is that it is easy to recognize the potential for instability in the Gulf and increased Soviet and radical exploitation, but it is difficult to determine how the U. S. can best help minimize the consequences.

While the Persian Gulf is important to U. S. allies and friends, its potential instability seems relatively unresponsive to U.S. power. The main evolution will come through political intrigue or subversion in politically unprogressive and often inaccessible areas. Because the main U.S. interest lies in the interests of allies and in the area's relationship to the global strategic balance and because U.S. power may not have significant impact on evolution within the area itself, the problem is more one of devising the best possible international framework for that evolution than it is figuring out how the U. S. can influence it. Within the limitation of that framework, though, it is important to determine what kind of U.S. presence can be most constructive.

The Strategy.

The Review Group went through the exercise of considering five distinct strategy options:

1. assuming the UK's role as protector ourselves;
2. backing Iran as our "chosen instrument" to be keeper of stability in the Gulf;
3. promoting Saudi-Iranian cooperation;
4. dealing directly with the new states of the lower Gulf; and
5. actively promoting a regional security pact.

The first and the last were ruled out as impractical, and the middle three options are not really alternatives. The logical course seems to be to marry those middle three. Our course then would be:

- to promote Saudi-Iranian cooperation as the mainstay of a stable regional system but
- to recognize that Iran is in fact the preponderant power in the Gulf and
- to do what we can to develop a working relationship with the new political entities in the lower Gulf.

A Saudi-Iranian confrontation would increase instability, and both at present recognize the importance of their cooperation. If a radical regime were to take over in Saudi Arabia, the U.S. would have little choice but

to move closer to Iran—and there is no reason now not to go on preparing Iran for that contingency. But as long as those two major regional nations are trying themselves to create the framework for political evolution, the U. S. has every reason to support it.

As for an independent U. S. presence, the U. S. interest is two-fold:

- imaginative technical and educational assistance through governmental and private programs can inject Western methods and relationships into political and economic evolution;
- while the U.S. may not have plans for military involvement, now would not seem the time to cut back the small U.S. naval force that operates from Bahrain. This show of interest seems important vis-a-vis both the regional entities and the USSR.

It is important to note that the British—despite revision of their formal relationships—intend to remain active in the Gulf's political, diplomatic and commercial affairs and in military supply and training.

The Decisions To Be Made Now

1. General U.S. strategy. While no precise decision is required now, it would be helpful to have your general reaction to the strategy that is now contemplated for the near term. I am doing a further study to look at our longer term interests and objectives in the Gulf area. The proposed short-term strategy will not foreclose any options for the longer term.

Recommendation: That you approve the general strategy outlined above for the near term—promoting Saudi-Iranian cooperation while recognizing Iran's preponderant power and developing a modest U.S. presence in the new states.

Approve [RN] Other

2. The future U.S. naval presence. The small U. S. naval force (2 destroyers and a converted seaplane tender) is home-ported on Bahrain by agreement with the British. The Bahrainis would like us to stay. The British have offered us first refusal on some of their facilities (a dock and a few small communications and storage shacks). They will need to know soon whether the U.S. wants them to work out a transfer. We should also sound out the Shah. There would be an argument against introducing new forces, and the present force may not be welcome there

for a long time. But while most of our friends regard it as an important sign of U.S. interest, it seems untimely to remove it.

Recommendation: That you approve a decision in principle not to reduce the U. S. naval presence in the Persian Gulf at this time unless further exploration should prove it politically unacceptable to friends of the U. S. in the area.

Approve [RN] Other

3. U. S. diplomatic and aid presence. One of the serious limitations on U. S. ability to contribute to orderly evolution in the Gulf is that one of our usual instruments of policy is not available. Capital assistance is not needed by these oil-rich states. While they do need the technical assistance relationship that usually goes with capital aid, we do not now have a well-developed program for providing it to states with their own financial resources. When asked for a plan for a U.S. presence in the lower Gulf, State came back with a fairly conventional blueprint for diplomatic posts. While modestly expanded diplomatic representation is desirable, our main interest is in pressing the agencies to break new ground in a serious effort to adapt our programs to meet the needs of an area like this. Your foreign policy message to Congress last February identified this problem. Some staff work has been done and the new technical assistance institute would help. But a prod would be in order.

Recommendation: That you approve the general principle of a U. S. diplomatic presence in the lower Gulf but instruct the Under Secretaries Committee (1) to review plans for this presence to assure that it is imaginatively adapted to the needs of this emerging area and (2) to oversee the development of programs—emphasizing technical and educational assistance, exchange, and effective use of private as well as public resources—that can provide for a growing U.S. presence consistent with the strategy of promoting regional responsibility for stability.'

Approve [RN] Other

4. Arms sale policy. The British have been the traditional supplier of arms and would like to remain a major supplier. The U. S. has reason to want the British to remain in the business of military training and supply. At the same time, Kuwait has approached us to buy some transport aircraft, and there have been other feelers from some of the states in the lower Gulf. The only logical way to deal with this would seem to be to look at

a few concrete cases to get a feel for the political and legal problems involved rather than trying to make a decision in the abstract.

Recommendation: That State and Defense be asked to prepare a recommendation for you on outstanding requests for military supply and that you withhold decision until it can be made on concrete cases.

Approve [RN] Disapprove

The above decisions—if you—approve—would be recorded in the decision memorandum at Tab A.

22858

October 19, 1970

U. S. POLICY OPTIONS TOWARD THE PERSIAN GULF

I. The Situation

After a century and a half of relative insulation from major political conflict, the Persian Gulf today is vulnerable to internal and external pressures. The instability of the several conservative regimes, the disunity among them, the contagion of the ideological conflict which infects the rest of the Middle East, and the new possibility of great-power competition in the Gulf—these are all potential sources of disruption which are exploitable by Arab radicals and the Soviet Union. The question for U. S. policy is how to deal with them.

The problem arises because it appears certain that Britain will revise its defense commitments, protectorate responsibilities, and virtually all its military forces by the end of 1971. Eleven small Arab states in the lower Gulf—Kuwait, Bahrain, Qatar, the seven Trucial States, and Muscat/Oman—will no longer enjoy this formal British protection or tutelage, although the British intend to maintain a substantial political presence.

Local Weakness and Disunity.

Paradoxically, the prospect of British withdrawal has simultaneously provided an incentive for regional unity and yet at the same time has opened up a number of local quarrels which have lain dormant during the period of British dominance. The nine small states on the threshold of independence (Bahrain, Qatar, and the Trucial States) have yet to

determine whether they will join in a Federation of Arab Emirates (FAA), or else go their separate untried ways. A federation might help keep their intramural disputes contained and enhance their ability to police their internal security. But the sheikhs are divided by territorial disputes (exacerbated by oil) and by personal jealousies and mistrust. On their own, not all the Sheikhs would have the competence to govern intelligently and maintain order at home, let alone conduct a coherent foreign policy. Bahrain and some others are quite vulnerable to radical pressures.

U. S. Interests

Our overall interest in the stability of the region embraces a number of specific interests:

- Economic: Oil production and sales by 20 U.S. companies yield a net balance of payments surplus of \$1.5 billion. The Gulf provides 55% of Western Europe's oil, 90% of Japan's, and 89% of the oil used by U.S. forces in Southeast Asia. Britain's commercial involvement in the region (the Sterling Area relation, and L200 million income from investments) are crucial to the stability of the pound and therefore of the international monetary system.
- Political: The spread of radicalism in the Gulf would alter the balance within the Arab world. It might aggravate the Arab-Israeli conflict and would almost certainly increase the prospect for tension between Iran and the Arabs. Soviet political penetration would affect the East-West geopolitical balance (e. g., by increasing Soviet pressure on Iran and Turkey and—although there is debate over how this would work out in practice—by increasing the potential for Soviet control over disposition of Persian Gulf oil.
- Military: The U. S. has communications and intelligence facilities in Iran, and overflight and landing privileges in Iran and Saudi Arabia which provide an air corridor to South and Southeast Asia. A small U. S. naval force (MIDEASTFOR), home-ported on Bahrain, enjoys refueling and port-call privileges in much of the region. The intelligence facilities are judged to be extremely important now [text not declassified] The longer range military significance of a U.S. naval presence and overflight rights has two aspects: (1) They are aspects of an overall U.S. presence, more important now for political than for military reasons. (2) With increasing naval and perhaps strategic Soviet interest in the Indian Ocean, they are of possible military value as a base for a presence, the precise nature of which it is difficult to foresee now.

Soviet Involvement

Our main worry in the Gulf, as elsewhere in the Middle East, is the danger of Soviet penetration. The Soviets have revived the traditional Tsarist aspiration to influence in this region immediately to the south of them; recent Soviet naval visits in the Gulf are the first Russian visits in 60 years.

But it remains to be seen what an increased "Soviet presence" in the Gulf would consist of, and what the Soviets can plausibly expect to accomplish:

- On the one hand, the region must present a tempting target: The British departure seems to suggest a power vacuum; the significant Western interests in the Gulf look particularly vulnerable to the tide of Arab radicalism.
- On the other hand, greater Soviet involvement may magnify certain contradictions in Soviet policy, e.g., supporting Arab radicals even while cultivating the Shah (an avowed conservative who has ties with Israel). A cutoff of oil to the West would not be in the economic interest of producing states, whatever their ideology. The USSR is likely to develop a need for Gulf oil (especially for supplying Eastern Europe), which will give it a stake in the stability of the oil flow but will not be large enough to diminish the importance of the West as a customer. The Soviets could not sustain a significant naval force in the region (especially while the Canal is closed), and the establishment of a naval base in the Gulf is improbable.
- On yet another hand, short-sightedness or opportunism might draw the Soviets into mischief-making in the Gulf no matter how clearly we can see that it would only complicate Soviet policy.

II. The Problem

The central problem, therefore, is that it is easy to recognize the clear potential for instability and increased Soviet and radical exploitation, but it is difficult to determine how the U.S. can best help minimize the consequences.

While the Persian Gulf is very important to U.S. allies and friends, its potential instability seems relatively unresponsive to U. S. power. The main evolution will come in the form of political intrigue and subversion in politically unprogressive and often inaccessible areas. Because the main U.S. interest lies in the interests of allies and in the area's relationship to

the global strategic balance and because U.S. power may not have significant impact on evolution within the area itself, the problem is more one of devising the best possible international framework for that evolution than it is figuring out ways for the U. S. to involve itself directly. Within the limitation of that framework, though, it is important to determine what kind of U. S. presence can be most constructive.

III. The Strategy.

Where Do We Want to Go?

Our strategy must aim at building the Gulf into a self-regulating regional system as capable as possible by itself of filling whatever gap is created by revision of the British protectorate:

- In such a system, stable relationships would exist at each level—an equilibrium among the small sheikhdoms of the lower Gulf, collaboration between the larger Gulf states (Iran, Saudi Arabia, Kuwait), and mutual deterrence between the outside powers in the background (U.S., U.K., and USSR).
- At the same time, the larger states would help to keep order among the smaller states, and also exert some counterweight against troublemakers from inside or outside the system (e.g., Iraq, UAR).
- Satisfactory political relations among all the Gulf states, enhanced by mutual assistance for regional economic development, would improve the chances of preserving stability within each.
- Soviet involvement would be discouraged first and foremost by the active desire and capacity of the local states collectively to manage their regional affairs. The need for active U.S. involvement would be correspondingly reduced.

This is in fact the objective we have already been pursuing.

The Review Group went through the exercise of considering five distinct strategy options: (a) assuming the U.K.'s role as protector ourselves, (b) backing Iran as our "chosen instrument" and the key to stability; (c) promoting Saudi-Iranian cooperation; (d) dealing directly with the new states of the lower Gulf; and (e) actively promoting a regional security pact.

The first and the last are impractical. The logical and obvious strategy is to marry the middle three options: to promote Saudi-Iranian cooperation

as the mainstay of a stable regional system, but to recognize Iran's special importance as the preponderant power in the Gulf, and to do what we can to develop a working relationship with the new political entities in the lower Gulf. There is no way to promote cooperation without recognizing Iran's preponderance (else we would lose our influence with Iran); there is no reason to back Iran and not use our influence to encourage Saudi-Iranian cooperation; there is no reason not to develop ties with the sheikhdoms.

This strategy is upset, however, if we are ever forced to choose between Iran and the Arabs. A crisis could result, for example, if the Shah moves to seize the small Arab-held islands at the mouth of the Gulf (the Tunbs and Abu Musa), that the Iranians claim as rightfully theirs and crucial to their security. In the circumstances like those, we would have to ask ourselves how much of our political capital to expend with the Shah to restrain him. In the short run, the most serious strains on Arab-Iranian collaboration will indeed come from Iran's behavior: Iran is determined to step into Britain's shoes as the dominating and protecting power in the Gulf. The Arabs do not relish this concept, and there may be a necessity for the U.S. to restrain the Shah.

In the longer run, the Arab-Israeli conflict is another threat to Arab-Iranian collaboration, and anything we can do to mitigate this conflict will benefit us indirectly in the Gulf. The Iranians and Saudis are perfectly conscious that Arab radicalism is a menace to them both; this provides an incentive for collaboration (as when the Shah recently extended military aid to the Saudis when their territory was raided by South Yemen). But this collaboration also stigmatizes the

Saudis, since the Shah's ties with Israel make him a pariah to Arab radicals. Saudi Arabia will clearly be the weak link in the chain. Its future stability is already somewhat problematical. The longer and more intense the Arab-Israeli conflict, the greater the radical pressure upon all the conservative Arab regimes from both outside and inside.

Britain's Role

We have to bear in mind in formulating our basic strategy that the British will still be actively involved in Gulf diplomacy. This is another reason why it is wrong to assume that a vacuum is in prospect.

Heath's victory in June has little to do with this. The Tories may indeed stretch out the period of British military withdrawal slightly beyond

Wilson's deadline (the end of 1971). But it is too late to reverse the process of local political change that the original U. K. withdrawal announcement of 1968 has set in motion. (The Shah, the Saudis, and the Kuwaitis have all been emphatic on this score.) Therefore, the Tories will likely proceed with the withdrawal of most of their military forces from the Gulf proper, and with the termination of formal defense treaties and protectorate responsibilities.

But Britain nevertheless has some leeway in deciding what its "disengagement" will actually amount to. Wilson never planned to withdraw Britain's political presence from the Gulf. Its active and expert diplomacy, its commercial involvement, its military supply and training in the Sheikhdoms, and possibly even its military contingency planning will all continue, and will likely outweigh that of any other outside power in the lower Gulf. The RAF complement at the staging base on Masirah Island (in the Arabian Sea off Muscat/Oman) will also remain.

The new British Government has announced that it will decide the question of its military deployment in accordance with two basic political objectives: the "earliest possible settlement" through negotiation of outstanding disputes in the Gulf, and the determination "on a practical basis" of the political future of Bahrain, Qatar, and the Trucial States (in a single Federation, ideally). These should be our diplomatic objectives as well. But we should continue to allow the British to take the lead diplomatically.

IV. The Operational Plan

The British have discouraged us in the past from involving ourselves in Gulf diplomacy. For this reason, the USG has had no diplomatic presence in the lower Gulf, but has kept watch on things from our Consulate General in Dhahran, Saudi Arabia (and also through our MIDEASTFOR command on Bahrain). When the British announced their disengagement decision (in January 1968), they invited us to come in once their withdrawal was completed.

One of the major purposes of our policy review exercise, therefore, was to begin to determine the nature of our future presence in the Gulf.

There are two serious issues: (a) our diplomatic and aid presence, and (b) the future of MIDEASTFOR.

Diplomatic and Aid Presence

One of the serious limitations on our ability to act effectively in the Gulf is that one of our important instrumentalities of influence—capital assistance—cannot be effectively used. Many of the small sheikhdoms are capital-surplus countries because of their oil wealth, and would not qualify for U.S. capital aid. But all the Gulf states, large and small—and other countries in the Arab world—badly need technical and educational assistance, which the U.S. should be able to provide.

This kind of aid, plus private commercial involvement, will probably be the extent of the U.S. presence in the Arab world for the foreseeable future. It should not cost us much money—since much of it can come from private U.S. sources, and the sheikhs will pay for it in any case. It will be politically acceptable to the Arabs both because it will be relatively low-key and because they want the help.

But the USG does not now have the programs or appropriations geared to this kind of U.S. role. We need a mechanism for marrying and channeling the various USG and private skills and resources—technical assistance, investment promotion, cultural and educational assistance and exchanges—where they are wanted. Your foreign Policy Report of February 18, in the chapter on the Middle

East, alluded to this need. The Persian Gulf is the classic case, and we should make it a proving ground for an imaginative new approach.

The Review Group has prepared a rough blueprint of a minimum U.S. presence of this type, for possible use in planning the FY 1972 budget. It is a good start. It is more complete, however, in spelling out the requirements of a conventional diplomatic presence—diplomatic and consular services, commercial attaches, AID scholarships, USIA [text not declassified] activities—than it is in breaking new ground in a serious effort at an imaginative new approach. What you can do now to move things in the right direction is to (1) authorize the bureaucracy to continue and complete the planning for our diplomatic mission, and to (2) instruct the bureaucracy to integrate into our diplomatic presence a comprehensive new program for technical and educational assistance and cultural exchange. This new program should tie together such requirements as: new criteria of eligibility for technical assistance; a new organizational structure for AID (e.g., the role of the new technical assistance institute envisioned in the Peterson Report); new ways of marrying U.S. private technical and managerial skills with local needs; and new demands on State's educational and cultural affairs budget.

The Future of MIDEASTFOR

Our small naval force (two destroyers and a converted seaplane tender) is presently home-ported on Bahrain by agreement with the British. The Bahrainis would like us to stay. The British have offered us first refusal on some of their own facilities once they leave. The question is, do we want to stay?

A decision is needed now, so that arrangements can be worked out with the Bahrainis and the British before the British go. More importantly perhaps, we will have to sound out the Shah to see how strenuously he will object to the continuation of an outside military presence: He will be skeptical, but the problem may be less complicated now that he has relinquished Iran's claim to Bahrain.

The force is of little military value, and its presence could increase the vulnerability of the already-unstable Bahraini regime. On the other hand, a U.S. withdrawal at the same time as the British withdrawal could have a harmful psychological effect: It would seem to signify that the West is abandoning its interests.

On balance, I think that even though we cannot count on its being welcome or useful for very long in the future, this is probably the wrong time to remove MIDEASTFOR. The decision required is a decision in principle not to reduce our presence at this time. This would trigger necessary feelers (with the Shah, the Bahrainis, and the British) to determine the political feasibility. If the political cost of staying on looks as if it will outweigh the psychological utility of maintaining this form of "presence," then we should remove it.

Arms Sale Policy

The British—in connection with their military responsibilities—have been the predominant arms suppliers to the area. Now, however, the Kuwaitis have approached us on the sale of C-130 aircraft.

The argument for agreeing in principle would be to enhance the U.S. political position.

The arguments against are that the U.S. wants to encourage maximum continuing British political and military involvement in the Gulf and that the U.S. has no interest in encouraging these nations to become overly involved in building their inventories of sophisticated arms.

¹ Source: Library of Congress, Manuscript Division, Kissinger Papers, Box CL-315, NSC Files, National Security Memoranda, NSDMS 11/70-9/71. Secret. Sent for action. Tab A, the draft decision memorandum, is not published, but the final version is published as [Document 97](#).

92. Telegram 174651 From the Department of State to the Embassy in Iran, October 23, 1970, 0047Z¹

October 23, 1970, 0047Z

TELEGRAM

Department of State 174651
23 OCT 70

ACTION:

Amembassy TEHRAN
CARMISH MAAG TEHRAN

INFO:

CINCSTRIKE

JOINT STATE/DEFENSE MESSAGE

SUBJECT:

Iranian Military Credit Purchases

1. You may inform GOI that USG has approved in principle the following items for possible inclusion in the FY '71 military credit for Iran: 32 RPT 32 F-4Es, 4 RF-4Es, and 30 C-130s as well as payments on 32 F-4Es ordered in FY '69, the M-47 retrofit program and 4 AN/TPS-43 radars. Up to 7 additional F-4Es have also been approved in principle for sale as attrition aircraft. FYI. You will note that foregoing does not RPT not include 7th and 8th squadrons of F-4s which Shah has indicated he would like to acquire and for which GOI has signed a letter of intent. A separate message dealing with this subject will be forthcoming shortly. END FYI.
2. In conveying foregoing to GOI it is requested that you impress upon it fact that USG has made every effort to be as helpful as possible under the circumstances to assist in financing GOI military purchases. As in past, future requests for credit for military purchases and discussion of items to be acquired should be conducted through Embassy/MAAG channels for onward reference for USG consideration. Once agreement reached on items and on level of annual credit considered appropriate by State/Defense/ExIm Bank, Exim Bank will be prepared to discuss with GOI. By insisting GOI adhere to foregoing sequence, we desire to avoid repetition of recent F-4 and C-130 cases in which letters of

intent were signed before USG had agreed to including these items in FY '71 credit program.

3. Estimate disbursement requirements in FY '71 for above items, not RPT not including any attrition F-4s, amount to \$131,913,000 RPT \$131,913,000. USG is not prepared to provide financing assistance for this entire amount. However, since above items involve FY '71 disbursements substantially exceeding previous FMS credits of \$100 million, Exim Bank, desiring to be as forthcoming as possible, will extend, with State-Defense approval, up to \$120 million RPT \$120 million of direct loan and guarantee assistance to Iran to finance its FY '71 payments for agreed upon military items. It suggested that GOI fund \$13.1 million required for TPS-43 radars from its own resources and utilize Exim assistance for other approved purchases (F-4, RF-4, C-130 and M-47 programs require \$118,813,000 RPT \$118,813,000 in FY '71).

GP-3

END

IRWIN

¹ Source: National Archives, RG 59, Central Files 1970-73, DEF 12-5 IRAN. Secret. Joint State/Defense Message. Drafted by Robert L. Dowell, Jr.(NEA/IRN); cleared by Chapman, John M. Bowie(PM/MC),; Johnson, Eliot, Philip J. Farley, and in Ex-Im Bank, DOD/ISA, and ACDA for information; approved by Davies. In telegram 4665 from Tehran, October 24, the Embassy responded that the status of the seventh and eighth squadrons had to be clarified, since the Shah had assumed from his October 1969 talks with the President that Iran already had U.S. approval. A U.S. Government refusal to endorse the sale at this stage, the Embassy observed, would run the "serious risk of being interpreted by Shah as unilateral modification of high-level policy decision" with serious consequences. (Ibid.)

93. Letter From Secretary of Defense Laird to Secretary of State Rogers, Washington, October 27, 1970¹

Washington, October 27, 1970

THE SECRETARY OF DEFENSE
WASHINGTON, D.C. 20301
27 Oct 1970

Honorable William P. Rogers
Secretary of State
Department of State
Washington, D. C. 20520

Dear Bill:

We have just completed a searching examination of the major military purchase program planned by the Shah of Iran over the next several years. This has been a particularly difficult exercise, for it has required us to balance an almost total lack of military requirements for additional aircraft against the likelihood that our close relationship with Iran would be damaged if we were to deny the Shah's request.

As you know, the intelligence community examined the threat to Iran this summer and reported that the forces now possessed by the Shah are fully competent to meet any threat with which Iran may be faced for the foreseeable future. Juxtaposed against this limited threat, the Shah's latest purchase proposal—for 71 F-4Es, 4 RF-4Es and 30 C-130s—is particularly disturbing to me, for the acquisition of so much new equipment can only concern Iran's neighbors and, likely, force them to react by acquiring new arms for their own forces.

The Shah's chief interest is his security. To agree to his full-purchase program would, to my mind, be destabilizing in the Persian Gulf area, lead his neighbors—principally Iraq—to increase their arms inventories, strain Iran's financial and personnel resources, and present new opportunities for the Soviets and radical Arab states to penetrate the area.

I believe, therefore, that we must seek to dissuade the Shah from buying all the aircraft he desires and, for this reason, am willing to agree to sell

Iran only two squadrons (UE-16) of F-4Es, plus up to 7 attrition aircraft, together with 4 RF-4Es and 30 C-130s.

There is little question that the Shah will be unhappy over our unwillingness to sell him all that he wants. Nevertheless, I consider the course he appears to be following inimical to Iran's interests and our own, and I think the time has come to talk bluntly with him about arms stability in the Persian Gulf area, as well as the excessive monetary and personnel costs which these programs would entail.

I suggest that our staffs should now discuss the means for persuading the Iranians of the logic of this arrangement, with a view to maintaining both a stable arms balance in the area and the close and productive US-Iranian relationship which in recent years has been so important for promoting U.S. interests in Southwest Asia.

Sincerely,
Melvin Laird

¹ Source: Washington National Records Center, OASD Files, ISA Files, FRC 330-73A, 1975, Iran, 334-1970, 470 Iran. Secret. In Telegram 4760 from Tehran, October 31, the Embassy advised that the Shah had urgently demanded clarification of the news from F-4 manufacturer McDonnell Douglas that the U.S. Government had not approved the seventh and eighth squadrons. (National Archives, RG 59, Central Files 1970-73, DEF 12-5 IRAN.) In Telegram 4772 from Tehran, November 2, the country team recommended that the U.S. Government assert better control over Iran's contract negotiations with private companies, and avoid manufacturer pressure to sign contracts in advance of funding, by channeling them into FMS procedures. (Ibid.)

94. Memorandum From Harold Saunders of the National Security Council Staff to the President's Assistant for National Security Affairs (Kissinger), Washington, November 4, 1970¹

Washington, November 4, 1970

November 4, 1970
INFORMATION

MEMORANDUM FOR DR. KISSINGER

FROM:

Harold H. Saunders

SUBJECT:
Approval of F-4 Sales to Iran

You will have seen the telegram from Tehran saying that the question of USG approval for the sale of seventh and eighth squadrons of F-4 aircraft to Iran is now out in the open and that the Shah has asked his Chief of Staff to find out what the USG position is. Behind this query was the fact that the representative of the MCDONNELL-Douglas Aircraft Company, which makes the F-4, had told the Iranians that the U.S. government was holding up a contract and that unless the Iranians signed a contract right away the price of the F-4 would go up. On that point, Defense Department has a commitment now from MCDONNELL-Douglas saying that the price will remain the same at least through March of next year.

Defense circulated last night a draft telegram which was totally unacceptable, and Secretary Laird has written a letter to Secretary Rogers. This will take a couple of days to iron out, although I have made clear to Defense that its initial approach would not be approved here.

The argument revolves around the following positions:

—The Defense Department believes that this additional equipment is not warranted by the military threat to Iran; that the Iranian Air Force

will have technical difficulty integrating the additional equipment within the next four years because it is already introducing over a hundred of these aircraft in that period and having manpower problems in handling them; and that the financial burden is at the moment beyond Iran's or our capacity to manage. There are also attractive possible alternatives to these aircraft which should be considered—the probability that a follow-on aircraft to the F-5 will be available by next spring and the possibility that there may be surplus USAF F-4's available by 1974 or 1975. Either of these alternatives would be cheaper for the Shah and simpler to handle either because of the simpler aircraft or because of delay in delivery.

—The State Department argues that the way to approach the Shah is not to tell him he cannot have the seventh and eighth squadrons but rather to say that he can if he needs them but he does not have to decide right now and there is some advantage in looking further at the alternatives which we would be glad to discuss with him. State's approach is not to try to dissuade the Shah but to make sure that he has had a chance to consider possible alternatives which might be advantageous to him.

I have talked with both State and Defense to press the line that nothing should be done to call into question U.S. support for Iran's military development but that—within that framework—there is no reason not to have a discussion with the Shah about possible reasonable alternatives that our production plans may offer provided that can be done in a way that does not upset the political relationship.

A holding telegram has been sent to Tehran saying that the MCDONNELL-Douglas report that the USG is planning to hold up the F-4's is not true and that we will be prepared to discuss all the elements of the decision shortly.

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 601, Country Files, Middle East, Iran, Vol. II, 6/1/70-12/70. Secret. Sent for information. This document was a copy that was not initialed.

95. Memorandum From Harold Saunders of the National Security Council Staff to the President's Assistant for National Security Affairs (Kissinger), Washington, November 6, 1970¹

Washington, November 6, 1970

THE WHITE HOUSE
WASHINGTON
November 6, 1970
ACTION

MEMORANDUM FOR

DR. KISSINGER

FROM:

Harold H. Saunders

SUBJECT:
F-4 Squadrons for Iran

You asked me to discuss with you the issue of the seventh and eighth F-4E squadrons for Iran. I now have a State-Defense telegram in draft for your comment (attached).

I am fully aware of the importance of not doing anything to undercut the President's relationship with the Shah or the Shah's confidence in the U.S. as a supplier of the arms he needs. The Shah believes he has a commitment to these two squadrons—which is a central fact—but I doubt the President ever did more than promise general continued support.

The problem in this instance has been created by the MCDONNELL-Douglas Corporation's efforts to rush the government of Iran into signing a contract for the seventh and eighth squadrons by December 1st. The Defense Department has been in touch with MCDONNELL-Douglas and has gained their assurance that Iran's option on these aircraft need not be exercised before March 1, 1971, and an assurance that there will be no change during the intervening period in price, terms or delivery

schedules from those which Iran wants. So the pressure of time on this decision has been removed.

The response to the Iranians in the attached telegram is essentially the following: We recognize that it is Iran and not the U.S. that will determine what it needs to buy for its security. However, since our advice has been asked, we want to make available to the Iranians facts which we are aware of that may figure in their final decision. One of these is that a slight modification of the F-4E aircraft with less electronics is now in prospect via a possible cooperative arrangement with the West Germans. This would cost \$1 million less than the aircraft MCDONNELL-Douglas is now pressing on the Iranians and yet would have essentially the operational capability that Iran needs. This could amount to a saving of something like \$34 million for the Iranians. Another factor to be considered, given the tightness of Iranian and U.S. financial resources, is the relationship of these purchases to other military purchase plans. Finally, the timing of deliveries relates to the training of Iranian manpower to handle the additional aircraft, and a study is now going on in the Iranian forces with the cooperation of our MAAG to determine these relationships. This study will be finished next month.

The main thrust of the response, therefore, is that the Iranians do not have to make up their minds until next March 1, and we suggest their waiting until their study of total force and financial needs is completed next month.

This draft telegram is a far cry from the initial Defense Department position which set out to dissuade the Shah altogether from purchasing the seventh and eighth squadrons. This in essence says that we do not intend to oppose selling those squadrons once the Shah is satisfied on exactly what version of the plane he wants and that the financial resources and manpower will be available to manage them within the delivery schedules proposed.

Recommendation: That you authorize me to clear the attached telegram.

Approve HK

Disapprove

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 601, Country Files, Middle East, Iran, Vol. II, 6/1/70-12/70. Secret. Sent for action. Kissinger initialed his approval. The attached telegram is published.

96. Telegram 183657 From the Department of State to the Embassy in Iran, November 6, 1970, 0221Z¹

November 6, 1970, 0221Z

TELEGRAM

Department of State 183657
7 NOV 70Z 02 21

ACTION:

Amembassy TEHRAN PRIORITY

INFO:

Amembassy BRUSSELS FOR AMBASSADOR MACARTHUR
CINCSTRIKE/CINCMEAFSA
CSAF
STATE

JOINT STATE/DEFENSE MESSAGE

REF:

Tehran 4760; State 179726

1. In response to query about USG position on 7th and 8th squadrons F-4E's you should inform GOI that we recognize fully it entirely within GOI prerogative as well as its responsibility to determine military forces it requires to provide for its security. As a close friend whose advice is being sought on a wide range of military questions, however, we feel that we would be derelict were we not to make known insofar as possible factual considerations we see which would help the GOI to make sound and informed decisions. In the specific case of additional squadrons of F-4's, we assume that the GOI would wish to consider carefully and fully such questions as IIAF capability to absorb and use aircraft in terms of manpower, training, maintenance facilities, possible less costly alternatives such as the F-4E (F), and the financial impact additional acquisitions may have on its other military purchase plans. We hope these considerations will be illuminated by the Toufanian-Twitchell study which is still in progress and that the GOI will not feel compelled to reach decisions of this importance until this study has been concluded. We also assume that the GOI will wish to consider with us the possible impact additional acquisitions could have on the regional arms balance as we are certain they share our hope that an arms race in the area can be avoided.

2. In connection with the time factor we appreciate GOI's desire to minimize possibility that a deferral of a decision to acquire additional F-4's may prove more costly. We understand further that it must address itself by December 1, 1970 to a letter of intent it gave MCDONNELL-Douglas in September indicating its desire to acquire 73 F-4E's and 4 RF-4's. We have discussed this matter with MCDONNELL-Douglas and have been assured of MCDONNELL-Douglas willingness to convert the September letter of intent into two arrangements: (a) a contract for 39 F-4E's and 4 RF-4E's, sale of which has been approved by USG in response to GOI request. (As Embassy aware, we understand financing not yet arranged for 7 of 39 F-4's, a fact which we assume GOI will want to take account of before signing on dotted line); and (b) a new option for 34 F-4E's which need not be exercised before March 1, 1971 which stipulates there will be no rpt no change in price, terms or delivery schedules from those embodied in current letter of intent. FYI It noted that current letter of intent envisages delivery of all 77 aircraft by December 1974, MCDONNELL-Douglas has furnished us copy of October 31 message from Gen. Toufanian which indicates QUOTE final decision UNQUOTE to have 25 aircraft delivered during calendar year 1973, 24 aircraft delivered during 1974, and 24 aircraft delivered during 1975. MCDONNELL-Douglas asserts this new GOI delivery schedule will cause costs to rise above those cited in letter of intent because all F-4E production is currently projected to cease at end of calendar year 1974 except for production for GOI. MCDONNELL-Douglas now calculating cost estimates for latest GOI delivery schedule and we expect they will be forthcoming shortly. END FYI.
3. As to question of transferring F-4E and/or RF-4E negotiations into FMS channels (Tehran 4772) wish to point out that SECDEF 9029 September 2, 1970 was not intended to convey impression that USG unalterably opposed to this possibility. It was intended to convey our belief that we could not appropriately comment on the details of direct negotiation between private company and the GOI, a process to which we were not a party. We appreciate Embassy observation that in spite of rapid advances GOI may not yet be prepared to fully understand or deal with complex issues involved in negotiating a contract for highly sophisticated and expensive items such as F-4's. We are therefore willing consider your suggestion that USG handle transaction through FMS channel. We have not yet worked out with USAF how such changes might affect December 1 time table. In so advising the GOI, however, it requested you indicate that any FMS negotiation would be on estimated cost basis with GOI having to pay any increases or contrarily benefiting from any decreases arising out of changes in

MCDONNELL-Douglas production schedules. We understand GOI has already rejected such an arrangement with MCDONNELL-Douglas and has elected for a fixed price arrangement. If this a major consideration in their thinking they should be aware of limitations in going FMS route. Further, of course, is fact that delivery schedules and option possibilities would not be altered by our entry into the negotiating process. It also our understanding that furnishing of RF-4E GFE items by USAF to GOI by means of letter of offer with delivery to GOI representative in St. Louis has worked very smoothly. Our entry into the picture could necessarily entail added steps which could slow up somewhat the entire process. In asking GOI to weigh advantages and disadvantages of FMS procedure as they see it they should clearly understand that if they choose to continue on the direct commercial route we will be, as we have up to now, constrained from commenting on various aspects, of the negotiation.

GP-3

End

JOHNSON

¹ Source: National Archives, RG 59, Central Files 1970-73, DEF 12-5 IRAN. Secret; Priority. Joint State/Defense message. Drafted by Miklos; cleared by Chapman, in DOD, and JCS; and approved by Davies.

97. National Security Decision Memorandum 92,
Washington, November 7, 1970¹

Washington, November 7, 1970

November 7, 1970

National Security Decision Memorandum 92

TO:

The Secretary of State
The Secretary of Defense
The Administrator, Agency for International Development The Director, U.S. Information
Agency
The Director of Central Intelligence

SUBJECT:

U.S. Policy Toward the Persian Gulf

In response to the memorandum of July 30, 1970, "Future U. S. Policy in the Persian Gulf," submitted by the Chairman of the NSC Interdepartmental Group for the Near East and South Asia, the President has:

1. Approved a general strategy for the near term of promoting cooperation between Iran and Saudi Arabia as the desirable basis for maintaining stability in the Persian Gulf while recognizing the preponderance of Iranian power and developing a direct U.S. relationship with the separate political entities of the area.
2. Made a decision in principle not to reduce the U.S. naval presence in the Persian Gulf at this time unless further exploration should prove it politically unacceptable to friends of the U.S. in the area, in which case a special report should be submitted to the President.
3. Approved in principle expansion of U.S. diplomatic representation in the lower Gulf but directed the NSC Under Secretaries Committee to assure that this representation is imaginatively adapted to the requirements of this unique area and the pursuit of U.S. interests there.
4. Directed the NSC Under Secretaries Committee to review plans for U.S. technical and educational assistance and cultural exchange in this area through private as well as public programs to assure the development of imaginative programs consistent with the strategy of promoting orderly development and local responsibility for maintaining stability.

5. Directed that a special memorandum be prepared for the President's decision on all significant requests for military assistance from states (excluding Iran and Saudi Arabia) in the Persian Gulf. This memorandum should be prepared by the NSC Interdepartmental Group for Near East and South Asia and submitted to the Senior Review Group by November 26, 1970.

Henry A. Kissinger
cc: Chairman,
Joint Chiefs of Staff Director,
Office of Management and Budget

¹ Source: Library of Congress, Manuscript Division, Kissinger Papers, Box CL-315, NSC Files, National Security Memoranda, NSDMS 11/70-9/71.
Secret.

98. Telegram 187449 From the Department of State to the Embassies in Saudi Arabia, Kuwait, United Kingdom, and Iran, November 16, 1970, 2141Z¹

Iran, November 16, 1970, 2141Z

TELEGRAM

Department of State 187449

ACTION:

AmEmbassy JIDDA
KUWAIT
LONDON
TEHRAN

INFO:

AmConsul DHAHRAN
COMIDEASTFOR
CINCSTRIKE/CINCMEAFSA
CINCUSNAVEUR
AmEmbassy VIENNA

SUBJ:

Future Arrangements for MIDEASTFOR

REF:

London 9381

VIENNA FOR AMBASSADOR MAC ARTHUR
JOINT STATE/DEFENSE MESSAGE

1. With respect to future MIDEASTFOR, President has made decision in principle not to reduce U.S. Naval presence in Persian Gulf at this time unless further exploration should prove it politically unacceptable to friends of U.S. in area, in which case a special report should be submitted to the President.
2. Department aware Ruler of Bahrain wishes MIDEASTFOR to remain and anxious for U.S. commitment to do so as soon as possible. Also aware British have for some time been awaiting response as to what U.K. facilities MIDEASTFOR may wish to take over if British Navy withdraws completely from Bahrain and MIDEASTFOR remains. Department now proceeding with DOD and Department of Navy to determine legal and logistic requirements for continued MIDEASTFOR presence in Bahrain after independence, in events of either complete or partial withdrawal of British Naval presence.

3. As President's decision indicates, however, continued presence MIDEASTFOR is considered sensitive matter with friendly Gulf littoral states, particularly Iran. It therefore imperative that confidential notification to them be carefully orchestrated prior to our making any approach to either Bahrainis or to British Naval Command in Bahrain.
4. Asst Sec'y Sisco scheduled for discussions with British next week on Middle East, including Persian Gulf. Hopefully, this meeting may provide clearer picture British plans re its own naval forces in Bahrain. We plan to use that occasion to notify them, confidentially, that we will be discussing continued presence MIDEASTFOR with Bahrainis after notifying friendly littoral powers. If Shah's reaction, and that of Kuwaiti and Saudi leaders constitute acquiescence, we would then proceed quickly to initiate through Consul General Dhahran discussion with Bahrainis re our desire maintain MIDEASTFOR presence. If, however, three littoral states indicate strong negative reaction to MIDEASTFOR's remaining, we shall be required to bring this problem to attention of President with recommendations of how to proceed.
5. Would appreciate Tehran, Jidda, and Kuwait views on timing and substance of notification to host governments. Primary problem is, of course, Iranian sensibilities, although we suspect that neither SAG nor GOK will be enthusiastic about MIDEASTFOR's remaining. Department's thinking is that we should not seek approval of littoral states but merely inform them that we plan to discuss with Bahrain MIDEASTFOR's continued use of facilities on island. We visualize first notifying Iran and, barring strenuous objection from Shah, shortly thereafter simultaneously notifying Saudi Arabia and Kuwait.

GP-3

END

ROGERS

¹ Source: National Archives, RG 59, Central Files 1970-73, POL 33 PERSIAN GULF. Secret; Exdis. Repeated to Dharan, COMIDEASTFOR, CINCSTRIKE/CINCMEAFSA, CINCUSNAVEUR, Vienna. Drafted by Joseph W. Twinam (NEA/ARP); cleared by Davies, Atherton, Murphy, Philip H. Stoddard (PM), Stanley D. Schiff (NEA/RA), Miklos, Robert T. Curran (S/S), Robert T. Burns (EUR/BMI), DOD/ISA, and in Navy, Joint Staff/J5, DOD/Gen. Counsel, DOD/I & L, DOD/ISA; and approved by Sisco.

99. Letter From Secretary of State Rogers to Secretary of Defense Laird, Washington, November 19, 1970¹

Washington, November 19, 1970

THE SECRETARY OF STATE
WASHINGTON
November 19, 1970

The Honorable
Melvin R. Laird,
Secretary of Defense.

Dear Mel:

I have your letter of October 27, 1970 in which you discuss Iran's desire to acquire additional military aircraft over the next several years.

I am sure you recall the Shah of Iran's visit to Washington in October, 1969, during which he discussed with the President, you and me his security requirements as he saw them. He was, of course, concerned about the growing military strength of radical Arab States, particularly his immediate neighbor Iraq. He commented specifically on the substantial military aid these countries were receiving from the Soviet Union. It was in the light of this situation and how he felt it might develop that the Shah spoke of the need to develop and maintain a security force sufficiently impressive to deter any potentially hostile neighbor or group of neighbors from launching a first-strike against Iran's vulnerable urban centers and vital oil installations. I am certain that he continues to hold to this view and that it would be futile to try and persuade him otherwise as long as current conditions and leadership in his part of the world remain relatively unchanged.

I do believe, however, that our especially close relations with Iran permit us to influence Iranian military decisions more than would normally be the case. This relationship includes heavy Iranian reliance on our MAAG in Tehran for advice on the organization, training, management and operation of its military forces. As you know, there is presently under way a study by the Iranian military forces, aided by our MAAG mission, of Iran's military acquisition plans.

We expect this study will illuminate fully the financial, manpower, training, maintenance and operational implications of these plans, including the possible acquisition of an additional two squadrons of F-4E's. Ambassador MacArthur and Major General Twitchell in Tehran believe that this study should be finished by the end of this year. They expect that upon its completion the GOI will be able to see much better than now how costly its present plans are and to make judgments as to what areas of activity or items might be cut back or stretched out if necessary.

To my mind, this process is the only way we can reasonably expect to influence the size and scope of Iran's military acquisition plans. We must be very careful, however, to avoid conveying the impression that we are better judges than Iran of Iranian priorities and allocation of resources. To do otherwise, am convinced, would reduce greatly the considerable influence we now have and cause Iran to look elsewhere for military aircraft. I fear also that it could lead to the Shah making a direct linkage between the amount of assistance he expects of us in the future and the very valuable and, in some instances, unique intelligence and security facilities Iran now provides to us, a notion the Shah has scrupulously avoided heretofore.

In sum, I believe that we are on the right track and that we should continue to provide factual and technical information which should help Iran reach informed decisions on its military acquisition plans. Whatever decisions it may reach, we shall of course want to consider carefully their impact on our overall relations and larger interests in the area.

Sincerely,
William P. Rogers

NEA/IRN: JCKikios:psw

Ext. 23014, 11/13/70

Clearances:

PM - Mr. Chapman

NEA - Mr. Davies

NEA - MR. Sisco

¹ Source: National Archives, RG 59, Central Files 1970-73, DEF 12-5
IRAN. Secret. Drafted by Miklos; and cleared by Chapman, Davies, and
Sisco.

100. Memorandum From Harold Saunders of the National Security Council Staff to the President's Assistant for National Security Affairs (Kissinger), Washington, November 20, 1970¹

Washington, November 20, 1970

THE WHITE HOUSE
WASHINGTON
November 20, 1970
INFORMATION

MEMORANDUM FOR DR. KISSINGER

FROM:

Harold H. Saunders

SUBJECT:
F-4 Squadrons for Iran

You will probably have seen Ambassador MacArthur's latest telegram (Tehran 5021 attached) urging that he be authorized to give the Shah our agreement in principle to the sale of the 7th and 8th squadrons of F-4s.

The logical response to him would be to give him a go-ahead to tell the Shah that we, of course, have no objection to the sale and are willing to agree in principle to it pending the necessary Iranian review of its financial situation and the alternatives that could perhaps provide these aircraft less expensively. This would be a step beyond the last telegram which simply authorized MacArthur to say that Iran was, of course, the ultimate judge of its needs but we felt that alternatives should be considered before a final decision was made.

The bureaucratic problem is that State favors giving the Shah agreement in principle now but Defense is resisting vigorously. I have talked with State this morning urging them to get the disagreement down on paper so that, if Secretary Rogers cannot resolve it with Secretary Laird, we

should put it up to the President. This is where we stand at the moment.

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 601, Country Files, Middle East, Iran, Vol. II, 6/1/70-12/70. Secret; Exdis. Sent for information. Tehran 5021 is not published. Kissinger wrote on the memorandum, "There is nothing to resolve. Pres. wants to go ahead. A1—take up with [Laird's aide, Assistant Brigadier General Robert E.] Pursley."

101. Memorandum From the President's Assistant for
International Economic Affairs (Flanigan) to President
Nixon, Washington, December 1, 1970¹

Washington, December 1, 1970

THE WHITE HOUSE
WASHINGTON
December 1, 1970
INFORMATION
Iranian Oil Problem

MEMORANDUM FOR THE PRESIDENT

The Consortium has just completed a renegotiation of its contract with the Shah of Iran. Under the renegotiated contract, the Iranian tax rate increased 10% from 50% to 55%. The price of heavy oil was increased by 9 cents a barrel.

These increases will provide slightly more than the Shah's requirements of a billion, one hundred million dollars for the year ending March, 1971. Assuming oil remains in short supply, with the continuation of the Suez Canal closure, this will come close (about \$50 million) to meeting his requirements for the following 12 month period. There currently are negotiations applying the 9 cents a barrel increase to light oil also, which would help to meet any future shortfall.

As a result of these negotiations, the Shah is apparently satisfied at the present time. However, the history of the relationship between the Government of Iran and the Consortium is one of constant haggling for an increased "take" by the government. No doubt we will be hearing again from the government requesting that we urge the Consortium to provide additional funds.

Peter M. Flanigan

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 601, Country Files, Middle East, Iran, Vol. II 6/1/70-12/70. No

classification marking. Sent for information.

102. Telegram 5142 From the Embassy in Iran to the
Department of State, December 1, 1970, 0955Z¹

December 1, 1970, 0955Z

TELEGRAM
Department of State
TEHRAN 5142

0 010955Z DEC 70

FM AMEMBASSY TEHRAN

TO
SECSTATE WASHDC IMMEDIATE 2844
TEHRAN 5142

FOR DEPUTY UNDER SECY MACOMBER, ASST SECY SISCO AND
MIKLOS FROM MACARTHUR

SUBJECT:
ATTEMPTED ABDUCTION AND/OR ASSASSINATION OF AMBASSADOR AND WIFE

1. MY WIFE AND I DINED INFORMALLY WITH COURT MINISTER ALAM LAST EVENING (NOV 30) BECAUSE HE WISHED TO DISCUSS WITH ME SOME MATTERS WHICH DEEPLY CONCERNED SHAH. ONLY MINISTER OF ECONOMY ANSARY AND WIFE WERE PRESENT. MY WIFE AND I LEFT ALAM'S HOME TO RETURN TO EMBASSY RESIDENCE ABOUT 11:00 P.M. MIDWAY BETWEEN ALAM'S RESIDENCE AND EMBASSY ON A BROAD BOULEVARD A LARGE CAR CONTAINING THREE OR FOUR MEN (ESTIMATED AGE MID-TWENTIES) OVERTOOK US AND SWERVED TOWARD US FORCING OUR CAR TOWARD CURB. SINCE THIS WAS EVE OF HOLIDAY (CELEBRATING END OF RAMAZAN) WE AND OUR DRIVER HAIKAZ INITIALLY ASSUMED CAR OCCUPANTS WERE SIMPLY EXUBERANT CELEBRANTS OF FORTHCOMING HOLIDAY. HOWEVER, WHEN HAIKAZ REFUSED TO BE FORCED FURTHER TOWARD CURB, CAR SWERVED IN, STRIKING LEFT SIDE OF OUR CAR IN DELIBERATE ATTEMPT TO FORCE US TO CURB AND CUT US OFF. ASSAILANTS DID SUCCEED IN VIRTUALLY BRING US TO A HALT. AT SAME TIME SECOND CAR TOOK POSITON BEHIND US. IN RAPIDLY MOVING MOVIE TYPE SCENARIO, TWO MEN JUMPED OUT OF

CAR, ONE WITH PISTOL POINTED AT US SHOUTING AND GESTICULATING FOR US TO GET OUT. I INSTRUCTED OUR CHAUFFEUR, HAIKAZ, WHO BEHAVED SUPERBLY, TO GO FULL SPEED AHEAD AND HE SKILL- FULLY DISENGAGED FROM THE CAR WHICH HAD FORCED US TOWARDS CURB AND ACCELERATED, MANEUVERING OUR CADILLAC BETWEEN ASSAILANTS CAR AND JUBE, WHEREUPON MAN WITH PISTOL FIRED POINTBLANK AT US AS WE DROPPED TO FLOOR (BULLET LOGING IN DOOR FRAME BY REAR SEAT). AT SAME TIME SECOND MAN HURLED AX AT REAR SIDE WINDOW SHATTERING IT COMPLETELY WITH AX COMING TO REST WITH US-ON FLOOR OF OUR CAR.

2. I REPORTED INCIDENT TO COURT MINISTER ALAM IMMEDIATELY UPON RETURN TO EMBASSY AND HE IN TURN AT ONCE REPORTED TO SHAH AND PRIMIN. ENTIRE IRANIAN SECURITY APPARATUS WAS IMMEDIATELY ALERTED AND STARTED INVESTIGATION. PRIME MINISTER CALLED ME PERSONALLY TO EXPRESS DEEP REGRET AND PROPOSED THAT SPECIAL IRANIAN SECURITY GUARD BE PROVIDED FOR BOTH MY WIFE AND ME. I HAVE ACCEPTED THIS OFFER AND WILL HANDLE IN WAY WHICH WE HOPE WILL NOT BE TOO OBTRUSIVE.
3. ALTHOUGH NO ONE EXCEPT FEW OF MY CLOSEST ASSOCIATES KNOWS OF ATTACK, IN VIEW OF CONDITION OF CAR AND FACT THAT IRANIAN GUARDS AT EMBASSY AND HOUSEHOLD PERSONNEL AND MOTOR POOL PEOPLE ARE AWARE THAT THERE WAS SOME INCIDENT, KNEW THAT SOMETHING HAPPENED WILL IN DUE COURSE LEAK OUT. EMBASSY PERSONNEL HAVE SIMPLY BEEN TOLD WE HAD AUTO ACCIDENT BUT NOBODY HURT.
4. I AM PARTICULARLY ANXIOUS THAT THIS MATTER BE TREATED PUBLICLY IN WAY WHICH WILL NOT RPT NOT EMBARRASS GOI. ACCORDINGLY, COURT MINISTER ALAM (AFTER CONSULTATION WITH SHAH AND PRIMIN HOVEYDA) AND I HAVE AGREED THAT WE WILL VOLUNTEER NO STATEMENT ABOUT INCIDENT BUT IF WE ARE QUERIED RESPONSE WILL BE THAT WHILE RETURNING TO RESIDENCE FROM A DINNER LAST EVENING OUR CAR WAS SIDESWIPE BY A HIT-AND-RUN DRIVER WHO WAS PROCEEDING AT A HIGH RATE OF SPEED AND THAT CAR SUFFERED BROKEN WINDOW AND SOME OTHER DAMAGE BUT NOBODY HURT. WE CAN NOT SPECULATE ON WHETHER ACCIDENT WAS DELIBERATE ON PART OF HIT-AND-RUN DRIVER OR SIMPLY RESULT OF VERY BAD DRIVING FOR WHICH IRAN IS KNOWN.

5. I TRUST FOREGOING WILL BE HELD VERY CLOSELY IN DEPT ON NEED-TO-KNOW BASIS AND THAT NOTHING WILL BE SAID OR VOLUNTEERED BY ANYONE. IF DEPT SHOULD BE QUERIED, REQUEST IT REPLY AS AGREED WITH ALAM IN PARA 4 AND THAT I BE NOTIFIED OF QUERY. THUS FAR NOBODY HAS A CLUE AS TO WHO WAS BEHIND ATTACK OR WHAT MOTIVATED IT BUT SINCE OTHER OF MY PRINCIPAL ASSOCIATES COULD POSSIBLY ALSO BE TARGETS WE ARE REVIEWING URGENTLY OUR SECURITY PROCEDURES.
6. FINALLY I WILL IN DUE COURSE PROPOSE OUR DRIVER HAIKAZ FOR VERY SPECIAL AWARD FOR WITHOUT HIS COURAGE, COOLNESS AND SKILL THERE WOULD NOT HAVE BEEN A HAPPY ENDING.

GP-3.

MACARTHUR

¹ Source: National Archives, RG 59, Central Files 1970-73, POL 17 US-IRAN. Secret; Nodis. In Telegram 196031 to Tehran, December 2, the Department agreed that the official story should be that the Ambassador's car had been struck by a hit-and-run driver. (Ibid.)

103. Memorandum From the Assistant Secretary of Defense for International Security Affairs (Nutter) to Secretary of Defense Laird, Washington, December 7, 1970¹

Washington, December 7, 1970

ASSISTANT SECRETARY OF DEFENSE
7 DEC 1970

MEMORANDUM FOR THE SECRETARY OF DEFENSE

SUBJECT:
F-4s for Iran

On 15 October you addressed the question of Iran's desire to purchase 73 F-4E and 4 RF-4E aircraft (Tab A). Your decision was to approve the 4 RFs and only 39 F-4s at that time and to urge that State and Defense undertake a vigorous effort both here and in Teheran to dissuade the Shah from purchasing the balance on the grounds that they were militarily unnecessary, would overtax Iran's limited technical capability and could have a serious impact on the arms balance in the Persian Gulf. You also accepted our recommendation that you be prepared to reconsider this decision if we were unsuccessful in dissuading the Shah. Although we have registered our reservations on Iran's acquiring the last two squadrons of F-4s at various levels in the Shah's entourage, his reactions have been anything but positive and the increasing shrillness of his statements suggests that our efforts are becoming counterproductive. In addition, negotiations between the Government of Iran and MCDONNELL-Douglas have foundered over the disparity between the projected cost of a commercial transaction and that of an RAS sale. The Shah has now decided to purchase the F-4Es under FMS.

The implications of this second development bear directly on our need to move expeditiously on the 7th and 8th squadrons. Unlike the MCDONNELL-Douglas "fixed price" offer (under which these last two squadrons could be purchased as late as 1 March 1971 with no increase in price), there is a significant difference in estimated cost if aircraft are ordered under FMS before 31 December 1970. Under FMS, aircraft ordered before that date will bear an estimated flyaway unit price of \$3.71 million

while, after that date, the price is estimated to rise to \$3.84 million. (Iran has been given an FMS unit cost estimate of \$3.77 million, the average of these two prices for 73 aircraft). Since the 7th and 8th squadrons, plus two attrition F-4s, amount to 34 aircraft, our forcing Iran to delay its purchase beyond 31 December would increase the total cost to Iran by \$4.42 million. The Shah would be understandably disturbed when he became aware of this additional cost, as he undoubtedly would, and there probably would be serious repercussions.

We are still convinced that the points made in your 27 October letter to Secretary Rogers (Tab B) remain valid, i.e., that there is no military requirement for the 7th and 8th squadrons and that there are serious drawbacks to Iran's acquiring such a large number of F-4s. State now recognizes that the military justification for the sale is extremely weak but has argued that it would be futile to attempt to dissuade the Shah from buying the last two squadrons and that we should agree to sell them on political grounds. We are now being pressed strongly on this point.

Defense has succeeded in raising our points of reservation with the Shah and in emphasizing within the USG that the sale must be justified as a political, not a military, requirement. It is my judgment, however, that in the final analysis State and the White House will insist that the sale be approved. In light of this probability, I see no merit in continuing to block the purchase of the last two squadrons until our Iranian friends are forced to pay an additional \$4.42 million.

I therefore recommend that DOD withdraw its objection to the sale of the last 34 F-4Es.

[G. WARREN NUTTER]

Atchs: a/s

APPROVED [MSL]

DISAPPROVED

¹ Source: Washington National Records Center, OSD Files, FRC 330-76-067, Iran 1970, Iran 452. Secret. Approved by Laird on December 9. Tab A is not published.

104. Telegram 5332 From the Embassy in Iran to the
Department of State, December 10, 1970, 1240Z¹

December 10, 1970, 1240Z

Department of State
TEHRAN 5332

R 101240Z DEC 70

FM AMEMBASSY TEHRAN

TO SECSTATE WASHDC 2949

TEHRAN 5332

SUBJECT:
SHAH'S VIEWS ON ABDUCTION ATTEMPT

REF:
TEHRAN 5132 AND 5272

1. WHEN I SAW SHAH DEC 9 HE EXPRESSED PLEASURE AND RELIEF THAT NO HARM HAD BEFALLEN US AS RESULT NOV 30 ABDUCTION ATTEMPT. HE WAS ALSO HAPPY TO HEAR FROM HIS SECURITY PEOPLE THAT NEITHER OF US HAD BEEN UNNERVED BY EXPERIENCE. HE SAID HE HAD INSTRUCTED IRANIAN SECURITY AUTHORITIES TO FIND PERPETRATORS. HE WAS PERSONALLY CONVINCED THAT "THE SAME COMMUNIST ELEMENTS" THAT WERE WORKING ON IRANIAN STUDENTS ABROAD, PARTICULARLY IN WEST GERMANY, AUSTRIA, ITALY AND FOR THAT MATTER THE US, AS ATTACK ON IRANIAN CONSULATE IN SAN FRANCISCO DEMONSTRATED, WERE BEHIND ATTEMPT. HE REASONED THAT BY ABDUCTING AMERICAN AMBASSADOR AND THEN INSISTING IRAN GOVT RELEASE "POLITICAL PRISONERS" COMMUNIST PERPETRATORS WOULD GAIN WORLDWIDE ATTENTION AND COULD THEN TRY TO DISCREDIT SHAH'S WHITE REVOLUTION AND PROGRAM OF SOCIAL AND ECONOMIC PROGRESS BY PORTRAYING GOI AS FASCIST DICTATORSHIP WHICH WAS HOLDING LARGE NUMBERS OF "POLITICAL PRISONERS."

GP-3.

MACARTHUR

¹ Source: National Archives, RG 59, Central Files 1970-73, POL 17 US-IRAN. Secret; Nodis. In Telegram 5272 from Tehran, December 7, Hoveyda had speculated that the radical Iranian student groups abroad, and perhaps also the Palestinian Popular Front for the Liberation of Palestine (PFLP), could have been involved in the attack. Since the attack had betrayed the weaknesses in the Iranian system, the Prime Minister also had requested U.S. assistance in putting Iranian security files into processed data form. (Ibid., POL IRAN-US)

105. Telegram 5334 From the Embassy in Iran to the
Department of State, December 10, 1970, 1300Z¹

December 10, 1970, 1300Z

TELEGRAM
Department of State
TEHRAN 5334

47

ACTION 98-45

INFO OCT-01 /046 W

R 101300Z DEC 70

FM AMEMBASSY TEHRAN

TO SECSTATE WASHDC 2951

INFO AMEMBASSY DHAHRAN

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY LONDON

CINCSTRIKE/CINCMEAFSA

COMIDEASTFOR

CINCUSNAVEUR

SUBJECT

SHAW'S VIEW ON (A) TUNBS: AND, ABU MUSA AND (B) FUTURE OF MIDEASTFOR

REF:

TEHRAN 5011

A. TUNBS AND ABU MUSA

1. IN DEC 9 MEETING WITH SHAW I ASKED HIM ABOUT DEVELOPMENTS IN GULF SINCE LAST I SAW HIM. HE SAID THERE NO PROGRESS ON TUNBS AND ABU MUSA AND THAT CONTRARY TO HIS EXPECTATIONS AND TO HIS GREAT DISAPPOINTMENT KING FAISAL HAD BEEN OF NO HELP WHATSOEVER AND KUWAIT GOVT HAD BEEN ACTUALLY HOSTILE BY ENCOURAGING SHEIKHS NOT TO REACH AGREEMENT. HE SAID FAISAL TOOK POSITION, WHICH WAS DIFFICULT TO ASSAIL, THAT BRITISH HAD CREATED GULF PROBLEM BY SEIZING THESE ISLANDS DURING COLONIAL ERA AND ARBITRARILY ALLOCATING THEM TO SHEIKHDOMS. SINCE THEY HAD CREATED PROBLEM, IT WAS UP TO BRITISH TO SETTLE IT BEFORE THEY DEPARTED FROM GULF NEXT YEAR. HE FRANKLY DID NOT KNOW WHY KUWAIT WAS SO HOSTILE TO AN AGREEMENT BETWEEN SHEIKHS AND IRAN, PARTICULARLY SINCE KUWAIT WITHOUT A STRONG FRIEND SUCH AS IRAN WAS VERY VULNERABLE INDEED TO IRAQ, WHOSE CLAIMS AND ASPIRATIONS RE KUWAIT HAD NEVER BEEN RENOUNCED.
2. TURNING TO ISLANDS, HE SAID HE HAD MADE ABSOLUTELY AND UNEQUIVOCABLY CLEAR TO BRITISH AND ARAB FRIENDS ON OTHER SIDE OF GULF THAT THESE ISLANDS WERE IRANIAN AND AT VERY LEAST IRAN WOULD INSIST ON STATIONING FORCES ON THEM. IF SHEIKHS WERE UNWILLING TO REACH SOME AGREEMENT FAULT WOULD BE THEIRS BUT IRAN COULD AND WOULD NOT LEAVE THESE ISLANDS WHICH CONTROLLED MOUTH OF GULF SOLELY IN HANDS OF TINY SHEIKHDOMS WHICH MIGHT OR MIGHT NOT SURVIVE RADICAL ARAB OFFENSIVE, WHICH HAS ALREADY BEGUN THROUGH INSTALLATION OF SUBVERSIVE CADRES. IF SHEIKHS REMAIN UNCOOPERATIVE, THEY COULD NOT LATER EXPECT COOPERATION FROM IRAN.
3. TURNING TO FEDERATION, HE SAID IRAN HAD RECENTLY REAFFIRMED AGAIN TO SHEIKHDOMS THAT IF THEY WANTED FEDERATION (FAA) IRAN FAVORED IDEA WHETHER FAA BE LARGE OR SMALL. HOWEVER, AT SAME TIME GOI HAD MADE CLEAR THAT ISLANDS QUESTION MUST BE SETTLED FIRST AND THAT IF IT WERE NOT, IRAN WOULD BE ACTIVELY OPPOSED TO A FEDERATION SHOULD SHEIKHDOMS TRY TO ACTUALLY BRING ONE INTO BEING. SHAH THEN MENTIONED THAT IF THERE IS ARAB-ISRAEL SETTLEMENT AND SUEZ CANAL IS OPENED, RUSSIANS WOULD BE ABLE TO INCREASE THEIR NAVAL PRESENCE IN INDIAN OCEAN AND ARABIAN SEA AREA

WHICH WAS ADDITIONAL CAUSE OF CONCERN RE GULF. AS OBVIOUSLY RUSSIANS WILL SUPPORT RADICAL ARAB REGIMES, PARTICULARLY IRAQ, AS CATSPAWS TO PULL DOWN MODERATE ARAB REGIMES IN ARABIAN PENINSULA AND THUS INCREASE SOVIET INFLUENCE IN AREA. THIS AFFORDED ME OPENING TO RAISE FUTURE OF MIDEASFOR AS FOLLOWS.

B. FUTURE OF MIDEASFOR

1. I REPLIED SOVIETS INCREASING THEIR NAVAL PRESENCE IN MEDITERRANEAN AND AGREED FULLY WITH HIM THEY ALSO DOING SAME THING IN INDIAN OCEAN AND GULF AREA. SAID I UNDERSTOOD HE HAD RECENTLY SEEN REPORTS OF CONCERN IN UK AND US OVER STEADILY INCREASING SOVIET PRESENCE IN INDIAN OCEAN AREA WHETHER US OR IRAN LIKED IT OR NOT, THIS WAS FACT OF LIFE AND WE WOULD DOUBTLESS SEE FURTHER EXPANSION OF SOVIET NAVAL ACTIVITY IN INDIAN OCEAN, ARABIAN SEA AND PERSIAN GULF. I WAS SURE HE WOULD AGREE IT WOULD BE A GREAT TRAGEDY IF RUSSIANS SUCCEEDED IN TURNING INDIAN OCEAN AND GULF AREA INTO WHAT AMOUNTED TO SOVIET LAKE. FOR THESE REASONS USG WANTED HIM TO KNOW CONFIDENTIALLY THAT WE PLANNED TO CONTINUE MIDEASTFOR AS AT PRESENT. THIS WOULD HELP COUNTERBALANCE INCREASED SOVIET NAVAL PRESENCE BOTH IN GULF AND IN INDIAN OCEAN AREA WHERE MIDEASTFOR SPENT APPROXIMATELY TWO THIRDS OF ITS TIME COVERING ITS AREA OF RESPONSIBILITY FROM CEYLON ACROSS TO AFRICA.
2. SHAH REPLIED HE HAD MADE CLEAR TO SOVIET AMBASSADOR THAT WHEN BRITISH NAVY LEFT GULF HE DID NOT WANT IT REPLACED BY SOVIETS, AMERICANS OR ANYONE ELSE. (HE ADDED HE TOLD BRITISH HE HAD NO OBJECTION TO BRITISH NAVAL BASE OUTSIDE GULF IN OMAN.) I SAID I KNEW HE DID NOT WISH A BRITISH OR AMERICAN PRETEXT FOR RUSSIANS TO COME INTO GULF BUT HARD FACT OF LIFE IS THAT THEY ARE ALREADY IN GULF AND OBVIOUSLY INTENDED TO CONTINUE TO MAINTAIN SOME SORT OF PRESENCE THERE WHETHER ANYONE LIKED IT OR NOT. I POINTED OUT THAT FOR SIXTY YEARS FROM DESTRUCTION OF IMPERIAL RUSSIAN FLEET BY ADMIRAL TOGO IN 1905 TO ABOUT TWO AND HALF YEARS AGO THERE HAD BEEN NO RUSSIAN NAVAL VESSELS IN GULF. HOWEVER, IN LAST TWO AND HALF YEARS, THERE HAD BEEN FIVE VISITATIONS OF GROUPS OF SHIPS. SHAH NODDED AND SAID "YES TWO OF THEM VISITED IRANIAN PORTS." I

WENT ON THAT PERHAPS EVEN MORE IMPORTANT WAS FACT THAT RUSSIANS CONSTRUCTING NAVAL FACILITY IN UMM-AL-QASR IN IRAQ NOMINALLY FOR IRAQ BUT OBVIOUSLY TO HAVE AN AVAILABLE PORT UNDER CONTROL OF A COUNTRY HEAVILY DEPENDENT ON SOVIET UNION FOR ASSISTANCE. OBVIOUSLY RUSSIAN SHIPS WOULD USE THIS PORT AS THEY USE PORT THEY CONSTRUCTING IN EGYPT AS MAS-AL-MATRU WHICH, WHILE NOMINALLY FOR UAR, IS ACTUALL FOR SOVIET NAVAL VESSELS. FOR A NUMBER OF REASONS, INCLUDING THOSE I HAD CITED, WE HAD DECIDED FREE-WORLD INTERESTS WOULD BEST BE SERVED BY CONTINUING MIDEASTFOR, WHICH WHILE HOME-PORTED IN BAHREIN DID NOT HAVE ANY CONVENTIONAL NAVAL BASE THERE. CONTINUATION OF PRESENT MIDEASTFOR ARRANGEMENTS WOULD ENABLE US TO HAVE SHIPS IN GULF PERIODICALLY AS WELL AS CONTINUING PRESENCE IN ARABIAN SEA AND INDIAN OCEAN WHERE, AS I HAD POINTED OUT, SHIPS SPENT TWO-THIRDS OR MORE OF THEIR TIME.

3. SHAH DID NOT COMMENT, OFFERING NO RPT NO SPECIFIC OBJECTION AND DISCUSSION ON MIDEASTFOR ENDED ON THIS NOTE. I DID NOT PRESS HIM TO AGREE BECAUSE WE FELT HE MIGHT PREFER NOT NOT BE PUT IN POSITION OF APPROVING FOR REASONS CITED IN PARA 2(A)REFTEL. MY IMPRESSION IS HE ACCEPTS OUR "DECISION" EVEN IF NOT WITH ANY ENTHUSIASM ALTHOUGH I CANNOT OF COURSE BE ENTIRELY CERTAIN THAT HE MAY NOT RAISE QUESTIONS LATER. I THEREFORE FEEL THAT HAVING GIVEN HIM NOTICE OF OUR INTENT IT WOULD BE APPROPRIATE NOW TO INFORM SAUDIS AND KUWAITIS AND THE BAHRAIN OF OUR PLANS. HOWEVER IN DISCUSSING THIS WITH SAUDIS, KUWAITIS, BAHREINIS, ETC., I STRONGLY RECOMMEND WE NOT RRT NOT VOLUNTEER FACT WE HAVE DISCUSSED THIS MATTER WITH GOI. IF THEY RAISE QUESTION ABOUT POSITION OF IRAN, WOULD RECOMMEND WE SIMPLY SAY IRAN ALSO BEING INFORMED AND WE HAVE NO REASON TO BELIEVE GOI WILL OBJECT. OF COURSE, HAVE NO OBJECTION TO FILLING IN BRITISH RE MY TALK WITH SHAH BUT IF WE DO SO, I WOULD, LIKE TO BE NOTIFIED IN ADVANCE AS TO WHEN WE WILL INFORM BRITISH AND WHAT WILL BE SAID SO THAT I CAN ALSO AT SAME TIME FILL IN UK AMB DENIS WRIGHT WHO IS HELPFUL AND COOPERATIVE ON MANY MATTERS. GP-3.

MACARTHUR

¹ Source: National Archives, RG 59, Central Files 1970-73, POL 33
PERSIAN GULF. Secret; Exdis.

106. Telegram 5335 From the Embassy in Iran to the
Department of State, December 10, 1970, 1320Z¹

December 10, 1970, 1320Z

TELEGRAM
Department of State
TEHRAN 5335

52

ACTION SS-45

INFO OCT-01 /046 W 043192

R 101320Z DEC 70

FM AMEMBASSY TEHRAN

TO SECSTATE WASHDC 2953

SUBJECT:

SHAH'S VIEWS ON MIDDLE EAST SITUATION AS IT RELATES TO IRAN'S SECURITY
REQUIREMENTS

1. DURING HOUR AND HALF MEETING WITH SHAH DEC 9 HE SPENT MUCH TIME GOING OVER REASONS BEHIND IRAN'S MILITARY ACQUISITION REQUIREMENTS, STRESSING THESE WERE BARE MINIMUM GIVEN POTENTIAL DANGERS IN A VERY PERILOUS AREA.
2. HE OPENED BY STATING HE REMAINS CONVINCED THAT SOVIETS BASIC OBJECTIVES REMAIN (A) EXPELLING US AND WESTERN INFLUENCE FROM ARABIAN PENINSULA AND GULF AREA, AND (B) GAINING POSITION OF PRIMARY EXTERNAL INFLUENCE IN THESE AREAS AND THAT SOVIET TACTICS IN ATTAINING THESE OBJECTIVES IS TO USE RADICAL ARAB REGIMES TO DESTROY MODERATE ARAB STATES.
3. KEEPING BASIC SOVIET OBJECTIVES IN MIND, SHAH WENT ON, FUTURE WILL ALSO BE INFLUENCED MUCH BY (A) WHETHER THERE IS ARAB-ISRAEL SETTLEMENT: (B) WHETHER PROPOSED ARAB FEDERATION OF UAR, SUDAN AND LIBYA BECOMES A

REALITY: AND (C) WHETHER IT IS EXPANDED TO INCLUDE FIRST SYRIA AND PERHAPS LATER IRAQ. SHAH DOES NOT BELIEVE SOVIETS WANT SETTLEMENT BECAUSE THIS WOULD REDUCE DEPENDENCY OF RADICAL ARAB STATES ON SOVIET UNION AND HENCE SOVIETS CAPABILITY TO PENETRATE WORLD AND GAIN EVER INCREASING INFLUENCE IN THESE STATES.

4. RE ARAB FEDERATION, IF IT BECOMES REALITY IT SHOULD NOT REPRESENT POTENTIAL DANGER FOR MODERATE REGIMES IN ARABIAN PENINSULA IF IT IS CONFINED TO THREE "AFRICAN MEMBERS" (UAR, LIBYA AND SUDAN). IF, HOWEVER, IT INCLUDES SYRIA AND POSSIBLY LATER IRAQ, IT COULD REPRESENT GRAVE DANGER NOT ONLY FOR MODERATE ARAB REGIMES IN SAUDI ARABIA, KUWAIT AND SHEIKHDOMS, BUT ALSO IRAN FOR THAT MATTER. HE EXPLAINED THAT GIVEN RADICAL AND IDEOLOGICAL NATURE OF REGIMES IN BOTH DAMASCUS AND BAGHDAD, EVEN TAKING INTO ACCOUNT RECENT CHANGES THERE, THERE WOULD OBVIOUSLY BE STRONG MATERIAL (OIL) AND IDEOLOGICAL PRESSURES ON SUCH A FEDERATION FROM SYRIA (AND IRAQ IF IT WERE A MEMBER) TO ACT TO REPLACE MODERATE, TRADITIONALIST REGIMES IN JORDAN, SAUDI ARABIA, KUWAIT AND GULF SHEIKHDOMS. IF SUCH A FEDERATION EMBRACING SYRIA AND PERHAPS IRAQ SHOULD BECOME SOLID REALITY AND THERE SHOULD BE ARAB-ISRAEL SETTLEMENT, SHAH IS VERY PESSIMISTIC AND DOES NOT CONSIDER SAUDI ARABIA, KUWAIT OR EVEN JORDAN'S SURVIVAL POTENTIAL AS GOOD.
5. THERE IS ALSO DANGER THAT SOUTHERN YEMEN (PRSY) AND YEMEN MAY MERGE AT SOME JUNCTURE THROUGH PRSY FORCE OR OTHERWISE. IF THIS HAPPENS SAUDI ARABIA WILL BE EVEN MORE THREATENED. PRSY SITUATION IS PARTICULARLY DISTURBING IN LIGHT OF INTELLIGENCE REPORTS THAT SOVIETS SUPPLYING PRSY WITH GROUND FORCE EQUIPMENT FOR SIX BRIGADES AND ALSO LANDING CRAFT. "WHY", HE ASKED, "HAS SOUTHERN YEMEN ANY NEED FOR LANDING CRAFT UNLESS HAS DESIGNS ON OMAN AND GULF SHEIKHDOMS? AND IF SOME OR ALL OF THESE SHOULD FALL AND RADICAL REGIMES LIKE PRSY BE INSTALLED THERE, WILL SOVIETS ALSO SUPPLY THEM WITH LANDING CRAFT FOR INFILTRATION OPERATIONS IN AND ACROSS GULF TOWARD IRAN?"
6. ANOTHER POTENTIAL PROBLEM IRAN MUST CONSIDER IN JUDGING ITS SECURITY REQUIREMENTS IS PAKISTAN WHERE RECENT ELECTIONS RESULTS CAME AS CONSIDERABLE SHOCK TO GOI. IT IS TOO SOON, SHAH SAID, TO ESTIMATE WHAT WILL

COME OUT OF THESE ELECTIONS. BUT BHUTTO'S VICTORY IN WEST PAKISTAN IS VERY DISTURBING BECAUSE OF HIS FANATICAL MILITANCY AGAINST INDIA AND HIS LEFTIST PHILOSOPHY WHICH MAY LEAD HIM INTO MUCH CLOSER RELATIONSHIPS WITH BOTH COMMUNIST CHINA AND SOVIETS. WHILE VICTORY IN EAST PAKISTAN OF RAHMAN AND AWAMI LEAGUE, WHICH WANT MODUS VIVENDI WITH INDIA, MAY TEND TO COUNTERACT BHUTTO'S HOSTILITY TOWARD INDIA, WHO CAN TELL WHETHER EAST AND WEST PAKISTAN WILL REMAIN UNITED OVER NEXT FEW YEARS? AND IF THEY GO SEPARATE WAYS, IRAN MUST TAKE ACCOUNT OF POSSIBILITY OF INSTALLATION OF EXTREME RADICAL REGIME IN WEST PAKISTAN WITH VERY CLOSE TIES WITH SOVIETS AND CHICOMS. AT PRESENT IRAN HAS ONLY ONE DIVISION COVERING ITS WHOLE EASTERN BORDER AND HAS NO NAVAL STRENGTH OUTSIDE GULF EVEN THOUGH IRAN HAS COASTLINE ON GULF OF OMAN OF OVER 500 KILOMETERS. THIS IS ANOTHER REASON WHY IT MORE ESSENTIAL THAN EVER FOR IRAN TO PURCHASE THE TWO ADDITIONAL DESTROYERS FROM US IT HAS REQUESTED. SHAH MENTIONED THAT IRAN'S ORIGINAL STRATEGIC NAVAL CONCEPT WAS CONFINED TO GULF. HOWEVER, IT WAS ESSENTIAL TO INCLUDE A CAPABILITY IN GULF OF OMAN TO COVER IMPORTANT SEA APPROACHES TO "IRAN'S LIFELINE, THE GULF," AND ALSO BECAUSE OF POSSIBILITY ARAB SIDE OF GULF OF OMAN MIGHT FALL INTO HANDS OF RADICAL REGIME THAT MIGHT WISH TO INFILTRATE SUBVERSIVE TEAMS THROUGH IRAN'S LONG AND TOTALLY EXPOSED COAST ON GULF OF OMAN. TO ADD TO PROBLEM, IT POSSIBLE THAT A RADICAL GOVT COULD EVENTUALLY EMERGE IN WEST PAKISTAN, WHICH IF NOT ACTUALLY HOSTILE TO IRAN, MIGHT BE AT LEAST UNHELPFUL AND UNCOOPERATIVE.

7. INSOFAR AS AIR FORCE (IIAF) CONCERNED IRAN MUST HAVE SOME CAPABILITY OF DEFENDING ITS VAST WEST AND SOUTHERN AIR FRONTIER STRETCHING FROM TURKEY TO PAKISTAN FRONTIER, A DISTANCE OF THOUSANDS OF KILOMETERS AS WELL AS SOME CAPABILITY ON NORTHERN FRONTIER WITH SOVIET UNION TO GIVE CREDIBILITY TO IRAN'S WARNING THAT IF SOVIETS EVER INVADE IRAN THEY WILL HAVE TO SHOOT THEIR WAY IN. IRAN REALIZES IT CANNOT COVER ALL OF THIS VAST AREA AS FORCE NEEDED WOULD BE TOTALLY BEYOND IRAN'S FINANCIAL AND HUMAN RESOURCES. THEREFORE IT MUST TAKE CALCULATED RISKS AND ASSUME THAT IT WILL NOT HAVE TROUBLE ON ALL ITS FRONTIERS AT

SAME TIME. THIS WAS WHY IIAF REQUIREMENTS HE HAS GIVEN US FOR EIGHT SQDNS OF F-4s ARE IN REALITY AUSTERE IN LIGHT OF VAST AREA TO BE COVERED AND ARE ABSOLUTE AND INDISPENSABLE MINIMUM. HE OBSERVED IRAN'S SITUATION IS QUITE DIFFERENT FROM OURS IN THAT WE HAVE ATLANTIC AND PACIFIC OCEAN CUSHIONS AND ALSO HAVE HIGHLY TRAINED AIR RESERVE UNITS WITH COMBAT- EXPERIENCED PILOTS WHICH, IN EVENT OF NEED CAN BE ACTIVATED IN SHORT TIME, THUS EXPANDING OUR AIR CAPABILITY. IRAN HAS NO SUCH CUSHIONS AND NO SUCH RESERVE. IT HAD TO COUNT ON ACTIVE UNITS ALONE WITH NO BACK-UP WHATSOEVER. THIS IS WHY IIAF REQUIREMENTS HE HAD DISCUSSED WITH PRESIDENT IN OCTOBER 1969 WERE ABSOLUTE MINIMUM.

8. HE CONCLUDED BY SAYING HE IS NOT TRYING TO CREATE "SOME KIND OF GREAT IMPERIAL ARMED FORCE LIKE KAISER WILHELM OR LIKE HITLER." ON CONTRARY, WHAT HE WANTS IS RELATIVELY SMALL BUT HIGHLY EFFICIENT AND WELL-TRAINED FORCE WHICH AT SAME TIME WOULD BE ABLE TO SUCCESSFULLY COUNTER ANYTHING BUT MAJOR SOVIET ATTACK. GIVEN VAST AREA INVOLVED, NATURE OF BASIC SOVIET OBJECTIVES AND TACITCS, AND OTHER POTENTIAL THREATS, SIX DIVISIONS PLUS SEVERAL BRIGADES WAS ABSOLUTE MINIMUM GROUND FORCE ALTHOUGH HE WOULD HAVE TO HAVE SOME ADDITIONAL EQUIPMENT ON HAND FOR RESERVE DIVISIONS. SIMILARLY, THE NAVAL AND AIR REQUIREMENTS HE HAD INDICATED TO US WERE ESSENTIAL MINIMUM. WHILE IN PRINCIPLE HE WOULD LIKE TO ACQUIRE ALL HIS EQUIPMENT FROM US, HE KNEW THIS WAS NOT POSSIBLE BUT HE DID WISH TO EQUIP HIS AIR FORCE ENTIRELY FROM US AND OTHER SELECTED ITEMS FROM CREDIT THAT REMAINED. HE MENTIONED TOUFANIAN-TWITCHELL STUDY (TTS) WHICH HE SAID WOULD SOON BE READY AND WOULD INDICATE IRAN'S REQUIREMENTS WHEN TTS COMPLETED, HE WOULD WISH TO DISCUSS REQUIREMENTS WITH US WITH VIEW TO EXTENDING 1968 UNDERSTANDING AS FORMER UNDER SECRETARY RICHARDSON HAD INDICATED WE WERE WILLING TO CONSIDER.
9. I SAID AS I UNDERSTOOD IT, TTS WOULD PROVIDE HIM WITH BASIC INFORMATION RELATING TO EQUIPMENT THE THREE SERVICES DESIRED AND ALSO THE RELATED PROBLEMS OF COST, TRAINED MANPOWER, INFRASTRUCTURE, ETC. THIS, I OBSERVED, SHOULD BE GOOD BASIS FOR DEVELOPMENT OF FIVE, YEAR PLAN HE HAD MENTIONED TO RICHARDSON. SHAH COUNTERED SAYING TTS WOULD IN EFFECT CONSTITUTE IRAN'S FIVE-YEAR

REQUIREMENTS. I COMMENTED THAT OBVIOUSLY WHAT EMERGED FROM STUDY HAD TO BE RELATED TO IRAN'S FINANCIAL, HUMAN AND OTHER RESOURCES AS WELL AS TO SOME SCHEDULE OF EQUIPMENT PAYMENTS OVER A FIVE YEAR PERIOD. THIS SEEMED ESSENTIAL AS IRAN WOULD OBVIOUSLY HAVE TO TIME-PHASE ITS ACQUISITIONS IN KEEPING WITH ITS RESOURCES AND FINANCIAL AND MANPOWER CAPABILITIES. SHAH CONCEDED THAT THIS WAS OF COURSE TRUE BUT SAID HE WANTED TO EMPHASIZE THAT INsofar AS AIRCRAFT ARE CONCERNED, DECISION AS TO WHAT IS NEEDED HAS ALREADY BEEN TAKEN.

10. HE THEN ASKED ME POINT BLANK WHETHER IT IT WE HAD OBJECTIONS TO 7TH AND 8TH SQDNS OF F-4 AIRCRAFT. REPLIED BY SAYING WE TRYING TO HELP IN ALL POSSIBLE WAYS, LISTING, AS I HAD TO ALAM, WHAT WE HAD DONE TO TRY TO HELP IRAN MEET ITS MILITARY NEEDS: E.G., SHIFTING FROM FMS TD; EX-IM, PICKING UP MISSING EIGHTH TRANCHE. OUR WILLINGNESS TO EXPAND PILOT TRAINING, ETC. OBVIOUSLY, THERE WERE PROBLEMS FOR GOI INCLUDING FINANCING. HOWEVER, I COULD ASSURE HIM HIS DESIRE TO ACQUIRE THESE AIRCRAFT WAS FULLY UNDERSTOOD IN WASHINGTON WHICH I ALSO KNEW WAS EXAMINING PROBLEM. I FELT SURE HE KNEW WE WOULD DO OUR LEVEL BEST TO HELP IRAN AS MUCH AS POSSIBLE TO MEET ITS SECURITY REQUIREMENTS. HE SAID HE WAS SURE HE COULD COUNT ON US.

11. COMMENT: AT BEGINNING OF OUR DISCUSSION OF F-4s AND IRAN'S MILITARY REQUIREMENTS, SHAH WAS IN SOMBER AND RATHER SUSPICIOUS MOOD, OBVIOUSLY IN PART CAUSED BY REPORTS (TEHRAN 5193) THAT ELEMENTS WITHIN USG OPPOSING HIS ACQUISITION OF 7TH AND 8TH F-104 SQDNS AS WELL AS OPPOSITION TO FLAME THROWERS. RE LATTER, HE SAID RATHER ACIDLY HE COULD OBTAIN ALL HE WANTED FROM ISRAEL. HOWEVER, BY END OF OUR CONVERSATION HE SEEMED IN MORE RELAXED MOOD, PARTICULARLY AS RESULT OF ASSURANCES IN VERY HELPFUL STATE 199179 AND SECDEF 7580 THAT I WAS ABLE TO GIVE HIM. HOWEVER, THERE IS NO QUESTION WHATSOEVER THAT SHAH HAS MADE FINAL DECISION ON ACQUISITION OF 7TH AND 8TH F-4 SQDNS AND, EXPECTS OUR APPROVAL AND COOPERATION. I NEED NOT ADD THAT IF WE FAIL HIM ON THIS, IT WILL CHANGE HIS ENTIRE OUTLOOK.

12. DEPT PASS OTHER POSTS AS APPROPRIATE, INFORMING US WHICH ONES. GP 3

MACARTHUR

¹ Source: National Archives, RG 59, Central Files 1970-73, POL 33 PERSIAN GULF. Secret; Exdis. In Telegram 5193 from Tehran, December 2, the Embassy conveyed the Shah's concern over information, allegedly from a Department source, that some State officials viewed selling the two extra squadrons of F-4s to the Iranians as "provocative." MacArthur denied the rumors, but in a private comment blamed the Shah's suspicions on the lack of a positive response on the squadrons. (Ibid., POL 15-1 IRAN). In Telegram 197768 to Tehran, December 4, the Department responded that the Shah's suspicions were disappointing after all the U.S. efforts to ensure Iranian security, adding that the Department was trying to come up with an inter-agency response on the F-4s. (Ibid.)

107. Telegram 202975 From the Department of State to the Embassy in Iran, December 14, 1970, 2238Z¹

December 14, 1970, 2238Z

TELEGRAM

Department of State 202975

ACTION:

Amembassy TEHRAN PRIORITY

INFO:

CINCSTRIKE

SECDEF

CSAF

JOINT STATE/DEFENSE MESSAGE

1. Request you take earliest suitable opportunity to inform Shah that decision has been made to approve in principle GOI request to purchase additional 34 F-4E aircraft (Squadrons 7&8).
2. While doing so request you again specify reasons why USG has studied his request so carefully in order dispel any misunderstandings Shah may have gained through informal reports he has received re basic USG attitudes toward Iran and its security requirements. You are well aware of the major reservations that have been held throughout consideration of Shah's request. We believe it desirable you continue to stress with him our concernr regarding Iran's manpower requirements and financing of the transaction. Proposed force level of IIAF will require personnel with both great sophistication and long experience. If IIAF unable to meet personnel requirements, it could be forced to place some aircraft in storage. Further, DOD ability provide large-scale F-4 technical assistance over a long term cannot be assured. In addition we had hoped Shah would have benefit of Toufanian-Twitchell study to assist him in making necessary difficult decisions on allocating Iran's resources.
3. Details of fund requirements is subject SEPTTEL.
4. You should ensure that Shah recognizes that, despite our reservations, if he wishes to buy the remaining 34 F-4s, the USG will agree. We are only concerned he know that as long-time friend and ally, US desires he be aware of very important factors we believe he would want to consider in making decision of this magnitude.

END

¹ Source: National Archives, RG 59, Central Files 1970-73, DEF 12-5 IRAN. Secret; Priority. Joint State/Defense Message. Repeated to CINCSTRIKE, SECDEF, CSAF, ExIm Bank. Drafted by Robert L. Dowel Jr. (NEA/IRN); cleared by Miklos, Schiff, and in DOD/ISA, JCS, DOD/ISA/MA&S, PM/MAS, ACDA, PM/MC; and approved by Davies.

108. Telegram 5566 From the Embassy in Iran to the
Department of State, December 30, 1970, 0930Z¹

December 30, 1970, 0930Z

TELEGRAM
Department of State
TEHRAN 5566

44 07

ACTION E-04

INFO OCT-01 SS-20 NEA-08 NSC-10 NSCE-00 INR-07 CIAE-00 NSAE-00
L-02 PM-03 EUR-12 ARA-11 PRS-01 RSR-01 RSC-01 /081 W 028750

P 300930Z DEC 70

FM AMEMBASSY TEHRAN

TO SECSTATE WASHDC PRIORITY 3078

INFO AMEMBASSY BEIRUT PRIORITY

AMCONSUL DHAHRAN AMEMBASSY JIDDA

AMEMBASSY THE HAGUE

AMEMBASSY KUWAIT

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY CARACAS

TEHRAN 5566

SUBJECT:

CONFRONTATION BETWEEN OIL CONSORTIUM AND IRAN-OPEC APPEARS IMMINENT

REF:

(A) TEHRAN 5565 (B) STATE 209477

1. THERE NUMBER OF INDICATIONS THAT CONSORTIUM MAY MAY BE HEADED FOR MAJOR CONFRONTATION WITH OPEC GROUP (IRAN-SAUDI ARABIA, CAIRO) ON QUESTION OF JAN 12 MEETING TO DEALWITH OIL PRICE INCREASES. IN FIRST PLACE, SHAH YESTERDAY MADE MAJOR SPEECH AT CABINET-PLANORG MEETING (FOR FIRST TIME SUCH MEETING COVERED BY BOTH TELEVISION AND PRESS) IN WHICH HE STRESSED (A) IN VIEW MAJOR DECLINE IN PURCHASING POWER OF STERLING AND DOLLARS OVER PAST FEW YEARS IRAN AND OTHER OIL PRODUCERS IN RELATIVE TERMS RECEIVING SUBSTANTIALLY LESS FOR THEIR OIL THAN TEN TO TWELVE YEARS AGO AND (B) DETERMIATION TO SEE OIL PRICES FOR GULF OIL RASISED. (REF A GIVES GOOD SUMMARY AND HARD FLAVOR OF HIS REMARKS.)
2. FURTHERMORE LAST EVENING COURT CALLED ME TO SAY SHAH WAS "DEEPLY DISTURBED" BY EFFORTS OF CONSORTIUM TO POSTPONE JAN 12 MEETING. WHILE SHAH DID NOT WISH ANOTHER UNPLEASANT CONRONTATION WITH CONSORTIUM IF IT INSISTED ON POSTPONEMENT OF JAN 12 MEETING IRAN WOULD HAVE NO CHOICE BUT TO UNILATERALLY DECIDE ON POSTED PRICE INCREASES. SHAH THEREFORE HOPED USG WOULD URGE US COMPANIES IN CONSORTIUM TO MEET JAN I2 DEADLINE.
3. I SAID THAT WHILE I WOULD TRANSMIT SHAH'S REQUEST, I PERSONALLY FELT IRAN AND OPEC MEMBERS HAD GIVEN CONSORTIUM VERY LITTLE TIME TO GET READY FOR SUCH AN IMPORTANT MEETING. IN FIRST PLACE, ALTHOUGH VENEZUELA OPEC MEETING HAD TERMINATED DEC I2, REPORT HAD NOT BEEN MADE PUBLIC UNTIL DEC 28. SO NEITHER OIL CONSORTIUM COMPANIES NOR THEIR GOVTS HAD, INSOFAR AS I KNEW, ACCURATE KNOWLEDGE OF VENEZUELA DECISIONS UNTIL NOW. FURTHERMORE, AS ALAM KNEW, WESTERN WORLD WAS NOW MIDST NEW YEAR HOLIDAY PERIOD WHEN MANY IMPORTANT EXECUTIVES, WHOSE VIEWS AND JUDGMENT WERE NEEDED, WOULD PROBABLY BE TAKING WELL EARNED VACATION OF ANYWHERE FROM TWO TO THREE WEEKS. FINALLY, I COULD TELL HIM THAT USG DID FEEL THAT TIME FRAME FOR JAN 12 MEETING WAS VERY SHORT AND DIFFICULT TO MEET IN VIEW OF WHAT I HAD SAID TO HIM ABOVE (REF B). ALAM SAID NONETHELESS SHAH TRUSTED THAT USG WOULD, URGE COMPANIES TO MEET DEADLINE.

4. VAN REEVEN (CONSORTIUM GENERAL MANAGER) INFORMS US THAT FINMIN AMOUZEGAR, WHO REPRESENTED IRAN AT VENEZUELA OPEC MEETING, STOPPED OVER IN LONDON DEC 22 AND GAVE ADDISTON (CONSORTIUM) COPY OF OPEC VENEZUELA REPORT. VAN REEVEN ALSO SAID AMOUZEGAR HAS PRESSED HIM HARD TO URGE CONSORTIUM MEMBERS TO MEET JAN 12 DEADLINE FOR MEETING. AMOUZEGAR SAID DEADLINE NOT MET OPEC COMMITTEE HE HEADS (IRAQ-SAUDIS-IRAQ) MUST REPORT TO SEC GEN OPEC AND AS PRACTICAL MATTER THIS WOULD RESULT IN EXTRAORDINARY SESSION OF OPEC, RESULTS OF WHICH HE COULD NOT PREDICT. VAN REEVEN FEARS UNLESS CONSORTIUM SENDS SOMEONE TO AT LEAST BEGIN TALKS JAN 12, THERE MAY BE STRONG AND VERY ADVERSE EMOTIONAL REACTION ON PART OF GOI WHICH COULD LEAD TO UNFORTUNATE DECISIONS. ACCORDINGLY, HE HAD URGED CONSORTIUM TO SEND SENIOR REPRESENTATIVE TO AT LEAST BEGIN DISCUSSIONS JAN 12 EVEN IF THEY TURN OUT TO BE PROLONGED (WITH NEED FOR SUSPENSION AT SOME POINT FOR CONSULTATIONS).
5. POSSIBILITY OF BEGINNING TALKS JAN 12 BUT STRINGING (THEM OUT OVER PERIOD OF SOME WEEKS WOULD NOT SEEM TO TAKE INTO ACCOUNT ONE FACTOR—THIS IS SHAH'S PLANS TO PROCEED TO SWITZERLAND ABOUT JAN 20 FOR HIS ANNUAL FOUR WEEK MEDICAL CHECK-UP AND VACATION. WE SUSPECT THAT THESE PLANS MAY BE IN PART RESPONSIBLE FOR ADAMANT GOI POSITION THAT TALKS MUST BEGIN JAN 12 WITH AGREEMENTS REACHED RELATIVELY SOON THEREAFTER.
6. COMMENT: UNTIL WE KNOW CONSORTIUM REACTION TO VAN REEVEN'S STRONG RECOMMENDATION THAT CONSORTIUM SEND TEAM HEADED BY SENIOR MEMBER TO AT LEAST BEGIN TALKS JAN 12, WE ARE NOT IN POSITION TO MAKE ANY RECOMMENDATIONS AS TO WHAT MIGHT BE DONE TO TRY HEAD OFF POSSIBILITY OF HEAD-ON COLLISION BETWEEN CONSORTIUM AND GULF OPEC GROUP OF IRAN, SAUDI ARABIA AND IRAQ. HOWEVER, I DO OWE ALAM REPLY TO SHAH'S REQUEST THAT USG URGE COMPANIES TO MEET JAN 12 DEADLINE AND WOULD APPRECIATE DEPT'S INSTRUCTIONS.

GP-3

MACARTHUR

¹ Source: National Archives, RG 59, Central Files 1970-73, PET 6 IRAN. Confidential. Repeated to Dhahran, Jidda, the Hague, Kuwait, London, Paris, and Caracas. In Telegram 206077 to London, Bonn, Brussels, the Hague, Paris, Rome, and Tokyo, December 18, the Department disseminated the resolutions from the recent OPEC conference in Caracas, which included increasing and standardizing prices, and authorizing Iran, Iraq, and Saudi Arabia to negotiate with the oil companies within 30 days (Ibid., PET 3 OPEC). (declass.)

Iran 1971

[109. Telegram 218 From the Embassy in Iran to the Department of State, January 14, 1971, 1445Z](#)

January 14, 1971, 1445Z

MacArthur warned that the Shah, indignant over the consortium's delay in meeting with OPEC Persian Gulf producers, was threatening unilateral OPEC cutbacks.

Source: National Archives, RG 59, Central Files 1970-73, PET 3 OPEC. Secret; Immediate; Exdis. Repeated Immediate to Beirut, to Tripoli, London, Paris, the Hague, Caracas, OECD Brussels, OECD Paris, NATO, Jidda, Kuwait, Dhahran, Tokyo, Bonn, Rome, Brussels, and Algiers.

[110. Letter From President Nixon to the Shah of Iran, Washington, January 16, 1971](#)

Washington, January 16, 1971

Nixon expressed concern at the conflict between oil-producing countries and the oil companies, and dispatched Under Secretary Irwin to act as an intermediary.

Source: National Archives, Nixon Presidential Materials, NSC Files, Box 755, Presidential Correspondence, 1969-1974, Iran. No classification marking. Drafted at the Department of State on January 15 by Nicholas Veliotes (U). Identical letters were sent to the King of Saudi Arabia and the Emir of Kuwait

[111. Telegram 277 From the Embassy in Iran to the Department of State, January 18, 1971, 1632Z](#)

January 18, 1971, 1632Z

Under Secretary Irwin reported back to President Nixon and Secretary Rogers on his meeting with the Shah, in which the Shah lobbied for a separate Persian Gulf oil agreement rather than the OPEC-wide deal that the companies sought.

Source: National Archives, Nixon Presidential Materials, NSC Files, Box 602, Country Files, Iran. Secret; Nodis. Repeated to Jidda, Kuwait, Dhahran, Tripoli, London, The Hague, OECD Paris, and EC Brussels. In a telegram dated January 18, following his discussion with Amouzegar, Under Secretary Irwin recommended to the President and Secretary Rogers that the oil companies negotiate a regional oil agreement for the Persian Gulf. (Ibid., RG 59, Central Files 1970-73, PET 3 OPEC). Further documentation on the Irwin Mission is scheduled for publication in Foreign Relations, 1969-1976, Volume XXXVI: Energy Crisis, 1969-1974.

[112. Telegram 301 From the Embassy in Iran to the Department of State, January 19, 1971, 1510Z](#)

January 19, 1971, 1510Z

Ambassador MacArthur summarized his briefing with the consortium negotiators, in which he recommended concessions on the scope of the oil agreement.

Source: National Archives, RG 59, Central Files 1970-73, PET 3 OPEC. Secret; Immediate; Exdis. Repeated to London, Kuwait, EC Brussels, Dhahran, The Hague, Jidda, OECD Paris, Paris, and Tripoli. In Telegram 302 from Tehran, January 19, the Embassy reported a consortium representative's remark that Amouzegar had been convinced by his talks with Irwin that Washington agreed that Gulf oil negotiations should proceed before consortium talks with Mediterranean producers began, a view which MacArthur himself seemed to share. MacArthur protested, "I gave company reps Iranian viewpoint firmly held by Shah and Amouzegar, that negotiations should proceed first with Gulf group For them now to imply to their principals that this position (consistently held by Shah) is result of Under Secretary's talks here yesterday and my own views today seems self serving and rather devious." (Ibid.)

[113. Telegram 495 From the Embassy in Iran to the Department of State, January 30, 1971, 1400Z](#)

January 30, 1971, 1400Z

Ambassador MacArthur defended the credibility of Iranian assurances on oil, contradicting company claims that Finance Minister Amouzegar had raised new conditions.

Source: National Archives, RG 59, Central Files 1970-73, PET 3 OPEC. Secret; Immediate; Exdis. Repeated Immediate to London and to Tripoli. In Telegram 16444 to Tehran, January 30, the Department advised MacArthur to approach Amouzegar regarding the oil companies' concern that Iranian promises against "whipsaw" in oil pricing had been weakened

[114. Telegram 722 From the Embassy in Iran to the Department of State, February 12, 1971, 1001Z](#)

February 12, 1971, 1001Z

Ambassador MacArthur and his British counterpart rejected the oil companies' request for a formal d marche to Iran to resolve remaining disputes with OPEC. The U.S. ambassador favored a message from the President to the Shah to help cement the final deal.

Source: National Archives, RG 59, Central Files 1970-73, PET 3 OPEC. Secret; Priority; Exdis. Repeated to London. In Telegram 476 from Jidda, February 14, Ambassador Thacher wrote, "we should avoid any action tending to endorse the arbitrary short deadlines and coercive legal measures by which U.S. corporations were forced on very short notice commit themselves to payments of billions of dollars over the next few years." (Ibid.) (declass.) In Telegram 28309 to Tehran, February 19, Rogers informed ZAHEDI that "The settlement just reached with the companies is of great importance in assuring stable market arrangements during the five-year period of the agreement. Of particular importance to the negotiations and us were the assurances given in this respect at the time of Mr. Irwin's visit." (Ibid.)

115. Intelligence Note RECN-3, Prepared in the Bureau of Intelligence and Research, Washington, February 18, 1971

Washington, February 18, 1971

The report summarized the terms of the final oil agreement between OPEC's Persian Gulf members and the international oil companies.

Source: National Archives, RG 59, Central Files 1970-73, PET 3 OPEC. Confidential. Drafted by Harvey T. Clew (INR/Economic). Released by Leonard Weiss (INR).

116. Airgram A-56 From the Embassy in Iran to the Department of State, February 22, 1971

February 22, 1971

The report examined the attitudes of Iranian youth and the implications of these attitudes for US foreign policy.

Source: National Archives, RG 59, Central Files 1970-73, POL 13-2 IRAN. Secret; NoFORN. Drafted by Embassy Youth Committee. Cleared by Arnold L. Raphael. Approved by Donald R. Toussaint. In a comment to Jack Miklos, May 4, Timothy Childs agreed that the attitudes of the activist youth were widespread, but that their beliefs would be tempered by time. Of the suggestion that the U.S. government attempt to draw nearer to the activists, Childs wrote "the only way to do that would be for the United States to urge, and be seen to be urging, further steps towards liberalization upon the Shah. For a variety of reasons I am sure we would be most hesitant to do this. Therefore I conclude that we should not worry too much about the ill-informed views of activist youths. By the time they reach positions of influence it should be apparent to them that the United States has a lot to offer Iran." (NEA/IRN, Office of Iran Affairs, Lot File 75D351, Box 6, POL 13-2, Students, Youth Groups, Iran 1971.) (declass.)

117. Intelligence Memorandum, March 1971

March 1971

The memorandum judged that despite the considerable increase in income as a result of the oil deal, Iran was likely to continue deficit spending.

Source: Central Intelligence Agency, ORR Files, Job 79T00935A, Box 55, CIA/ER IM 71-43, Project 45.6028. Confidential; No Foreign Dissem. Prepared by the Office of Economic Research and Coordinated within the Directorate of Intelligence.

[118. Telegram 36768 From the Department of State to the Embassies in Saudi Arabia, Kuwait, London, Tehran, and the Consulate in Dhahran,](#)

March 3, 1971, 2303Z

Prior to broaching the question of the Gulf islands and the proposed Gulf federation with the British, the Department solicited views on what role the U.S. Government might usefully play.

Source: National Archives, RG 59, Central Files 1970-73, POL 33 PERSIAN GULF. Secret; NoForN. Drafted by Joseph W. Twinam (NEA/ARP); cleared by Murphy (NEA/ARP), Miklos (NEA/IRN), Burns (EUR/BMI), Sisco (NEA), Davies (NEA), Robert T. Curran (S/S). In Telegram 1068 from Tehran, March 6, the Ambassador discouraged the Department's proposal in paragraph 3C: "Given GOI's adamant insistence upon validity of its claim to islands, we do not rpt not believe Iran would agree to any such 'reexamination' as GOI would fear such action would be construed as meaning Iran itself did not believe it had entirely valid claim." MacArthur also added, "We see virtually no prospect of US and UK (or both) having success in encouraging Iranian support of even truncated federation without assurance of agreement between Iran and UK permitting Iranian presence on islands before UK withdrawal." (Ibid.)

[119. Telegram 2491 From the Embassy in the United Kingdom to the Department of State, March 19, 1971, 1532Z](#)

March 19, 1971, 1532Z

Ambassador MacArthur informally proposed to Foreign Secretary Douglas-Home the introduction of an Iranian civilian presence on the disputed Gulf islands prior to the British withdrawal.

Source: National Archives, RG 59, Central Files 1970-73, POL 33 PERSIAN GULF. Secret; Exdis. Repeated to Tehran, Kuwait, Jidda, and Dharan. In Telegram 376 from Dhahran, March 27, Dinsmore reported that Murphy when in the Gulf Sheikdoms had heard repeatedly that Iranian seizure of the islands would present an opportunity for dissidents to rise up against the rule of the sheiks and that the "United States would be tarred with same brush because area's people aware of close U.S.-Iranian ties and there is assumption that what Iran does is in line with US desires " Under normal circumstances, after the UK's withdrawal, "at least Sharja's and Dubai's rulers would probably turn to Iran for help in time of trouble. Seizure of islands would render this kind of relationship with Iran out of question Iran is setting course toward seriously weakening its ties with Arabs." (Ibid.) (declass.)

[120. Memorandum of Conversation, Washington, March 24, 1971, 11:30 a.m.](#)

March 24, 1971, 11:30 a.m.

Iranian Ambassador Afshar, reminding Under Secretary Irwin and Country Director Miklos of the Iranian role in the Gulf region, expressed the hope that Iran would be able to secure additional military equipment from the United States.

Source: National Archives, RG 59, Central Files 1970-73, DEF 12-5 IRAN. Confidential. Drafted by Miklos. Approved in U.

[121. Memorandum from the President's Assistant for National Security Affairs \(Kissinger\) to President Nixon, Washington, April 6, 1971](#)

Washington, April 6, 1971

Kissinger advised Nixon to discuss a proposed visit to Iran during his upcoming meeting with Ambassador MacArthur.

Source: National Archives, Nixon Presidential Materials, NSC Files, Box 602, Country Files, Middle East Files, Iran, Vol. III, 1/1/71-8/31/71. Confidential. Sent for information. A note on the memorandum indicates that the President saw it.

[122. Conversation Among President Nixon, Ambassador Douglas MacArthur II, and General Alexander Haig, Washington, April 8, 1971, 3:56-4:21 p.m.](#)

Washington, April 8, 1971, 3:56-4:21 p.m.

Discussing a presidential visit to Iran, Nixon and MacArthur analyzed that country's role in the Gulf, and its significance as an ally.

Source: National Archives, Nixon Presidential Materials, White House Tapes, Oval Office, Conversation 475-23. Secret. The editor transcribed the portion of the conversation published here specifically for this volume

[123. Memorandum of Conversation, Washington, April 8, 1971](#)

Washington, April 8, 1971

Meeting with representatives from the departments of Defense and State, Ambassador MacArthur stressed Iran's importance as the lone strong U.S. asset between Europe and Japan.

Source: National Archives, RG 59, Central Files 1970-73, POL IRAN. Secret. Drafted by Robert L. Dowell, Jr. (NEA/IRN).

[124. Letter from the Shah of Iran to President Nixon, Tehran, April 11, 1971](#)

April 11, 1971

At the behest of the UAR Government, the Shah urged President Nixon to pressure Israel to accept an Arab-Israeli peace settlement based on

UNSC Resolution 242, Secretary Roger's peace plan, and Ambassador Gunnar Jarring's proposals.

Source: National Archives, Nixon Presidential Materials, NSC Files, Box 755, Presidential Correspondence, Iran, M.R. Pahlavi, Shah of Iran Correspondence. No classification marking.

[125. Telegram 1935 From the Embassy in Iran to the Department of State, April 15, 1971, 0817Z](#)

April 15, 1971, 0817Z

Ambassador MacArthur alerted the Department that the Shah hoped to bridge the gap between the recent Persian Gulf oil settlement and the more favorable terms that Libya had just secured.

Source: National Archives, RG 59, Central Files 1970-73, PET 3 OPEC. Confidential. Repeated to Dhahran, Jidda, Kuwait, London, and Tripoli.

[126. Airgram 136 From the Embassy in Iran to the Department of State, May 10, 1971](#)

May 10, 1971

The Embassy reported on the recent outbreak of student strikes on Iranian university campuses and the crackdown which had followed.

Source: National Archives, RG 59, Central Files 1970-73, POL 13-2 IRAN. Confidential. Drafted by Raphael; cleared by Charles W. McCaskill; and approved by L. Douglas Heck. Major General Zia Farsiioo, the Chief of the Judge Advocates Office, was responsible for executing thirteen student dissidents from an anti-Shah, allegedly pro-Beijing group known variously as Siah Kal, Lahijan, and the Iranian Liberation Organization. He was assassinated by the group on April 7, 1971. (Attachment to Donald Toussaint to Jack Miklos, February 11, 1972, NEA/IRN, Office of Iran Affairs, Lot File 75D410, Box 7, INT, Intelligence, General Iran, 1972.)

[127. Telegram 2495 From the Embassy in Iran to the Department of State, May 12, 1971, 1242Z](#)

May 12, 1971, 1242Z

Ambassador MacArthur notified the Department that instances of “externally directed and supported” anti-government subversion in Iran had increased in recent months.

Source: National Archives, RG 59, Central Files 1970–73, POL 23 IRAN. Secret. Repeated to Ankara, Dhahran, Jidda, Kuwait, London, and Moscow.

[128. Memorandum From the President’s Assistant for National Security Affairs \(Kissinger\) to President Nixon, Washington, May 26, 1971](#)

Washington, May 26, 1971

Kissinger summed up the series of letters from the Shah which assured Nixon of the UAR’s good intentions and requested that the U.S. Government press the Israelis to change their position in the peace negotiations.

Source: National Archives, Nixon Presidential Materials, NSC Files, Box 755, Presidential Correspondence, Iran, M.R. Pahlavi, Shah of Iran Correspondence. Secret. A stamp on the document reads “The President has seen.” Tab A is published as Document 129. Tab B is not published. Tab C is published as Document 124.

[129. Letter From President Nixon to the Shah of Iran, Washington, May 28, 1971](#)

Washington May 28, 1971

Nixon replied to the Shah that a peace settlement must be the work primarily of the Arabs and the Israelis, although the United States was working with both sides within the Jarring mission framework.

Source: National Archives, Nixon Presidential Materials, NSC Files, Box 755, Presidential Correspondence, Iran, M.R. Pahlavi, Shah of Iran Correspondence. No classification marking. In Telegram 1885 from Tehran, April 13, Ambassador MacArthur discussed with Zahedi the Shah's first letter, countering that although Washington was making great efforts, the United States was not in a position to impose a solution on Israel, which would only harden Tel Aviv's stance. When MacArthur added that Israel had strong domestic opposition to placate, Zahedi responded that the United States also had domestic political concerns to consider in the matter. (Ibid., Box 1268, Saunders Files, Middle East Negotiations, Iran 1/1/71-5/31/71.)

[130. Telegram 3128 From the Embassy in Iran to the Department of State, June 14, 1971, 1141Z](#)

June 14, 1971, 1141Z

The Ambassador wrote that a former leftist Iranian student, Bahram Daryani, had publicly charged U.S. organizations, including the FBI, with facilitating anti-Iranian activities in the United States.

Source: National Archives, RG 59, Central Files 1970-73, POL 13-2 IRAN. Confidential.

[131. Telegram 3146 From the Embassy in Iran to the Department of State, June 14, 1971, 1517Z](#)

June 14, 1971, 1517Z

In meetings with minister of Agriculture ZAHEDI and Minister of Court ALAM, Ambassador MacArthur voiced dismay about the DARYANI charges, to which ALAM replied that Iranians felt that the U.S. Government should do more to restrain Iranian students in the United States.

Source: National Archives, RG 59, Central Files 1970-73, POL 13-2 IRAN. Confidential; Exdis. In June 1970, for example, when the Shah's twin sister, Princess ASHRAF, visited San Francisco, 40 Iranian students, who raided the Iranian Consulate General in protest, were arrested. However,

the U.S. Government declined the request of Iranian officials that the detainees be deported. (NEA/IRN, Office of Iran Affairs, Lot File 76D470, Box 9, Chronological Memoranda of Conversation, Iran 1970.) The Embassy reported other possible explanations, including the idea that SAVAK, following its disclosures of communist activities in Iran, wanted to demonstrate independence of western influence, or that the Shah was putting Washington on the defensive at a time when he was contemplating relations with Communist China. (NEA/IRN, Office of Iran Affairs, Lot File 75D351, Box 6, POL 13-2, Students, Youth Groups, Iran 1971.)

[132. Telegram 3242 From the Embassy in Iran to the Assistant Secretary of State for Near Eastern and South Asian Affairs \(Sisco\), June 17, 1971, 1230Z](#)

June 17, 1971, 1230Z

Ambassador MacArthur questioned Minister of Court ALAM as to whether underlying Iranian grievances against the United States had motivated the DARYANI affair.

Source: National Archives, RG 59, Central Files 1970-73, POL 13-2 IRAN. Secret; Nodis.

[133. Memorandum From the President's Assistant for National Security Affairs \(Kissinger\) to President Nixon, June 22, 1971](#)

June 22, 1971

Kissinger recommended that the President sign a waiver to allow Iran to continue to receive grant military assistance despite its reclassification the previous year as a "developed" country.

Source: National Archives, Nixon Presidential Materials, NSC Files, Box 1268, Saunders Files, Middle East Negotiations, Iran Military, 1/1/71-12/31/71. Secret. Sent for action. The memorandum from OMB Director George Shultz, June 9, is not published. The President signed the attached waiver, Presidential Determination No. 71-18, on June 24, 1971

[134. Telegram 119690 From the Department of State to the Embassy in Iran, July 1, 1971, 2015Z](#)

July 1, 1971, 2015Z

The Department of State notified the Embassy of the credit terms authorized by the Export-Import Bank for Iran's FY 1972 military purchases.

Source: National Archives, RG 59, Central Files 1970-73, DEF 12-5 IRAN. Confidential. Drafted by John Lentz; cleared by Glenn McLaughlin, Don Bostwick (XMB), and Robert L. Dowell, Jr. (NEA/IRN); and approved by Paul H. Boeker (E/IFD/ODF).

[135. Telegram 3589 From the Embassy in Iran to the Department of State, July 3, 1971, 1228Z](#)

July 3, 1971, 1228Z

Ambassador MacArthur conveyed to the Department his support for the Shah's interest in employing Major General Hamilton Twitchell as a consultant to the Iranian Armed Forces following Twitchell's retirement as Chief of the U.S. Army Mission in Iran/Military Assistance Advisory Group (ARMISH/MAAG).

Source: National Archives, RG 59, Central Files 1970-73, DEF 6 IRAN. Confidential; Limdis.

[136. Memorandum From the Chief of the Free World Division, Central Intelligence Agency, \[name not declassified\] to the Central Intelligence Agency Heroin Coordinator \[name not declassified\], Washington, July 7, 1971](#)

Washington, July 7, 1971

In response to a White House request, the CIA prepared a paper weighing the merits of asking the Shah to ban future poppy cultivation in Iran.

Source: Central Intelligence Agency, ORR Files, Job 80T01315A, Box 24, S-3686-S3716. Secret; No Foreign Dissem.

[137. Telegram 4015 From the Embassy in Iran to the Department of State, July 22, 1971, 1340Z](#)

July 22, 1971, 1340Z

Ambassador MacArthur reported to the Department on the terms of the consortium's agreement with Iran for additional revenue outside the terms of the five-year settlement.

Source: National Archives, RG 59, Central Files 1970-73, POL 33 PERSIAN GULF. Secret. Repeated to London, Vienna, Jidda, Kuwait, and Dhahran

[138. Letter From the Director of Central Intelligence \(Helms\) to Secretary Rogers, Washington, July 26, 1971](#)

Washington, July 26, 1971

Helms discussed Ambassador MacArthur's concern that the insecurity of Iranian communications allowed the Soviets access to details of U.S.-Iranian diplomacy.

Source: Central Intelligence Agency, Executive Registry Files, Job 80B01086A, Box 1, Executive Registry Subject Files, I-13, Iran. Secret. The letter is a copy with an indication that Helms signed the original.

[139. Telegram 4377 From the Embassy in Iran to the Department of State, August 10, 1971, 0850Z](#)

August 10, 1971, 0850Z

Ambassador MacArthur noted that since Iran strongly advocated producing country interest in all aspects of the oil industry, it was likely

to play an “active but moderating role” in formulating OPEC participation policy at the next meeting

Source: National Archives, RG 59, Central Files 1970–73, PET 3 OPEC. Secret; Priority; Limdis. Repeated to Lagos, Jidda, Dhahran, Kuwait, Tripoli, Algiers, Djakarta, Caracas, London, Paris, The Hague, Bonn, Rome, Tokyo, and Vienna.

[140. Telegram 4397 From the Embassy in Iran to the Department of State, August 11, 1971, 8401Z](#)

August 11, 1971, 8401Z

The Embassy recommended that the United States accept the Shah’s proposal that all Iran’s major military purchases be procured through Foreign Military Sales (FMS) procedures.

Source: National Archives, RG 59, Central Files 1970–73, DEF 12–5 IRAN. Confidential. Repeated to CSAF and CINCSTRIKE.

[141. Telegram 4662 From the Embassy in Iran to the Department of State, August 23, 1971, 0907Z](#)

August 23, 1971, 0907Z

Ambassador MacArthur disagreed with the Chief of Staff of the Army, General William C. Westmoreland, who opposed General Twitchell’s employment by the Government of Iran.

Source: National Archives, RG 59, Central Files 1970–73, DEF 6 IRAN. Confidential; Exdis.

[142. Telegram 4816 From the Embassy in Iran to the Department of State, August 30, 1971, 1000Z](#)

August 30, 1971, 1000Z

Ambassador MacArthur reported that the upcoming UK withdrawal from the Gulf and the Iranian 25th Centenary celebrations had inspired subversive groups trained and infiltrated from outside to launch small-scale attacks in Iran.

Source: National Archives, RG 59, Central Files 1970-73, POL 23-9 IRAN. Confidential. The lavish 2500th celebrations, held October 1971 at Persepolis, commemorated the anniversary of Cyrus the Great's founding of the Achaemenian Empire. On November 19, David Abshire replied to a letter of concern, forwarded by Senator Lloyd Bentsen, that the Shah had pre-emptively rounded up 39 dissidents on August 23, and sentenced most to death. Abshire wrote that "The Iranian government has acted energetically to round up the terrorist groups, as would any government in similar circumstances. In our opinion these dissident elements in Iran are in no way representative of the views of the great majority of the Iranians, who support the Shah and his government." (NEA/IRN, Office of Iran Affairs, Lot File 75D351, Box 6, POL 23, Internal Security, Counter Insurgency, Iran 1971.) On December 21, the Embassy expressed the view that a campaign against the death sentences was communist-organized. (Donald Toussaint to Jack Miklos, NEA/ARN, Office of Iran Affairs, Lot File 75D365, Box 7, POL 29, Political Prisoners, Iran 1972.)

[143. Action Memorandum from the Assistant Secretary for Near Eastern and South Asian Affairs \(Sisco\) to Secretary of State Rogers, Washington, September 9, 1971](#)

Washington, September 9, 1971

Sisco advised Rogers on the status of British-Iranian negotiations over the Gulf islands, in which the United Kingdom and Iran had reached agreement in principle but had yet to obtain the consent of the sheikhs.

Source: National Archives, RG 59, Central Files 1970-73, POL 33-3 PERSIAN GULF. Secret. Drafted by Joseph W. Twinam (NEA/ARP); cleared by Davies (NEA), Burns (EUR/BMI), Dowell (NEA/IRN), and Murphy (NEA/ARP). The proposed letter, Tab A, is published as Document 144. Tabs B and C are not published. The substance of this message was included in the material submitted to Kissinger on September 8 for the President's Thursday Briefing. (Ibid., Nixon Presidential Materials, NSC Files, Box 1268, Saunders Files, Middle East Negotiations, 6/1/71-12/31/71.)

144. Letter From Secretary of State Rogers to the British Secretary of State for Foreign and Commonwealth Affairs (Douglas-Home), Washington, September 13, 1971

Washington, September 13, 1971

Rogers encouraged Douglas-Home to urge the sheikhs to accept the tentative islands agreement, which represented the maximum that the Shah could offer.

Source: National Archives, RG 59, Central Files 1970-73, POL 33 PERSIAN GULF. Secret. Drafted by Twinam; and cleared by Davies, Burns, Dowell, and Murphy. In Telegram 167813 to London, September 9, Sisco requested that the Ambassador ask Douglas-Home to consult with the United States prior to the Iranians if the sheikhs' reaction to the plan should be negative, so that Washington itself could approach the disputing parties if need be. (Ibid.) In telegram 175137 to Dhahran, London, Jidda, Kuwait, and Tehran, September 21, the Department transmitted Douglas-Home's reply, in which he said that "Increasingly he [the Shah] may have anxieties about having his bluff called since he cannot want to use force if he can avoid it, thus jeopardising his relations both with the Gulf States and the whole Arab world. He is, of course, as we all know, a very accomplished brinkman." (Ibid.)

145. Letter From the Assistant Secretary of Defense for International Security Affairs (Nutter) to the Under Secretary of State (Johnson), Washington, September 20, 1971

Washington, September 20, 1971

Nutter laid out the Department of Defense's arguments against the employment of General Twitchell by the Iranian Government.

Source: National Archives, RG 59, Central Files 1970-73, DEF 19-9 US-IRAN. No classification marking.

[146. Telegram 5535 From the Embassy in Iran \(MacArthur\) to the Department of State, September 30, 1971, 1330Z](#)

September 30, 1971, 1330Z

Ambassador MacArthur alerted the Department that the Shah was requesting with increasing urgency an electronic counter measures capability, particularly Shrike missiles.

Source: National Archives, RG 59, Central Files 1970-73, DEF 12-5 IRAN. Secret; Exdis.

[147. Memorandum From the Acting Secretary of State \(Johnson\) to the President's Assistant for National Security Affairs \(Kissinger\), Washington, October 8, 1971](#)

Washington, October 8, 1971

Johnson summarized the dispute between State and Defense over whether General Twitchell should be allowed to accept employment with the Government of Iran.

Source: National Archives, RG 59, Central Files 1970-73, POL 15 IRAN. Confidential; Limdis. In an October 20 memorandum, Eliot notified Sisco that Laird had asked his General Counsel to devise a system in which Twitchell could work for the Stanford Research Institute on whichever Iranian contracts the Counsel deemed appropriate, and advise the Shah in this capacity. (Ibid.)

[148. Memorandum From the President's Assistant for National Security Affairs \(Kissinger\) to Vice President Agnew, Washington, October 9, 1971](#)

Washington, October 9, 1971

Kissinger advised Agnew on how to discuss South Asia, Taiwanese representation in the United Nations, and the Gulf islands dispute during his attendance at the 25th Centenary Celebrations in Iran.

Source: National Archives, Nixon Presidential Materials, NSC Files, Box 1268, Saunders Files, Middle East Negotiations, Iran 6/1/71-12/31/71. Secret.

[149. Telegram 16 From the U.S. Delegation to the 25 Centenary Celebrations in Shiraz, Iran, to the Department of State, October 15, 1971, 2010Z](#)

October 15, 1971, 2010Z

Vice President Agnew recapitulated his talks with the Shah, which focused primarily on Iran's military requirements.

Source: National Archives, Nixon Presidential Materials, NSC Files, Box 1268, Saunders Files, Middle East Negotiations, Iran 6/1/71-12/31/71. Secret; Exdis. The President was briefed on Agnew's meeting with the Shah in the Monday Briefing of October 16. (Ibid.)

[150. Telegram 189359 From the Department of State to the US Delegation to the 25th Centenary Celebration in Shiraz, Iran, October 15, 1971, 2001Z](#)

Iran, October 15, 1971, 2001Z

The Department reported that a bombing at the Iranian Consulate General in San Francisco had left no casualties, and that a suspect had been immediately apprehended.

Source: National Archives, RG 59, Central Files 1970-73, POL 17 IRAN-US. Confidential; Immediate. Repeated Immediate to Tehran. Drafted by Timothy W. Childs (NEA/IRN); cleared by Davies, Michael J. Tretola (SY), Robert T. Curran (S/S), Charles D. Maguire (A/OPR), and Hampton Davis (S/CPR); and approved by Miklos. As indicated by its round-up of dissidents, the Iranian Government had anticipated terrorist acts during the celebrations, which had been broadly condemned by many Iranians as "expensive, unnecessary and tasteless." (Stanley T. Escudero to Michael G. Michaud, Ibid., NEA/IRN, Office of Iran Affairs, Lot File 75D365, Box 7, POL 1, General Policy and Background, Iran 1972)

[151. Memorandum From the Assistant Secretary of Defense for International Security Affairs \(Nutter\) to the Chairman, Joint Chiefs of Staff \(Moorer\), Washington, October 16, 1971](#)

Washington, October 16, 1971

Nutter requested that a team be assembled to brief the Shah and the Imperial Iranian Air Force on acquiring a defense capability against surface-to-air-missiles.

Source: Washington National Records Center, OASD/ISA Files, FRC 330-74-083, Iran 452.1, 1971, 74-083. Secret. The memorandum bears Nutter's typed signature with an indication that he signed the original.

[152. Letter From the Under Secretary of State \(Irwin\) to the Deputy Secretary of Defense \(Packard\), Washington, November 11, 1971](#)

Washington, November 11, 1971

Irwin supported the recommendation that the U.S. Air Force Technical Assistance Field Team (TAFT) to Iran be continued to July 1974, at a level reduced from 80 to 43, to ensure effective operation of the two additional squadrons of Iranian F-4 aircraft.

Source: National Archives, RG 59, Central Files 1970-73, DEF 19-9 US-IRAN. Confidential. Drafted by Miklos; and cleared by Sisco, Davies, and Chapman.

[153. Memorandum From Secretary of State Rogers to President Nixon, Washington, December 16, 1971](#)

Washington, December 16, 1971

Rogers updated Nixon on the resolution of the dispute between the sheikhs and Iran over the Gulf islands, and the subsequent Arab reaction to the Iranian occupation of the Tunbs.

Source: National Archives, RG 59, Central Files 1970-73, DEF 1 NEAR E. Confidential. Drafted by Twinam; concurred in by Alfred L. Atherton, Jr., Robert H. Pelletreau (AF/N), and Miklos. On November 30, the Iraqi Government condemned the Iranian and British Governments in equal measure for what it termed "an open aggression on the people of the Arab Gulf [that] threatens the peace and safety of the area " (NEA/ARN, Office of Lebanon, Jordan, Syria and Iraq Affairs, Records Relating to Iraq, Jordan, Lebanon, and Syria, 1968-72, Lot 75D16, Box 11, POL 1, Iraq Political Relations, Iraq-Arab States, 1971)

[154. Telegram 7283 From the Embassy in Iran to the Department of State, December 22, 1971, 1400Z](#)

December 22, 1971, 1400Z

The Shah described to the Ambassador MacArthur the new strategic situation developing in his region, and the long-term defense forces build-up with which he planned to meet the challenge.

Source: National Archives, RG 59, Central Files 1970-73, DEF 6-3 IRAN. Secret. Repeated CINCEUR and Defense.

[155. Telegram 7307 From the Embassy in Tehran to the Department of State, December 23, 1971, 1300Z](#)

December 23, 1971, 1300Z

The Shah outlined the extensive changes he would demand in his government's relationship with the oil consortium once the current concessions expired in 1979.

Source: National Archives, RG 59, Central Files 1970-73, PET 6 IRAN. Confidential; Exdis. Repeated to Algiers, Dhahran, Jidda, Kuwait, London, and Tripoli.

[156. Memorandum From the President's Assistant for National Security Affairs \(Kissinger\) to President Nixon, Washington,](#)

December 28, 1971

Washington, December 28, 1971

Kissinger advised the President that Ambassador MacArthur and Secretary Rogers both urged Nixon to make his long-awaited trip to Iran, both to assuage the Shah's pride and to ease the Shah's concerns over long-range Soviet objectives in the region.

Source: National Archives, Nixon Presidential Materials, NSC Files, Box 481, Presidential Trip Files, Iran Visit, [Cherokee] (Part 1). Confidential. Nixon wrote at the bottom of the memorandum: "H + K—I agree [that a visit to Iran is a serious proposition.] Right after Democratic Convention?"

109. Telegram 218 From the Embassy in Iran to the
Department of State, January 14, 1971, 1445Z¹

January 14, 1971, 1445Z

TELEGRAM
Department of State
TEHRAN 218
0 141445Z JAN 71

FM AMEMBASSY TEHRAN

TO SECSTATE WASHDC IMMEDIATE 3205

INFO AMEMBASSY BEIRUT IMMEDIATE

AMEMBASSY TRIPOLI

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY THE HAGUE

AMEMBASSY CARACAS

USMISSION OECD BRUSSELS

USMISSION OECD PARIS

USMISSION NATO

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMCONSUL DHAHRAN

AMEMBASSY TOKYO

AMEMBASSY BONN

AMEMBASSY ROME

AMEMBASSY BRUSSELS

USINT ALGIERS

SUBJECT:

OPEC-CONSORTIUM NEGOTIATIONS

REF:

STATE 6068

1. DURING MEETING AMB ANNENBERG AND I HAD WITH SHAH JAN 14 A GENERAL DISCUSSION OF IRAN AND MID-EAST SITUATION WAS INTERRUPTED BY TELEPHONE CALL FROM PRIMIN HOVEYDA TO SHAH RE OPEC-CONSORTIUM PROBLEM. THIS AFFORDED NATURAL OPENING TO DISCUSS OPEC-CONSORTIUM NEGOTIATION AND MAKE POINTS IN REFTEL.
2. IN RESPONSE TO MY ASSERTION THAT USG HAS FIRST-HAND KNOWLEDGE THAT OIL COMPANIES HAVE GENUINE LEGAL AND COMMERCIAL PROBLEMS BUT WE BELIEVE THEY PREPARED TO BE FLEXIBLE AND FORTHCOMING, SHAH REPLIED WITH BITING SKEPTICISM, SAYING IT INCONCEIVABLE THAT CONSORTIUM, WHICH WAS ALERTED IN LONDON ON DEC 22 TO DETAILS OF OPEC RESOLUTIONS, COULD NOT HAVE HAD A NEGOTIATING TEAM IN TEHRAN BY JAN 12. HE FELT ACTION OF CONSORTIUM SENDING TEAM WHICH NOT ONLY COULD NOT NEGOTIATE BUT WOULD NOT EVEN NAME DATE WHEN RESPONSIBLE CONSORTIUM NEGOTIATIONS WOULD ARRIVE IN TEHRAN WAS ANOTHER TYPICAL EXAMPLE OF CONSORTIUM'S "ARROGANCE." WHILE CONSORTIUM HAD GOT AWAY WITH ARROGANT APPROACH IN PAST HE WISHED TO ASSERT UNEQUIVOCALLY THAT THEY WOULD NEVER AGAIN GET AWAY WITH IT INNPUGRE. HE SEEMED PARTICULARLY INCENSED THAT CONSORTIUM GROUP IN JAN 12 MEETING HAD BEEN UNWILLING TO GIVE ANY INDICATION WHEN PRINCIPALS WOULD BE PREPARED TO SIT DOWN AT NEGOTIATING TABLE. I AGAIN EMPHASIZED THAT CONSORTIUM, BECUASE OF ITS INTERNATIONAL COMPOSITION, HAD GENUINE LEGAL AND COMMERCIAL PROBLEMS THAT HAD TO BE SORTED OUT. ON PERSONAL BASIS I ALSO POINTED OUT THAT CONSORTIUM HAD BEEN INFORMED JUST BEFORE CHRISTMAS-NEW YEARS HOLIDAY

WHEN TRADITIONALLY SOME IMPORTANT EXECUTIVES, KEY MEMBERS OF THEIR STAFFS, WERE NOT ALWAYS IMMEDIATELY AVAILABLE.

3. SHAH BRUSHED ASIDE THESE ARGUMENTS SAYING HE OFTEN WORKED ON HOLIDAY WHEN NECESSARY AND CONSORTIUM COULD DO LIKEWISE. HE WANTED TO MAKE CRYSTAL CLEAR THAT OPEC WOULD MEET IN TEHRAN NEXT TUESDAY, JAN 19, AND IF CONSORTIUM PRINCIPALS HAD NOT ARRIVED IN TEHRAN AND BEGUN NEGOTIATIONS BEFORE THAT DATE, OPEC WOULD TAKE ITS OWN UNILATERAL ACTION, WHICH WOULD INCLUDE SHUTTING DOWN PRODUCTION. I AGAIN REFERRED TO DIFFICULT LEGAL AND OTHER PROBLEMS COMPANIES HAD TO SOLVE AND EXPLAINED (PARA 4 REFTEL) USG WOULD TAKE SERIOUS VIEW OF ANY ARBITRARY DEADLINES OR PRODUCTION CUTBACKS OR SHUTDOWNS WHICH WOULD INEVITABLY AFFECT OUR RELATIONS WITH COUNTRIES INVOLVED. SHAH RESPONDED WITH RESTRAINED ANGER, SAYING HE SUPPOSED THIS WAS "A BIG POWER THREAT." HE WANTED US TO KNOW THAT THREATS WOULD NOT WORK AND THAT IRAN AND ITS OPEC PARTNERS, REGARDLESS OF CONSEQUENCES TO RELATIONS WITH WESTERN OIL CONSUMING COUNTRIES, WOULD PROCEED UNILATERALLY WITH PRODUCTION SHUTDOWNS UNLESS CONSORTIUM WERE FORTHCOMING.
4. I REPLIED THAT WITH ALL DUE RESPECT THERE HAD BEEN NO THREAT OF ANY IMPLIED IN WHAT I HAD SAID. POINTS I HAD MADE WERE (A) WE DID FEEL DEADLINE SET BY VENEZUELA OPEC RESOLUTION HAD BEEN SHORT GIVEN VERY COMPLEX LEGAL AND OTHER PROBLEMS INVOLVED FOR CONSORTIUM: (B) WE CONVINCED THAT AS SOON AS THESE PROBLEMS SORTED OUT THE CONSORTIUM WOULD BE PREPARED TO COME FORWARD AND NEGOTIATE IN GOOD FAITH, PUTTING FORWARD PROPOSALS THAT WOULD BE RESPONSIVE TO OPEC GROUP'S OBJECTIVES AND (C) IF MEANINGFUL NEGOTIATIONS WERE TAKING PLACE AND ANY ARBITRARY PRODUCTION CUTBACK WERE INSTITUTED BY OPEC, THEN INEVITABLY BECAUSE OF EFFECT OF SUCH A CUTBACK ON ECONOMIES OF MANY COUNTRIES, IT WOULD SERIOUSLY AFFECT RELATIONS WITH THE PRODUCER INVOLVED.
5. SHAH SAID IRAN HAD BEEN PATIENT FOR YEARS AND BELIEVED IN MODERATION. IT HAD NO INTENTION OF FOLLOWING COURSE OF LIBYA OR VENEZUELA, EVEN THOUGH COMPANIES CRAVENLY FOLDED UP TO LIBYAN PRESSURE "WHILE INTRANSIGENT TO IRAN AN ALLY THAT EXERCISED

MODERATION." IF CONSORTIUM GROUP ARRIVED IN TIME TO BEGIN NEGOTIATIONS BEFORE JAN 19 AND IF IT WAS CLEAR THAT CONSORTIUM WAS SINCERE AND WAS NOT JUST SITTING DOWN TO NEGOTIATING TABLE TO DRAG ITS FEET FURTHER, THEN, OF COURSE, THERE WOULD BE NO NEED TO CUT BACK OR SUSPEND PRODUCTION. HOWEVER, IT WAS UP TO CONSORTIUM TO PROVE ITS GOODWILL AND SINCERITY. WHILE HE SPOKE FOR IRAN HE FELT SURE SAUDI AND IRAQ MEMBERS OF PRICING COMMITTEE WOULD AGREE. HE ALSO SAID HE UNDERSTOOD THAT IN SUCH NEGOTIATIONS CONSORTIUM NEGOTIATORS MIGHT HAVE TO REFER BACK SOME PROBLEMS TO THEIR HOME OFFICES AND ASK FOR A DELAY OF 24, 36 OR A FEW MORE HOURS MORE. THIS DID NOT POSE PROBLEM INSOFAR AS HE IS CONCERNED. HOWEVER, IF OPEC IS NOT TO BE FORCED TO TAKE DIRECT ACTION, COMPANIES MUST IN GOOD FAITH BEGIN NEGOTIATIONS BEFORE JAN 19. I SAID THERE WERE MANY RUMORS GOING AROUND THAT PRODUCTION CUTBACKS OR SHUTDOWNS MIGHT BE USED BY OPEC AS A BARGAINING WEAPON IN NEGOTIATIONS AND THEREFORE I FOUND HIS WORDS REASSURING THAT IF CONSORTIUM BEGAN NEGOTIATIONS IN GOOD FAITH BEFORE JAN 19 THERE WOULD BE NO UNREASONABLE DEADLINES OR ARBITRARY PRODUCTION CUTBACKS.

6. SHAH CONCLUDED BY LONG AND EXTREMELY EMOTIONAL CRITICISM OF CONSORTIUM ATTITUDE AND ACTIONS OVER NUMBER OF YEARS, CASTIGATING IT FOR ARROGANCE AND ATTEMPT TO PUSH PRODUCING COUNTRIES AROUND. HE SAID THIS WOULD NEVER WORK AGAIN NOR WOULD PRODUCING COUNTRIES EVER AGAIN ACCEPT THAT KIND OF TREATMENT. FURTHERMORE, CONSORTIUM COMPANIES AND CONSUMING GOVTS HAD BEEN DERIVING STEADILY INCREASED PROFITS AND BENEFITS THROUGH-INCREASED PRICES AND INCREASED TAXES WITH NO CORRESPONDING BENEFITS FOR PRODUCERS. NET EFFECT HAD BEEN TO WIDEN GAP BETWEEN DEVELOPING PRODUCER COUNTRIES AND "FATBINIRG ONES." THIS COULD NOT GO FURTHER OR THERE WOULD BE AN EXPLOSION COMPARABLE TO EXPLOSION US IS EXPERIENCING IN PERU, BOLIVIA, CHILE, ETC. IN ADDITION TO AN AGREEMENT ON POSTED PRICES AND RELATED MATTERS, SOME FORMULA MUST BE DEVELOPED TO PROTECT PRODUCER COUNTRIES FROM EFFECTS OF INFLATION IN WESTERN COUNTRIES WITH RELENTLESS INCREASE IN PRICE OF GOOD WHICH PRODUCING COUNTRIES PURCHASED FROM THEM WITH OIL REVENUES

WHILE OIL REVENUES REMAINED FIXED AND IN TERMS OF PURCHASING POWER STEADILY DECLINED.

7.

COMMENT: (A) ALTHOUGH WE REALIZED SHAH WOULD REACT STRONGLY TO OUR VIEWS SET FORTH IN REFTEL (PARTICULARLY PARA 4) THE STRENGTH AND VEHEMENCE OF HIS REACTION SURPASSED OUR ESTIMATE. NONETHELESS I THINK IT WAS USEFUL AND NECESSARY TO MAKE PITCH WE DID SO THAT THERE WOULD BE NO MISUNDERSTANDING ON HIS PART THAT ARBITRARY CUTBACK OR SHUTDOWN OF PRODUCTION WOULD INEVITABLY LEAD TO VERY SERIOUS CONSEQUENCES IN RELATIONS WITH US AND OTHER CONSUMERS. WHILE HE WAS AT THE TIME EXTREMELY IRKED, I DO NOT BELIEVE DESPITE VEHEMENCE OF HIS REACTION THAT IT WILL LAST. FURTHERMORE EVEN IF IT DOES ENDURE FOR A TIME THE GRAVITY OF THIS ENTIRE PROBLEM IN TERMS OF NOT JUST OIL COMPANIES BUT CONSUMER GOVTS HAD TO BE MADE CLEAR. FONMIN ZAHEDI, WHO SAW HIM JUST AFTER I DID, TOLD ME LATER THAT SHAH HAD RECOUNTED OUR EXCHANGE TO HIM BUT SHAH HAD SAID HE INITIALLY MISUNDERSTOOD POINTS WE WERE TRYING TO MAKE. FURTHERMORE, AFTER OIL PART OF OUR DISCUSSION CONCLUDED, SHAH DISCUSSED A NUMBER OF OTHER TOPICS FOR OVER AN HOUR IN MOST AMICABLE AND FRIENDLY WAY.

(B) RECOMMENDATIONS. I STRONGLY RECOMMEND CONSORTIUM NEGOTIATING PRINCIPALS BE HERE IN TIME TO HAVE NEGOTIATIONS UNDER WAY BEFORE TUESDAY, JAN 19 OR FAT WILL BE IN FIRE AND I FEEL REASONABLY CERTAIN THAT OPEC WILL ACT. IF THEY ARRIVE HERE IN TIME, AND THE SOONER THE BETTER, PREPARED TO NEGOTIATE AND NOT UNDULY SPIN OUT TALKS, I ALSO FEEL REASONABLY CERTAIN THAT SHAH WILL RESTRAIN ANY EFFORTS TO USE PRODUCTION CUTBACKS AS BLACKMAILING WEAPON IN NEGOTIATIONS, ALTHOUGH, OBVIOUSLY, SUCH ACTION WILL HANG LIKE SWORD OF DAMOCLES OVER HEADS OF NEGOTIATORS UNTIL AGREEMENT IS REACHED. WE ALSO RECOMMEND THAT CONSORTIUM AT ONCE INFORM FINMIN AMOUZEGAR OF DATE WHEN ITS NEGOTIATING PRINCIPALS WILL ARRIVE TO ENABLE NEGOTIATIONS TO BE UNDER WAY PRIOR TO JAN 19. ANY OTHER COURSE IS SIMPLY ASKING FOR TROUBLE.

8. HAVE INFORMED BRITISH AMB WRIGHT OF FOREGOING AND HE REQUESTS, AND I CONCUR, EMBASSY LONDON PASS GIST OF FOREGOING IN STRICTEST CONFIDENCE TO BRITISH FONOFF INCLUDING MY RECOMMENDATION THAT CONSORTIUM NEGOTIATING PRINCIPALS ARRIVE HERE SOONEST AND IN TIME TO PERMIT NEGOTIATIONS PRIOR JAN 19.

GP-3.

MACARTHUR

¹ Source: National Archives, RG 59, Central Files 1970-73, PET 3 OPEC. Secret; Immediate; Exdis. Repeated Immediate to Beirut, to Tripoli, London, Paris, the Hague, Caracas, OECD Brussels, OECD Paris, NATO, Jidda, Kuwait, Dhahran, Tokyo, Bonn, Rome, Brussels, and Algiers.

110. Letter From President Nixon to the Shah of Iran,
Washington, January 16, 1971¹

Washington, January 16, 1971

THE WHITE HOUSE
WASHINGTON
January 16, 1971

Your Imperial Majesty:

I have become increasingly concerned about growing indications of an imminent impasse in relations between the oil producing countries and the oil companies. It is apparent that such an impasse could benefit no one.

Oil supply is vital to the free world. Therefore, your interests in oil and ours are bound intimately together. The consuming countries need a secure source of oil available on reasonable terms, and the producing countries have every right to expect a fair income from their most precious resource. The United States Government has taken such legal steps as it can to facilitate expeditious negotiations between the companies and the oil producing countries.

In this spirit I have asked John Irwin, Under Secretary of State, to act as my emissary to deliver this letter to you and to contribute constructively to the efforts of both sides to arrive at an equitable solution to this pressing problem.

I hope you will feel free to discuss these matters frankly with him in the same close cooperative spirit that has always characterized our relations.

His Imperial Majesty
Mohammad Reza Shah Pahlavi
Shahanshah of Iran
Tehran

Sincerely,
Richard Nixon

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 755, Presidential Correspondence, 1969–1974, Iran. No classification marking. Drafted at the Department of State on January 15 by Nicholas Veliotis (U). Identical letters were sent to the King of Saudi Arabia and the Emir of Kuwait

111. Telegram 277 From the Embassy in Iran to the
Department of State, January 18, 1971, 1632Z¹

January 18, 1971, 1632Z

TELEGRAM
Department of State
TEHRAN 27

0 181632Z JAN 71

FM AMEMBASSY TEHRAN

TO RUEHC/SECSTATE WASHDC IMMEDIATE 3237

INFO RUEHCR/AMEMBASSY JIDDA IMMEDIATE 1026

RUEHCR/AMEMBASSY KUWAIT 970

RUEHCR/AMCONSUL DHAHRAN 763

RUEHCR/AMEMBASSY TRIPOLI 133

RUEHCR/AMEMBASSY LONDON 1715

RUEHCR/AMEMBASSY THE HAGUE 49

RUFNCR/USMISSION OECD PARIS 991

RUEHCR/USMISSION EC BRUSSELS 225

PARIS PASS TREZISE FOR THE PRESIDENT AND THE SECRETARY
FROM IRWIN

SUBJECT:
UNDER SECRETARY'S MEETING WITH SHAH

1. HIM RECEIVED AMB MACARTHUR AND ME ALONE PREPARED
THOUGH TO BRING IN HIS OIL EXPERTS IF WE HAD BROUGHT
MR. AKINS INTO THE MTG OR IF THERE WERE NEED FOR THEM.

WHILE WE TALKED WITH HIM, DAVIES AND AKINS TALKED WITH HIM'S OIL EXPERTS.

2. I DELIVERED THE PRESIDENT'S LETTER TO HIM, AT THE SAME TIME EXTENDING THE PRESIDENT'S WARM REGARDS. I SAID THAT THE PRESIDENT HAD SENT AN EMISSARY NOT TO DISCUSS THE DETAILS OF THE OIL NEGOTIATION BUT TO STRESS HIS INTEREST IN THE VITAL PART OIL PLAYED IN FREE WORLD SECURITY FROM BOTH AN ECONOMIC AND MILITARY STRATEGIC VIEW AND CONCERN OF US THAT THE OIL NEGOTIATIONS RESULT IN A STABLE SYSTEM OF OIL SUPPLY AND MARKETING THAT WOULD BE FAIR TO THE PRODUCING COUNTRIES, THE OIL COMPANIES, AND THE CONSUMING COUNTRIES. PREVIOUSLY THE US HAD NOT PARTICIPATED IN ANY OIL NEGOTIATIONS AND IT WAS DOING SO NOW TO THIS VERY LIMITED EXTENT, BECAUSE IT THOUGHT THESE NEGOTIATIONS WERE CRITICAL TO THE FUTURE OF THE OIL INDUSTRY, ARRANGEMENTS IN THE PERSIAN LILF, EFFECT ON EUROPE, JAPAN, ELSEWHERE AND THE US, AND BECAUSE THREATS HAD ISSUED FROM LIBYA THAT OIL WOULD BE USED AS A POLITICAL WEAPON AGAINST US POLICY IN THE MIDDLE EAST. THE US WAS NOT REPRESENTING OR TAKING THE PART PER SE OF THE OIL COMPANIES BUT BECAUSE OF THE GREATER INTEREST, INCLUDING THAT OF IRAN, WE WERE ASKING HIM TO USE HIS GREAT PRESTIGE AND INFLUENCE TO SEEK AN AGREEMENT WHICH WOULD RESULT IN STABILITY.
3. I OUTLINED BRIEFLY ASPECTS OF THE STRATEGIC SITUATION IN EUROPE AND THE MIDDLE EAST AND HIM TOOK OVER GIVING AN INTERESTING ANALYSIS OF THE WORLD SCENE FROM HIS VIEWPOINT. (AMB MACARTHUR WILL REPORT ON THIS SEPARATELY AS HE HAS HAD A SIMILAR CONVERSATION WITH HIM.)
4. I COMMENTED ON THE EFFECT OF CUTS BY LIBYA IN ITS PRODUCTION ON EUROPE AND JAPAN AND THEREFORE ON THE US, ON THE EFFECT OF TAPLINE AND ON THE EVEN GREATER PROBLEMS OF ALL OF US IF PRODUCTION WERE HALTED OR EVEN CUT IN THE PERSIAN GULF;
(A) THAT PART OF OUR CONCERN AND THAT OF THE OIL COMPANIES AROSE FROM THE RECENT NEGOTIATION WHICH RESULTED IN PRICE INCREASES FIRST IN LIBYA, NEXT IN THE PERSIAN GULF AND THEN IN VENEZUELA, ONLY TO HAVE THE CYCLE BEGIN AGAIN IN LIBYA AND NOW IN OPEC WITH ITS CARACAS RESOLUTION. THE FEAR WAS THE PATTERN WOULD BE REPEATED. THIS WOULD CREATE AN INTOLERABLE

- SITUATION FOR THE OIL COMPANIES AND ALSO FOR EUROPE, JAPAN, AND THE US. THE QUESTION WAS WOULD IT BE JUST ANOTHER ROUND OF PRICE INCREASES OR COULD IT BE A RESPONSIBLE NEGOTIATION WHICH WOULD BRING STABILITY FOR A SPECIFIC PERIOD OF TIME TO THE OIL INDUSTRY;
- (B) THAT THE US HAD URGED THE OIL COMPANIES APPROACH THE NEGOTIATION IN A COOPERATIVE SPIRIT AND TO NEGOTIATE IN GOOD FAITH FOR AN AGREEMENT FAIR TO ALL;
- (C) THAT THE US HAD GIVEN THE OIL COMPANIES CERTAIN LIMITED ASSURANCES REGARDING THE APPLICATION OF ANTI-TRUST LAWS, BUT HAD DONE SO ONLY ON JANUARY 15, 1971. THIS MEANT THAT THE OIL COMPANIES HAD HAD NO TIME TO EXCHANGE INFORMATION AND PREPARE THE JOINT POSITION NEEDED TO ENTER THE NEGOTIATIONS. I HOPED HIM WOULD UNDERSTAND THIS FACT AND WOULD RECOGNIZE THAT ALTHOUGH THE OIL COMPANIES HAD SENT TWO NEGOTIATORS TO BEGIN DISCUSSIONS IT WOULD TAKE TIME FOR THE COMPANIES TO PREPARE ALL THE DATA NEEDED TO CONCLUDE THE NEGOTIATIONS.
5. IN DISCUSSION WE ALSO COVERED ASPECT RE FUTURE OIL SUPPLY, WORLD AND INDIVIDUAL COUNTRY NEEDS, THE INCREASING IMPORTANCE IN FUTURE OF PERSIAN GULF OIL, THE ADVANTAGES THAT THE OIL COMPANIES BROUGHT TO THE PRODUCING COUNTRIES, E.G., CAPITAL NEEDED IN THE NEXT DECADE, PERHAPS \$200 BILLION, ACCESS TO MARKETS AND MARKETING FACILITIES, THAT WOULD BE MOST DIFFICULT TO ATTAIN AS A PRACTICAL MATTER IF ARRANGEMENTS WERE ATTEMPTED DIRECTLY BETWEEN PRODUCING AND CONSUMING COUNTRIES.
6. THE SHAH SAID HE GREATLY APPRECIATED EXPLANATIONS I HAD GIVEN HIM AND WAS GRATEFUL TO THE PRESIDENT FOR SENDING ME. HE COULD UNDERSTAND THAT COMPANIES DID NOT WISH TO BE WHIP-SAWED BY ESCALATION AD SERIATIM DEMANDS BY DIFFERENT PRODUCERS OR COUNTRIES. HE FELT OFFER BY OIL COMPANIES REPRESENTED A GOOD BASE FOR NEGOTIATION BECAUSE IT ACCEPTED THE PRINCIPLE OF AN INCREASE IN PRICES AS WELL AS THE PRINCIPLE OF AN INDEX WHICH WOULD PROTECT THE PRODUCERS AGAINST INFLATION IN THE WEST.
7. HE SAID HE WAS SURPRISED THAT THE COMPANIES HAD INCLUDED IN THEIR PAPER A REFUSAL TO ACCEPT (A) NO FURTHER INCREASE IN TAX RATE PERCENTAGE BEYOND

CURRENT 55 PERCENT RATE; (B) NO RETROACTIVE PAYMENTS; AND (C) NO NEW OBLIGATORY REINVESTMENT BECAUSE THESE THREE POINTS HAD NOT BEEN INCLUDED IN THE VENEZUELAN-OPEC RESOLUTION. HE KNEW VENEZUELA, ALGERIA, AND LIBYA HAD OTHER IDEAS BUT THESE HAD BEEN EXCLUDED FROM THE RESOLUTION. HE WENT ON TO SAY THAT HE SAW NO CONFLICT BETWEEN THE TERMS OF THE OPEC RESOLUTION AND THE COMPANIES RESPONSE.

8. HE ALSO AGREED THAT IT WOULD BE A GOOD THING TO STABILIZE PRICES FOR FIVE YEARS. HOWEVER, THIS MEANT A FREEZE ON PRICES BY BOTH PRODUCERS AND COMPANIES. HE HAD STATISTICS WHICH SHOWED COMPANY PRICE INCREASES ALREADY PUT INTO EFFECT MORE THAN COVERED INCREASES IRAN HAD IN MIND. THEREFORE IF COMPANIES TRIED TO INCREASE PRICES AS RESULT OF AGREEMENT REACHED IN FORTHCOMING NEGOTIATIONS, PRODUCERS WOULD HAVE TO BENEFIT ACCORDINGLY. HE ALSO MADE CLEAR THAT WHEN AGREEMENT WAS REACHED IT WOULD BE RETRACTIVE TO JANUARY 1, 1971 AS GP AND SHELL HAD JUST RAISED THEIR PRICES AT END OF DECEMBER. TO SUMMARIZE, HE BELIEVED THAT NEGOTIATIONS COULD BE SUCCESSFULLY CONCLUDED IF, BUT ONLY IF, "THERE IS NO DISCRIMINATION, NO FAVORITISM, AND NO DIRTY TRICKS ON THE PART OF THE COMPANY NEGOTIATORS."
9. AMPLIFYING REMARK ABOUT "NO DIRTY TRICKS," SHAH SAID THAT IF, HOWEVER, COMPANIES DRAGGED OUT THE NEGOTIATIONS OR IF THEY REACHED AN AGREEMENT WITH THE GULF PRODUCERS HEADED BY IRAN BUT REFUSED TO SIGN SUCH AN AGREEMENT UNLESS ALL OPEC MEMBERS SUBSCRIBED TO IT, THERE WOULD BE SERIOUS TROUBLE. AS THE OIL COMPANIES KNEW FULL WELL, IT WAS NOT POSSIBLE FOR IRAN AND THE GULF PRODUCERS TO IMPOSE THEIR WILL ON VENEZUELA OR RADICAL ARAB PRODUCERS SUCH AS LIBYA, ALGERIA, AND POSSIBLY IRAQ WHICH ASKED MUCH MORE. THEREFORE ANY ATTEMPT BY THE COMPANIES TO SAY THAT THEY WOULD NOT SIGN AN AGREEMENT UNLESS THESE STATES, WHICH WERE ALREADY RECEIVING OR MAKING DEMANDS FOR MORE THAN WAS IN THE OPEC RESOLUTION, ALSO SIGNED SIMILAR AGREEMENT, WOULD BE TAKEN BY IRAN AND THE OPEC AS A SIGN OF BAD FAITH AND HE COULD ASSURE US THAT OPEC WOULD TAKE ACTION. IT WAS NOT POSSIBLE FOR THE COMPANIES TO GET AWAY WITH THE TACTICS OF TRYING TO

PLAY OPEC MEMBERS OFF AGAINST EACH OTHER AND STRINGING OUT NEGOTIATIONS.

10. THE SHAH SAID WHEN SAUDI OIL MINISTER VISITED TEHRAN YESTERDAY HE BROUGHT A MESSAGE FROM KING FAISAL THAT SAUDI ARABIA WOULD GO ALONG WITH WHATEVER THE SHAH AGREED TO. THERE WAS A SIMILAR INDICATION FROM KUWAIT. WHILE IRAQ MIGHT BE TEMPTED TO TRY TO MAKE TROUBLE, HE THOUGHT IRAQ COULD BE CONTAINED BY IRAN, THE SAUDIS, AND OTHER MODERATE GULF PRODUCERS. THE SHAH REITERATED GULF PRODUCERS WILLING TO SIGN A FIVE-YEAR CONTRACT ON BASIS OF OPEC RESOLUTION EVEN IF VENEZUELA AND THE MEDITERRANEAN PRODUCERS (IRAQ, LIBYA, AND ALGERIA) WERE UNWILLING TO DO SO. OBVIOUSLY, HOWEVER, IF COMPANIES AGREED TO GIVE THESE COUNTRIES SUBSTANTIALLY MORE IN TAXES AND ROYALTIES THAN GULF STATES, THERE WOULD BE POLITICAL AND PSYCHOLOGICAL PROBLEMS. THE SHAH INDICATED HE HOPED COMPANIES WOULD STAND FIRM AGAINST THOSE MAKING UNREASONABLE DEMANDS. HE PERSONALLY FELT THAT THE COMPANIES SHOULD DEAL SEPARATELY WITH THE THREE MAJOR OIL PRODUCING AREAS—VENEZUELA (CARIBBEAN), MEDITERRANEAN, AND THE GULF WITHIN FRAMEWORK OF OPEC. HE REPEATED, HOWEVER, THAT IRAN AND OTHER PERSIAN GULF COUNTRIES WOULD AGREE TO ABIDE BY FIVE-YEAR AGREEMENT EVEN IF OIL COMPANIES CAVED INTO HIGHER DEMANDS OF LIBYA, ALGERIA, AND VENEZUELA. IT WAS CLEAR THOUGH THAT SUCH ACTION BY OIL COMPANIES WOULD ANGER HIM AND MAKE RELATIONS DIFFICULT.

COMMENT: SHAH RECEIVED ME THROUGHOUT THE TWO-HOUR MEETING IN A FRIENDLY MANNER, LISTENING ATTENTIVELY AND EXPRESSING APPRECIATION OF OUR VIEWPOINTS AND PROBLEMS. AMBASSADOR AND I BOTH BELIEVE THAT HE HAS A MUCH CLEARER UNDERSTANDING OF HOW OUR OWN NATIONAL INTERESTS AND THOSE OF NATO AND FREE WORLD COULD BE AFFECTED BY THE NATURE OF AN OIL SETTLEMENT. SUBSEQUENTLY, FONMIN ZAHEDI (WHO SAW SHAH IMMEDIATELY AFTER WE DID) TOLD US THAT SHAH HAD FOUND OUR MEETING "TO BE VERY USEFUL AND CONSTRUCTIVE." I THINK THE TALKS WERE SUCCESSFUL FROM OUR VIEWPOINT AND THAT IT WILL INFLUENCE HIM TOWARD MODERATION, IF, BUT ONLY IF, COMPANIES ARE UNDERSTANDING AND RESPONSIVE TO THE

FACTS OF LIFE THEY WILL FACE AND THE RECOMMENDATIONS WE ARE SUBMITTING.

THE CRUX, HOWEVER, OF THE WHOLE VISIT WAS THE FACT THAT THE PRESIDENT FOR WHOM HIM EXPRESSED HIGHEST REGARD AND ADMIRATION HAD SENT AN EMISSARY.

SUBSEQUENTLY, WE HAD A MEETING WITH FINANCE MIN AMOUZEGAR WHO GAVE US DETAILED CLARIFICATION OF SHAH'S VIEWS WHICH CAST QUITE A NEW AND HELPFUL LIGHT ON CERTAIN ASPECTS OF THIS PROBLEM. I AM SUMMARIZING AMOUZEGAR'S CLARIFICATIONS IMMEDIATELY FOLLOWING TELEGRAM TOGETHER WITH MY RECOMMENDATIONS WITH WHICH AMBASSADOR MACARTHUR FULLY AGREES AND ON WHICH I HOPE ACTION CAN QUICKLY BE TAKEN. WE HAVE CLASSIFIED TELEGRAMS NOFORN SO THAT DECISION ON BRIEFING ALL OIL COMPANIES, AMERICAN AND FOREIGN, CAN BE MADE IN WASHINGTON. WE WOULD THINK THAT TREZISE SHOULD GIVE COMPANIES FULL BRIEFING.

IRWIN

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 602, Country Files, Iran. Secret; Nodis. Repeated to Jidda, Kuwait, Dhahran, Tripoli, London, The Hague, OECD Paris, and EC Brussels. In a telegram dated January 18, following his discussion with Amouzegar, Under Secretary Irwin recommended to the President and Secretary Rogers that the oil companies negotiate a regional oil agreement for the Persian Gulf. (Ibid., RG 59, Central Files 1970-73, PET 3 OPEC). Further documentation on the Irwin Mission is scheduled for publication in [Foreign Relations, 1969-1976, Volume XXXVI](#): Energy Crisis, 1969-1974.

112. Telegram 301 From the Embassy in Iran to the
Department of State, January 19, 1971, 1510Z¹

January 19, 1971, 1510Z

TELEGRAM
Department of State
TEHRAN 301

0 P 191510Z JAN 71

FM AMEMBASSY TEHRAN

TO SECSTATE WASHDC IMMEDIATE 3252

AMEMBASSY LONDON

AMEMBASSY KUWAIT

INFO USMISSION EC BRUSSELS PRIORITY

AMCONSUL DHAHRAN

AMEMBASSY THE HAGUE

AMEMBASSY JIDDA

USMISSION OECD PARIS

AMEMBASSY PARIS

AMEMBASSY TRIPOLI

KUWAIT FOR UNDERSECRETARY IRWIN
OECD FOR TREZISE

SUBJ:
OIL BRIEFING OF CONSORTIUM NEGOTIATORS:

REF:
(A) STATE. 008901: (B) TEHRAN 279

1. I MET AT NOON JAN 19 WITH CONSORTIUM NEGOTIATORS (LORD STRATHELMOND AND PIERCEY) VAN REEVEN (CONSORTIUM TEHRAN) AND UK, FRENCH AND DUTCH AMBASSADORS TO BRIEF THEM CONFIDENTIALLY ON WHAT WE HAD PICKED UP RE IRANIAN VIEWS IN TALKS UNDER SECRETARY HAD JAN 18 WITH SHAH AND FINANCE MINISTER AMOUZEGAR. I DREW SUBSTANTIALLY ON REFTEL (B) FOR DETAILS OF IRANIAN VIEWS, EXPRESSING CONVICTION THAT COMPREHENSION ON PART OF SHAH AND HIS MINISTERS RE COMPLEXITY OF PROBLEMS INVOLVED AND REASONS FOR USG CONCERN HAD BEEN GREATLY INCREASED AS RESULT OF UNDER SECRETARY'S VISIT, WHICH I THOUGHT RESULTED NOT ONLY IN BETTER UNDERSTANDING HERE BUT ALSO IMPROVED GENERAL ATMOSPHERE. ALSO TOLD THEM OF UNDER SECRETARY'S PRESENTATION OF DIFFICULTIES OUR ANTITRUST LAWS PRESENTED FOR US COMPANIES DUE TO FACT THEY COULD NOT CONSULT TO DEVELOP A COMMON POSITION UNTIL DEPT. OF JUSTICE HAD GIVEN CLEARANCE FRIDAY. HENCE NEED FOR SOME PATIENCE AND AVOIDANCE ANY ARBITRARY DEADLINES.
2. FOLLOWING ARE SALIENT POINTS THAT WERE: DISCUSSED BY CONSORTIUM MEMBERS DURING BRIEFING:
 - (A) I TOLD THEM OF IRAN INSISTANCE THAT EFFECTIVE DATE OF ANY AGREEMENT BE EARLY IN JAN. 1971 AND MY OWN RECOMMENDATION THAT COMPANIES MAKE THIS CONCESSION EARLY IN DISCUSSIONS AS IT MIGHT LESSEN PRESSURE IF NEGOTIATIONS HAD TO LAST LONGER THAN OPEC GROUP ANTICIPATED. STRATHELMOND MADE NO COMMENT BUT PIERCEY'S FIRST REACTION WAS TO REJECT IDEA OF ANY SUCH DATE AS "IMPOSSIBLE." I GAVE HIM MY PERSONAL VIEW THAT IF CONSORTIUM WAS GOING TO GET AN AGREEMENT SHAH WOULD INSIST ON JAN EFFECTIVE DATE FOR SUCH AGREEMENT.
 - (B) IN REPLY TO MY STRESSING THAT OPENING MEETING WITH OPEC SUBCOMMITTEE THIS AFTERNOON COULD BE OF CRITICAL IMPORTANCE TO SUCCESS OR FAILURE OF NEGOTIATIONS, BOTH STRATHELMOND AND PIERCEY AGREED THEY WOULD HAVE IRANIAN ATMOSPHERICS IN MIND AND WOULD DO UTMOST TO HANDLE DISCUSSIONS IN WAY TO AVOID ADVERSE REACTIONS OR RAISING DOUBTS IN OPEC REPS MINDS AS TO SINCERITY AND SERIOUSNESS OF PURPOSE OF COMPANIES.
 - (C) IN CONNECTIONS WITH (B) ABOVE, I MENTIONED THAT IF CONSORTIUM NEGOTIATORS AGAIN SAID (AS DID

CONSORTIUM JUNIOR REPS ON JAN 12) THAT THEY WERE NOT IN POSITION TO "NEGOTIATE," FAT WOULD BE IN FIRE. STRATHELMOND SAID THAT WHILE THEY WERE NOT EMPOWERED BY COMPANIES TO SAY THEY THEY WERE IN TEHRAN TO NEGOTIATE, (THEY COULD SAY "DISCUSS"), HE FELT THEY COULD HANDLE THIS DEFTLY IN MANNER, WHICH WOULD NOT GET OPEC'S HACKLES UP. PIERCEY ALSO CONVINCED WHILE THEIR INSTRUCTIONS WOULD NOT PERMIT THEM TO BE CATEGORIC ON THIS SCORE THEY COULD MAKE CLEAR THEY WERE FULLY EMPOWERED TO DISCUSS DETAILS AND THEY EMPHASIZED THEY WOULD NOT PERMIT DIFFICULTIES ON THIS SCORE TO RESULT IN SUSPENSION OF TALKS. THEY ALSO SEEMED TO UNDERSTAND THEY COULD NOT PULL OUT AS EARLIER LOWER LEVEL GROUP HAD DONE AFTER JAN 12 MEETING AND SEEMED RESIGNED TO STAYING ON TILL CONCLUSION OF TALKS UNLESS OTHERWISE MUTUZZKLY AGREED WITH OPEC GROUP.

(D) I ADVISED THEM THAT SECSTATE AND CALLED MCCLOY AND GIVEN HIM SUMMARY OF OUR DISCUSSION WITH IRANIANS AND HAD SUGGESTED COMPANY REPS BE DESIGNATED AS "NEGOTIATORS." SECSTATE HAD ALSO EXPRESSED VIEW COMPANIES WOULD BE WELL- ADVISED TO NEGOTIATE WITH GULF PRODUCERS WITH PARALLEL NEGOTIATIONS WITH LIBYANS. NEGOTIATORS COMMENTED THAT 15 COMPANIES WERE COMMITTED TO NEGOTIATE COMPREHENSIVE DEAL WITH OPEC COUNTRIES. THEY WERE PRESENTLY FACED WITH IRANIAN PROPOSITION WHICH, WHILE SUPERFICIALLY ATTRACTIVE, WOULD RESULT IN AGREEMENT WITH GULF PRODUCERS RATHER THAN ALL OF OPEC. THIS WOULD BE REVERSAL OF THEIR FORMAL POSITION IN INDUSTRY STATEMENT THAT COMPANIES WERE COMMITTED TO COMPREHENSIVE DEAL WITH ALL OPEC MEMBERS. I POINTED OUT AGAIN AS I HAD IN INITIAL BRIEFING THAT I BELIEVED GULF MEMBERS INCLUDING IRAN WOULD READILY AGREE TO SINGLE AGREEMENT COVERING ALL OPEC MEMBERS BUT PROBLEM WAS THAT IT WOULD BE HIGHEST COMMON DENOMINATOR AND MOST EXTREME DEMANDS OF RADICAL OPEC MEMBERS WOULD PROBABLY PREVAIL. WHILE PIERCEY SEEMED QUITE FIXED ON IDEA THAT COMPANIES SHOULD SIGN NO RPT NO AGREEMENT WITH IRAN UNTIL THERE HAD ALSO BEEN AN AGREEMENT WITH LIBYA. WHICH MIGHT BE DIFFERENT THAN GULF AGREEMENT, STRATHELMOND SHOWED A BIT MORE FLEXIBILITY AND RECOGNIZED THAT

COMPANIES SHOULD AT LEAST CONSIDER WHETHER A FIRM AND DEPENDABLE AGREEMENT WITH THE GULF PRODUCERS (BEFORE AGREEMENT CONCLUDED WITH LIBYA) MIGHT CUT GROUND OUT FROM UNDER ALGERIAN AND LIBYAN BLACKMAIL AND IF COMPANIES DID NOT AGREE TO THEIR EXCESSIVE TERMS OPEC AS A WHOLE SUPPORT THEM. STRATHELMOND SEVERAL TIMES REFERRED TO COMPANIES OBJECTIVE OF HAVING MEDITERRANEAN NEGOTIATING GROUP NAMED BY OPEC WHICH WOULD PERMIT PARALLEL NEGOTIATIONS TO TAKE PLACE WITH GULF AND MEDITERRANEAN COUNTRIES. HE INDICATED THAT HE HOPED TO GET ACCEPTANCE OF THIS CONCEPT IN MEETING THIS AFTERNOON.

(E) RE AMOUZEGAR'S STATEMENT TO US THAT IF COMPANY REPS MADE CLEAR AT OUTSET THAT THEY WERE HERE TO NEGOTIATE AND NEGOTIATIONS ACTUALLY BEGUN, AMOUZEGAR WILLING RECOMMEND POSTPONEMENT OF JAN 23 FULL OPEC MEETING, THERE SEEMED SOME DIFFERENCE OF VIEW BETWEEN STRATHELMOND AND PIERCEY ON DESIRABILITY OF POSTPONEMENT OF JAN 23 FULL OPEC MEETING. PIERCEY'S VIEW WAS JAN 23 OPEC MEETING MIGHT BE GOOD IF IT IS CALLED FOR THE RIGHT REASON (I.E. NOT THAT NEGOTIATIONS HAVE BROKEN DOWN BUT RATHER THAT COMPANIES HAD MADE AN OPEC WIDE OFFER TO NEGOTIATE. THIS MIGHT RESULT IN CREATION OF A MEDITERRANEAN AS WELL AS GULF COMMITTEE SO NEGOTIATIONS COULD GO FORWARD IN PARALLEL). STRATHELMOND, ON OTHER HAND, AGREED IT WOULD BE NICE IF IT WORKED OUT THAT WAY ALSO RECOGNIZED THAT THERE WERE DANGERS IN THAT RADICAL COUNTRIES MIGHT PRESS FULL OPEC MEETING TO UP DEMANDS CONTAINED IN OPEC RESOLUTION-120, PARTICULARLY INsofar AS RETROACTIVE AGREEMENTS, INCREASED TAX RATES AND FORCED INVESTMENT CONCERNED. I STRESSED AMOUZEGAR WOULD PROBABLY HAVE TO KNOW SCORE BY TOMORROW AFTERNOON IF HE WERE TO SEEK POSTPONEMENT OF JAN 23 FULL OPEC MEETING.

(F) BOTH OPEC NEGOTIATORS WERE RATHER SHAKEN BY SHAH AND AMOUZEGAR'S ASSERTION TO US THAT PRODUCERS WOULD ONLY AGREE TO STABILIZE PRICES FOR FIVE-YEAR PERIOD IF COMPANIES AGREED NOT TO PASS ON "UNWARRANTED PRICE INCREASES" TO CONSUMERS. I HAD EXPLAINED THAT AMOUZEGAR ALSO MADE CLEAR THAT

ARRANGEMENTS COULD BE MADE SO THIS WOULD NOT APPLY TO LEGITIMATE INCREASE IN COMPANY'S ACTUAL COSTS STEMMING FROM INCREASED WAGES, ETC. AND ALSO AMOUZEGAR'S THOUGHT THAT COMPANY DESIRES FOR PRICE INCREASES COULD BE REFERRED TO SOME MUTUALLY AGREED IMPARTIAL BODY TO ASCERTAIN WHETHER THEY WERE JUSTIFIED. PIERCEY TOOK VIEW THAT SUCH PROVISION COULD BE USED BY GULF PRODUCERS TO JUSTIFY INCREASING THEIR OWN PRICES THUS MAKING FIVE YEAR MORATORIUM INCREASE IN PRODUCERS PRICES VIRTUALLY WORTHLESS. STRATHELMOND, ON OTHER HAND, SAID THAT THIS WAS VERY COMPLICATED MATTER AS ANY SUCH AGREEMENT WOULD HAVE TO PROTECT THE COMPANY AGAINST MANY THINGS IN ADDITION TO WAGE INCREASES. FOR EXAMPLE, NEED TO WRITE OFF COMPANY INVESTMENTS. ETC. I COMMENTED COMPANIES WOULD CERTAINLY FACE THIS PROPOSAL. IT WAS ONE WHICH WE HAD IMPRESSION THAT SHAH FELT VERY STRONGLY ABOUT NOT SO MUCH IN TERMS OF JUSTIFIED INCREASES BUT IN TERMS OF OBSESSION IRANIANS HAVE THAT COMPANIES WILL ARBITRARILY INCREASE THEIR PROFITS AT EXPENSE OF BOTH PRODUCERS AND FINAL CONSUMERS.

(G) STRATHELMOND, PIERCEY AND VAN REEVEN EXPRESSED DEEP APPRECIATION FOR HAVING BEEN SO THOROUGHLY BRIEFED ON ATMOSPHERE AND POSITIONS THEY WOULD FACE IN THE TALKS WHICH BEGIN THIS AFTERNOON. THEY SAID IT WOULD HELP THEM GREATLY TO HANDLE DISCUSSIONS IN A WAY BEST DESIGNED TO AVOID RUFFLING OPEC FEATHER AND THUS COMPROMISING FUTURE COURSE OF DISCUSSIONS AT OPENING TALKS TODAY. WE BELIEVE IT WAS A USEFUL EXERCISE AND WAS GENUINELY APPRECIATED. UK, FRENCH AND DUTCH AMBASSADORS ALSO WARM IN THANKS FOR BRIEFING. FOREGOING COMPANY REPS AND AMBASSADORS ALSO OF BELIEF THAT UNDER SECRETARY'S TRIP HERE HAD COME AT MOST OPPORTUNE MOMENT. CONFIDENTIALLY, WE HAD IMPRESSION THAT PIERCEY WHILE OBVIOUSLY EXTREMELY CAPABLE MAN, SEEMS SOMEWHAT MORE RIGID AND INFLEXIBLE IN HIS VIEWS THAN DID LORD STRATHELMOND.

MACARTHUR

¹ Source: National Archives, RG 59, Central Files 1970-73, PET 3 OPEC. Secret; Immediate; Exdis. Repeated to London, Kuwait, EC Brussels, Dhahran, The Hague, Jidda, OECD Paris, Paris, and Tripoli. In Telegram 302 from Tehran, January 19, the Embassy reported a consortium representative's remark that Amouzegar had been convinced by his talks with Irwin that Washington agreed that Gulf oil negotiations should proceed before consortium talks with Mediterranean producers began, a view which MacArthur himself seemed to share. MacArthur protested, "I gave company reps Iranian viewpoint firmly held by Shah and Amouzegar, that negotiations should proceed first with Gulf group For them now to imply to their principals that this position (consistently held by Shah) is result of Under Secretary's talks here yesterday and my own views today seems self serving and rather devious." (Ibid.)

113. Telegram 495 From the Embassy in Iran to the
Department of State, January 30, 1971, 1400Z¹

January 30, 1971, 1400Z

TELEGRAM
Department of State
TEHRAN 495

44

ACTION 55-45

INFO OCT-01 SSD-00 CCO-00 NSCE-00 /046 W 115325

0 301400Z JAN 71

FM AMEMBASSY TEHRAN

TO SECSTATE WASHDC IMMEDIATE 3339

INFO AMEMBASSY LONDON IMMEDIATE

AMEMBASSY TRIPOLI

SUBJ:
OIL SITUATION

REF:
(A) STATE 16444 (B) TEHRAN 480 (C) TEHRAN 301

1. AS INDICATED IN REF B, AMERICAN OIL COMPANY NEGOTIATORS HAVE IN CONNECTION WITH CURRENT NEGOTIATIONS, CONSISTENTLY EXPRESSED BELIEF THAT NO RPT NO ASSURANCES THAT SHAH GIVES ON FIVE-YEAR AGREEMENT ARE WORTH MUCH. IN MY FIRST BRIEFING OF PIERCY (ESSO) AND STRATHALMOND JAN 19 (REF C) PIERCY TOOK THIS POSITION, WHICH AS ECHOED BY US COMPANY REPS YESTERDAY (REF B).
2. AMERICAN OIL REPS ADVANCE FOLLOWING REASONS TO SUPPORT THEIR CONVICTION THAT ASSURANCES NOT WORTH MUCH:

- (A) THEY CLAIM IRAN HAS NOT ABIDED BY AGREEMENTS. NEGOTIATED IN EARLY FIFTIES AT END OF MOSSADEGH PERIOD:
 - (B) FACT THAT DESPITE EXISTING AGREEMENTS, THERE HAS FOR PAST SEVERAL YEARS BEEN ANNUAL CONFRONTATION BETWEEN CONSORTIUM AND GOI WITH GOI INSISTING ON NEW MEASURES TO INCREASE ITS BENEFITS, PARTICULARLY THROUGH INCREASED OFFTAKE.
 - (C) SHAH'S INSISTENCE ON ESCALATION CLAUSE TO PROTECT IRAN AGAINST INFLATION IN WEST IN ITSELF MEANS THAT PRICE FOR OIL WHICH GULF PRODUCERS AGREE TO WILL NOT BE FIXED BUT WILL BE SUBJECT TO UPWARD FLUCTUATION.
 - (D) DITTO FOR GULF PRODUCERS INSISTENCE ON RELATIONSHIP PRICE OF CRUDE AND PRICE COMPANIES CHARGE CONSUMERS.
 - (E) AND, FINALLY, DEEP INGRAINED FEELING ON PART OF AMERICAN COMPANY REPS THAT NO RPT NO ASSURANCE FROM SHAH OR GULF PRODUCERS IS WORTH VERY MUCH AND THAT EVEN IF AGREEMENT REACHED ON PRICE, GOI WILL CONTINUE TO PUT PRESSURE ON CONSORTIUM MEMBERS FOR INCREASED OFFLIFT.
3. WE HAVE NO RPT NO INDICATION THAT AMOUZEGAR HAS WATERED DOWN ASSURANCES EXPRESSED TO UNSEC IRWIN AND ME AGAINST WHIPSAW OR THAT HE IS WEAKENING ON FIVE-YEAR AGREEMENT. HOWEVER, AS I PUT SQUARELY TO US COMPANY REPS IN MEETING YESTERDAY (REF B), WHETHER OR NOT CONDITIONS (PARA 2 ABOVE) IRAN AND GULF OPEC GROUP HAVE PUT FORWARD AS ESSENTIAL TO AN AGREEMENT WOULD AS A PRACTICAL MATTER COMPROMISE VALIDITY OF ASSURANCES FOR FIVE-YEAR PERIOD WOULD SEEM TO DEPEND ON ACTUAL TERMS WHICH ARE AGREED BETWEEN TWO PARTIES. YESTERDAY AMERICAN COMPANY REPS SEEMED EITHER NOT WELL INFORMED OR DISINGENUOUS WHEN THEY SAID TO ME THAT "AMOUZEGAR HAS RAISED NEW CONDITIONS SINCE HIS TALK WITH UNSEC IRWIN THAT INVALIDATE SHAH'S ASSURANCES RE FIVE-YEAR AGREEMENT." THEY CITED AS BASIS OF THIS ASSERTION IRANIAN INSISTENCE ON A RELATIONSHIP BETWEEN CRUDE PRICES AND CONSUMER PRICES. THIS PROPOSAL, AS I POINTED OUT TO THEM, (REF B), HAD BEEN MADE CLEAR TO UNSEC AND ME BOTH BY SHAH AND AMOUZEGAR IN JAN 18 MEETING AND I HAD CONVEYED IT, AS WELL AS OTHER IRANIAN POSITIONS IN DETAIL TO PIERCY AND STRATHALMOND WHEN I BRIEFED THEM FOR OVER AN HOUR

JAN 19 SO THAT THEY WOULD KNOW PRECISELY WHAT THEY WOULD BE UP AGAINST.

4. IN LIGHT OF FOREGOING I DO NOT RPT NOT THINK A QUERY OF AMOUZEGAR WOULD ELICIT MORE THAN RENEWED ASSURANCE THAT GOI AND OTHER OPEC GULF PRODUCERS ARE WILLING TO SUBSCRIBE TO A FIVE YEAR AGREEMENT IF SATISFACTORY OVER-ALL AGREEMENT REACHED WITH COMPANIES. I RECOGNIZE OF COURSE THAT SOME OF RELATED CONDITIONS (PARA 2 ABOVE) BY THEIR VERY NATURE DO PROVIDE FOR SOME CHANGE IN PRICES EVEN IF THERE IS A FIVE-YEAR AGREEMENT. HOWEVER COMPANY REPS ARE FULLY AWARE OF THIS AND IT SEEMS TO ME THAT THESE ARE THINGS THAT THEY SHOULD TRY TO TIE DOWN IN THEIR NEGOTIATIONS ON THESE POINTS TO GET BEST DEAL POSSIBLE. THEY DO NOT AFFECT SHAH'S COMMITMENT TO GIVE FIVE YEAR ASSURANCES SUBJECT TO SATISFACTORY AGREEMENT ON CONDITIONS HE ATTACHES.
5. INSOFAR AS DIFFERENCES BETWEEN COMPANIES OFFER FOR POSTED PRICE INCREASES OF 15 CENTS AND INITIAL GULF PRODUCERS DEMAND OF 54 CENTS ARE CONCERNED, WE NOTICE THAT GERMANS (BONN 1080, PARA 1) AS WELL AS OTHERS BELIEVE COMPANY OFFER SUBSTANTIALLY TOO LOW TO BE ACCEPTABLE TO GULF PRODUCERS. WE ALSO RECALL THAT AMOUZEGAR COMMENTED PRIVATELY TO US THAT IN BARGAINING OVER POST PRICE INCREASE HE EXPECTED COMPANIES WOULD ASK A FIGURE SUBSTANTIALLY BELOW WHAT GULF PRODUCERS WOULD ACCEPT, WHEREAS GULF PRODUCERS WOULD ADVANCE A FIGURE SUBSTANTIALLY ABOVE WHAT THEY KNOW COMPANIES COULD ACCEPT AND THAT THIS INVOLVED USUAL TYPE OF BARGAINING THAT WENT ON IN SUCH NEGOTIATIONS.

GP-3

MACARTHUR

¹ Source: National Archives, RG 59, Central Files 1970-73, PET 3 OPEC. Secret; Immediate; Exdis. Repeated Immediate to London and to Tripoli. In Telegram 16444 to Tehran, January 30, the Department advised MacArthur to approach Amouzegar regarding the oil companies' concern

that Iranian promises against “whipsaw” in oil pricing had been weakened

114. Telegram 722 From the Embassy in Iran to the
Department of State, February 12, 1971, 1001Z [1](#)

February 12, 1971, 1001Z

TELEGRAM
Department of State
TEHRAN 722

12

ACTION SS-45

INFO OCT-01 SSD-00 /046 W 081128

P 12100018 FEB 71

FM AMEMBASSY TEHRAN

TO SECSTATE WASHDC 3449 PRIORITY

INFO AMEMBASS LONDON

SUBJ:
OIL SITUATION (BRIEFING BY COMPANIES)

FOLLOWING IS SUMMARY OF BRIEFING GIVEN TO U.S., U.K.,
FRENCH AMBASSADOR AND DUTCH CHARGE BY COMPANY REPS
PIERCEY (ESSO), CARLYLE (SHELL), KIRCHNER (CONTINENTAL),
MONTIGUE (CFP) ON MORNING FEB 12:

1. PIERCEY AS SPOKESMAN SAID COMPANIES HAD "COLLAPSED"
AND MET VIRTUALLY ALL OPEC DEMANDS IN MEETING IN PARIS
WITH AMOUZEGAR WHICH HE CHARACTERIZED AS "VERY
GOOD." HOWEVER, THERE WERE STILL SOME MATTERS TO BE
SORTED OUT RELATING TO A SMALL POSTED PRICE DIFFERENCE
(HE MENTIONED ONE CENT) MARKETING ALLOWANCE (ONE-
HALF CENT A BARREL) AND A FEW OTHER ITEMS.
2. HE THEN WENT ON TO SAY THAT THE MOST IMPORTANT
ELEMENT OF SOLUTION STILL NOT SETTLED RELATED TO
FREIGHT DIFFERENTIAL IN MEDITERRANEAN DUE TO TO

FAVORED GEOGRAPHIC POSITION (STATE 22654, PARA 3A). OPEC GULF PRODUCERS HAD ORIGINALLY TAKEN POSITION THAT IF PRESENTLY JUSTIFIABLE FREIGHT DIFFERENTIAL FOR LIBYA IS NOT REDUCED WITH DROP IN FREIGHT RATES, IPEC WANTS PERSIAN GULF PRICES INCREASED COMPARABLE AMOUNT. PIERCEY SAID COMPANIES HAD MADE AN OFFER WHICH WOULD LIMIT THEIR LIABILITY. WHILE AMOUZEGAR IN PARIS HAD SEEMED RECEPTIVE TO THIS OFFER WHICH WAS VERY BEST COMPANIES COULD MAKE, HE HAD NOT ACTUALLY ACCEPTED IT. THEREFORE COMPANIES FELT THAT TIME MIGHT COME IN NEXT FEW DAYS WHEN GOVERNMENTS (BASICALLY US AND UK) SHOULD INTERVENE WITH GOI ON THIS MATTER ON WHICH AN AGREEMENT DEPENDED.

3. US AND UK AMBASSADORS REPLIED THAT THEY HAD ALREADY TAKEN THIS MATTER UP INFORMALLY WITH COURT MINISTER ALAM ON FEB 4 (TEHRAN 605) URGING HE LOOK INTO IT. WITHOUT INSTRUCTIONS FROM THEIR GOVERNMENTS THE US AND UK AMBASSADORS DID NOT BELIEVE THAT THEY COULD MAKE ANY FORMAL DEMARCHES TO THE GOI. FURTHERMORE IN VIEW OF THE EXTREME SENSITIVITY OF THE SHAH, ANY SUCH DEMARCHES AT THE GOVERNMENT LEVEL AT THIS JUNCTURE COULD DO HARM AND BE COUNTER PRODUCTIVE.

4.

THE COMPANY REPRESENTATIVES SAID THEY UNDERSTOOD THIS BUT DEPENDABLE ASSURANCES FOR A FIVE-YEAR AGREEMENT WERE SO VITALLY IMPORTANT THAT PERHAPS IF AN AGREEMENT WAS ACTUALLY REACHED AND SIGNED, IT COULD BE NAILED DOWN BY SOME DIPLOMATIC NOTE TO THE SHAH. BRITISH AMBASSADOR EXPLAINED THAT EMBASSIES DID NOT SEND DIPLOMATIC NOTES TO SHAH BUT THAT WE FULLY UNDERSTOOD THE IMPORTANCE OF A DEPENDABLE 5 YEAR AGREEMENT AND AS THE SITUATION EVOLVED WE WOULD HAVE TO REMIND THE DESIRABILITY OF TRYING TO DO SOMETHING THAT WOULD NAIL DOWN A BIT MORE THE ASSURANCES WHICH OPEC MIGHT GIVE TO COMPANIES.

COMMENT

5. AFTER ABOVE MEETING I MET PRIVATELY WITH UK AMBASSADOR WRIGHT FOR PURPOSE OF DISCUSSING POSSIBILITY OF NAILING DOWN FURTHER SUCH ASSURANCES AS IRAN AND OTHER OPEC MEMBERS MIGHT GIVE TO COMPANIES RE FIVE

YEAR AGREEMENT. SINCE SHAH HAD GIVEN SUCH ASSURANCES TO UNSEC IRWIN IN LATTER'S CAPACITY AS PRESIDENTIAL EMMISSARY. I TOLD WRIGHT THAT IF AGREEMENT REACHED BETWEEN PRODUCERS AND COMPANIES, I WOULD RECOMMEND WE CONSIDER POSSIBILITY OF MESSAGE FROM PRESIDENT TO SHAH EXPRESSING GRATIFICATION THAT AGREEMENT HAD BEEN REACHED MAKING REFERENCE TO IMPORTANCE OF ASSURANCES FOR FIVE YEAR PERIOD, ETC. ON HIS PART WRIGHT UNDERTOOK TO ASK LONDON TO CONSIDER A FORMAL FOREIGN OFFICE STATEMENT IN SAME SENSE FOLLOWING AGREEMENT. HE FELT THIS WAS BEST WAY FOR BRITISH TO NAIL DOWN ASSURANCE SINCE IF THERE WERE PARALLEL MESSAGES FROM BOTH PRESIDENT AND UK PRIMMIN HEATH TO SHAH, LATTER MIGHT FEEL THAT IT WAS A GANGING UP JOB AND BE RESENTFUL. IF AGREEMENT IS REACHED AND WHETHER OR NOT THERE IS A PRESIDENTIAL MESSAGE (WHICH TENTATIVELY I BELIEVE COULD BE USEFUL BUT WISH TO RESERVE FINAL JUDGMENT UNTIL AFTER CONCLUSION OF PRESENT TALKS) WE BELIEVE IT WOULD BE EXTREMELY HELPFUL IF OTHER IMPORTANT CONSUMING GOVERNMENTS, PARTICULARLY JAPAN AND WESTERN EUROPEANS, MAKE FORMAL AND PUBLIC DECLARATIONS NAILING DOWN THE FACT THAT THE AGREEMENT IS FOR FIVE YEARS.

6. COMPANIES MEETING WITH OPEC GULF COMMITTEE AT 1530 LOCAL FEB 12.

MACARTHUR

¹ Source: National Archives, RG 59, Central Files 1970-73, PET 3 OPEC. Secret; Priority; Exdis. Repeated to London. In Telegram 476 from Jidda, February 14, Ambassador Thacher wrote, "we should avoid any action tending to endorse the arbitrary short deadlines and coercive legal measures by which U.S. corporations were forced on very short notice commit themselves to payments of billions of dollars over the next few years." (Ibid.) (declass.) In Telegram 28309 to Tehran, February 19, Rogers informed ZAHEDI that "The settlement just reached with the companies is of great importance in assuring stable market arrangements during the five-year period of the agreement. Of particular importance to the negotiations and us were the assurances given in this respect at the time of Mr. Irwin's visit." (Ibid.)

115. Intelligence Note RECN-3, Prepared in the Bureau of Intelligence and Research, Washington, February 18, 1971¹

Washington, February 18, 1971

INTELLIGENCE NOTE
February 18, 1971

OPEC OIL: PERSIAN GULF ANCHORED, MEDITERRANEAN NEXT

The international oil companies signed a new oil tax and price agreement with OPEC's* six Persian Gulf members in Tehran February 14 and take on OPEC's Mediterranean wing next week at dates not yet known.

The Gulf agreement is for five years but some oilmen doubt that it will last that long. According to preliminary reports, it gives Gulf governments an immediate revenue increase of almost 30 per cent for crude oil exported from Gulf terminals, with further increases through 1975.

Major customers affected are Western Europe, which obtains about 40 per cent of its oil from Gulf terminals, and Japan, which imports almost 90 per cent of its oil from the Gulf. The companies have stated that the full increase must be passed to consumers, some of whom do not agree.

The Gulf agreement climaxed six weeks of sporadic bargaining and ultimatums since publication in late December of OPEC Resolution XXI/120. This contained demands for a minimum OPEC oil tax rate of 55 per cent and negotiation within 30 days of higher posted prices, the price on which taxes are based regardless of actual market prices, which normally are lower than tax prices. The companies countered with a demand for a five-year, OPEC-wide agreement but OPEC successfully insisted on a regional approach beginning with the Persian Gulf. Because of its distance from the markets, the Gulf has less bargaining power than other OPEC areas but the prevailing tight oil market has enhanced Gulf leverage, too.

The agreement did not end concern over a possible oil supply interruption since negotiations affecting the 45 per cent of Western Europe's oil obtained from Mediterranean sources have not begun in

earnest. At a Tripoli meeting next week demands for this "short-haul" oil will be coordinated by Algeria, Libya, Iraq and Saudi Arabia. The latter two exempted from the Gulf agreement the oil they pipe to Eastern Mediterranean ports in hope of tying its terms to those won by Libya, whose demands include premium prices based on proximity to the market. Algeria has been negotiating its own demands with the French government for several months. Western Europe depends on Libya for 25 per cent of its oil and Libya's overflowing treasury makes it theoretically independent of oil revenues for extended periods. A complete oil shutdown by Libya alone, if prolonged, could cause a severe oil shortage so long as the Suez Canal remains closed and the tanker shortage continues. The Tapline reopening is not enough to end the shortage.

Highlights of the Persian Gulf agreement are understood to be:

1) Financial adjustments:

- an increase in per barrel Gulf government revenues retro- active to January 1 of about 28 cents, rising to about 34 cents June 1 and to about 50 cents in 1975;
- an immediate increase of \$1.3 billion in annual Gulf oil revenues, growing to \$3.5 billion in 1975, on top of their current annual receipts of more than \$4 billion;
- an increase in government revenue from exports of 34° crude (a medium grade which constitutes a substantial portion of Gulf exports) to about \$1.25 and tax paid costs to the companies to \$1.38 per barrel;
- the 28-cent initial increase comes to about 7/10 of one cent per American gallon and about 2/10 of one cent per liter of crude oil.

2) Assurances from the Gulf governments that they will not:

- attempt to increase per barrel revenues beyond the terms of the agreement for five years;
- attempt to increase revenues if non-Gulf export terminals receive better terms (no "leap-frogging");
- support other OPEC governments (such as Libya) whose demands exceed those of OPEC Resolution XXI/120 plus a "reasonable" freight premium;
- limit or restrict oil exported from Gulf terminals if non-Gulf governments demand (a) more favorable terms (b) retroactive payments (c) "unreasonable" freight differentials, so that the companies may replace Libyan oil with Gulf oil if necessary, the tanker shortage permitting.

In return for yielding nearly the entire 30-cent increase the Gulf originally demanded the companies appear to have obtained the assurances of stability they wanted, but reportedly feel insecure in these assurances and would like consumer governments to reinforce them by an expression of their expectation that the Gulf countries will respect them. By settling when they did, the companies avoided an imposed or legislated settlement which would have been difficult to alter in the event their bargaining position should later substantially improve.

Lacking a clear understanding of the agreement, initial consumer reaction has been cautious but West Germany has objected to absorbing the full increase while Japan has expressed opposition to any increase.*

Some consumer sources have hinted at reducing or eliminating the oil company role in favor of government-to-government oil arrangements. Iran's Shah touched on this in February 16 remarks stating that Iran would seek to replace the companies "in a generation or so" by exploring for, producing and marketing its own oil.

Producing government control appears to be the main issue in the Algerian-French negotiations while Libya's initial demands include mandatory reinvestment by the companies of 25 cents per barrel in Libya. Other initial Libyan demands were for oil tax rates of 59-63 per cent, a permanent 30-cent posted price increase and a "temporary" 35-cent posted price increase tied to freight rates, the so-called "Suez premium". Libya has also rejected company efforts to negotiate as a group, insisting on its right to deal with them one by one. These demands may be revised in Tripoli next week to reflect the Gulf agreement. The Mediterranean governments are expected to present their demands at any time after that.

INR/Economic

Director :JMintzes

Analyst :HTClew

Ext. :21145

Released by :LWeiss

¹ Source: National Archives, RG 59, Central Files 1970-73, PET 3 OPEC. Confidential. Drafted by Harvey T. Clew (INR/Economic). Released by Leonard Weiss (INR).

* Organization of Petroleum Exporting Countries—Abu Dhabi, Algeria, Indonesia, Iran, Iraq, Kuwait, Libya, Qatar, Saudi Arabia, Venezuela

* Japan's private Arabian Oil Co. reportedly did not, sign the Gulf agreement, explaining that it already pays governments more than the agreement requires.

116. Airgram A-56 From the Embassy in Iran to the
Department of State, February 22, 1971¹

February 22, 1971

DEPARTMENT OF STATE
AIRGRAM A-56

TO:
DEPARTMENT OF STATE

INFO:
AmConsul KHORRAMSHAHR, AmConsul TABRIZ

FROM:

Amembassy TEHRAN

DATE:
February 22, 1971

SUBJECT:
Youth in Iran: Assessment by Embassy Youth Committee

REF:
CA-332, January 19, 1970; Tehran A-158, May 23, 1970

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I INTRODUCTION

Iran is a nation of the young. As in other developing countries, a high birth rate and a decreasing infant mortality rate have combined to noticeably increase the percentage of the young among the population of the country. Yet, except for their age, the youth of Iran are a diverse, non-homogenous group. This study of youth in Iran and their attitudes does not attempt to cover the entire spectrum of young people throughout the country nor to describe the full range of their beliefs and attitudes. Instead, we here attempt the more manageable task of defining the attitudes of an important segment of the young people in Iran and discussing how these attitudes will affect the future of Iran, including the all-important questions of its relations with the United States.

This report was prepared by a group of 11 young officers from the Political, Economic and Consular sections of the Embassy, the Defense Attache's office, USIS, our Military Advisory Mission, and CAS. It represents the group's evaluation of the attitudes of young Iranians, and is not meant to either reflect or speak for official Mission policy. It is a completely independent undertaking; the group was encouraged by senior officers in the Embassy to prepare the study free from any strictures on its content.

The study naturally reflects the difficulties encountered in analyzing the attitudes of a broad section of any society. Our contacts are necessarily limited, and although we have attempted to stress the goal of objectivity, our findings reflect the attitudes of our contacts. In addition, we have described the attitudes of youth while making no claims as to the validity or objectivity of those attitudes. While some of their beliefs might, in our view, be unrealistic and logically unsound, they are nevertheless widely held and must be considered accordingly.

The study has been divided into a number of sections to make it both manageable for the drafters and readable for its recipients. The Study begins with a definition of youth in Iran and their place in Iranian society. This should enable the reader to better judge the importance and applicability of our findings. The major section of the paper defines the attitudes of Iranian youth in three areas—domestic, foreign and social. The study ends with a discussion of implications for American foreign policy and recommendations for changes in that policy.

It is important to emphasize that the study is the result of a combined effort and does not reflect the views of any one individual. A list of contributors to the study follows the index. Finally, we wish to re-emphasize the completely unofficial nature of the paper—it represents the

views of the youth group alone and should not be read as an official Embassy statement.

II DEFINITION OF YOUTH

Iran is highly centralized, with decision-making, presently and for the foreseeable future, vested largely in Tehran and in the provincial urban areas to a much lesser degree. Also, despite important strides made in the emancipation of women, it is still a male-oriented and dominated society. The young who will have the greatest impact on the future course of Iranian life are the university students, recent graduates, and those who are employed in the important sectors of private business, government, the military, education, and communications. Consequently, the focus of this paper is on the urban male who is working or studying in one of the above mentioned areas. It is this group that will have the greatest influence on the future course of the Iranian nation, and it is their attitudes and beliefs which much be understood if the United States hopes to continue to play a central and meaningful role in Iran.

III PLACE OF YOUTH IN IRANIAN SOCIETY

The attitudes of any segment of Iranian youth depend upon their place in the framework of Iranian society. Thus, a proper assessment of both their present impact on the country and their future role in it requires an understanding of their relationship to Iranian society and their influence in that society.

54% of the people of Iran—approximately 14.5 million—are under 24 years of age. The literacy rate of the 7-24 year age group is 42.6% compared with a literacy rate of 30% countrywide. These 14.5 million Iranians do not represent the total number of those considered in this report. It would be inexact and foolhardy to establish a definite age limit, above which one is considered to have passed from the realm of youth to another category. The Youth Committee has consequently consciously avoided any rigid definition by age of youth in Iran and has rather concerned itself with the attitudes of those, mostly in the urban population, who are considered young by other Iranians.

An understanding of the role of youth in Iran would be incomplete without an awareness of the strength of tradition in Iranian society. Traditionally, decision-making in Iran has rested with the elders (or “sefid-rish”—white beards) of the society. The place of youth was to listen to their elders and learn from their wisdom. Any idea of participation in

the decision-making was never entertained. The traditional society is breaking down in Iran, and this decay of the old system is most evident in the urban areas. With the disappearance of the traditional leadership system, a new one is emerging, one that reflects an Iran increasingly subject to and aware of the influence of the West and technology. With this change has come a new role for the young people especially in the urban areas; for the first time in Iranian history they find themselves in a position to influence, often only in a limited way, the process of decision making in the country.

Business Sector

The most noticeable change in the role of youth is in the business sector. Formerly reserved to the bazaar class, private business in Iran has been the leader in the nation's extraordinary economic expansion. With this growth has come a need for well-educated young technocrats, many trained in the West, to administer the commerce of the nation. Any study of the attitudes of youth in Iran must pay particular attention to the young managers and experts who have been in the forefront of Iran's growth toward, and transformation into, a modern western-oriented industrial nation.

The Government Sector

Under the traditional system, positions of power in the Government were reserved for the prestigious families, most of whom were connected to the Royal families. Although the bureaucracy has been less susceptible to change than the private business sector, it is nevertheless feeling the forces of modernization. These pressures have been met in part by employing young, well-educated Iranians, who combine an understanding of their nation's needs with the learning necessary to effect changes in the administration of government. This has been especially evident in the realm of fiscal policy and planning, e.g. the Central Bank, the Plan Organization, the Industrial and Mining Development Bank of Iran (IMDBI) and the Bank Melli.

The Universities

Although the growing radicalism of students throughout the world has not gone unnoticed in Iran, the capability of changing the educational system, on the part of the students and young faculty members, is still severely limited. The influence of the students is seen only in their ability to disrupt the tranquility of the system. A relatively small

percentage of the teachers and administrators in the universities are attempting to initiate reforms in the educational system, but, for a number of reasons, education has remained one of the sectors most impervious to change.

Communications

The communications revolution which has given a transistor radio to every village hut and a television to every middle class Tehrani home, has not been an opportunity for the youth of Iran to attempt independent action or decision-making. Tightly controlled by the Government, the communications sector does not offer youth a creative challenge. There are a few, concerned, well-educated young writers on some of the Tehran newspapers who command respect among the educated classes and to a small degree have influence in the communications sector. Their numbers are limited, however, and their role will continue to be exceedingly circumscribed under present government controls.

The Military

In the Iranian military establishment, as in any in the world, the young officer is restricted in his power and authority. The system itself, dependent on seniority and rank for the accumulation of power, tends to prevent the young from playing a meaningful role. However, the military is central to the stability and security of Iran and younger officers, as part of this vital organization, acquire a consequent importance. Furthermore, the upgrading of the Iranian military to meet the needs of the 20th Century will rest with the younger career officers who are the future commanders of the system. Many of them, especially in the Air Force, have been trained in the West and their role will become increasingly important as they are continually promoted. Since the attitudes the younger officers hold today affect their future actions, an understanding of these attitudes is important to an appreciation of the future role of those who now are young. A study of the five critical sectors of business, government, education, communications, and the military shows that youth is becoming increasingly important and influential in Iran. With the disintegration of the traditional social and political systems, young people are being given greater responsibilities and their ability to influence decision making in the country, even at relatively high levels, is being increasingly felt. There can be no question that an understanding of the attitudes of the youth of Iran is essential for not only an appreciation of how the country functions, but also in

considering how their attitudes will affect American foreign policy for this strategically important nation.

IV ATTITUDES OF YOUTH

The Embassy Youth Committee, throughout this study, has been acutely aware that the youth of Iran, even according to the relatively narrow definition it has applied, is not an homogeneous group. In the sections which follow—domestic, foreign, and social affairs—although generalizations will be made when they are considered relevant, the study will attempt to point out the differences in attitudes among groups which do exist. Differences in the intensity of feeling on various subjects among the groups being studied will also be noted.

Domestic Attitudes

The Shah—For most Iranians, including Iranian youth, the Shah is accepted and taken for granted in the landscape of their lives. Many cannot imagine Iran without the ubiquitous presence of His Imperial Majesty. At the same time, this remarkable man is the subject of curiously mixed attitudes among his people. In general, and as a background, there is wide-spread respect and admiration for him among all groups, including the youth of these groups; these feelings become awe and veneration at the lower levels of Iranian society. However, there are also wide-spread negative beliefs about the Shah which most Iranians, again including youth, hold concurrently with their positive feelings. These beliefs are, of course, often mutually contradictory, but in some cases Iranians do not see these as contradictory in the same way that they would be conceived in the West and, in other cases, recognize these contradictions in themselves and find it normal that their leader should have them as well. There follow examples of both kinds of attitudes:

A.

1. The Shah works hard to see that Iranian government and administration attain modern standards of honesty and efficiency.
2. The Shah receives payoffs from those participating in large transactions involving the Government of Iran and foreign firms. Most of this money, as well as revenues from his lands and the Privy Purse, is banked in Switzerland.

B.

1. The Shah is a clever and articulate person who has outsmarted both imperialistic foreigners and threatening neighbors such as Iraq and the Soviet Union;
2. The Shah serves the interests of foreign powers in return for personal gain.

C.

1. The Shah has sacrificed his personal happiness and his private life to ensure that the Royal Family gives Iran good and continuing leadership.
2. The Shah exercises insufficient control over his family and indeed permits, encourages, and sometimes participates in, their peculations and orgies.

D.

1. The Shah sincerely desires the social advancement and economic development of Iran, as shown by the success of land reform and other aspects of the White Revolution.
2. The Shah has brought about land reform and other elements of the White Revolution for his personal enrichment.

E.

1. The Shah genuinely wants to improve Iran's image in the eyes of world opinion and is justifiably proud of Iran's good reputation in other countries as a responsible nation.
2. The Shah's international travels are used as opportunities for personal excesses.

F.

1. The Shah has an infallible intelligence system that keeps him informed of the smallest details of every event in the country.
2. The Shah is detached and aloof from his people, ignorant of their needs and desires, and concerned only with pursuing his dreams for the country and his personal enrichment.

The perspective of youth alters the stress and emphasis of some of these points. For example, sophisticated upper-class young people, are less likely to accept the hackneyed traditional view of any Iranian leader as a puppet manipulated by Machivellian outside forces, than are their elders.

On the other hand, youth is often much more outraged by stories of corruption in the Court than are older Iranians. In addition, it should be noted that among youth as a group, the prevalence of negative or positive attitudes toward the Shah varies according to professional and social level; for example, military officers, as noted below, are more clearly and uniformly pro-Shah than would be characteristic of other strata of youth.

The attitudes of educated youth in Iran toward the Shah almost invariably reflect Western standards, even if they realize that their society and government cannot be entirely evaluated by those standards. The liberal states of Western Europe and North America are measures by which young Iranians judge themselves and their society. Thus, as elsewhere in the world, most of the educated youth in Iran dislike living in what they see as a totalitarian society. They deeply desire the civil liberties which are standard in the United States and other Western nations; they are annoyed that their newspapers are censored and controlled, their activities subject to secret police scrutiny, their movements (particularly in and out of the country) under heavy control, and the free public expression of their personal opinions forbidden. They regard these aspects of Iranian society and government as a direct creation of the Shah. Accordingly, he is blamed by these sophisticated young Iranians for the lower quality of intellectual and personal life in Iran as compared to those Western societies which they have experienced or learned about.

In an attitude closely related to the one immediately preceding, a large number of modernized young Iranians feel strongly that the Shah is an archaic figure; monarchy which rules as well as reigns seems to them old fashioned and inconsistent with the standards of modern Western society which Iran is applying to her economic and social development. These Iranians sometimes see the Shah as an outmoded figure surrounded by meretricious pomp, pursuing conventions of royalty cast off by Western nations, even those which retain constitutional monarchy.

Educated Iranian youth are well aware of certain vices in the Iranian tradition and in the Persian character which have made their society weak. They strongly believe that the Shah's system of government and the maintenance of his rule depends on his skillful use of these qualities. For example, Iranians are extremely manipulative in their relations with one another. Each Iranian feels himself the center of contending forces exerted by those around him and tries to play these off against each other. To many Iranians, and especially to aware youth, it seems clear

that the Shah insures his control by seeing to it that the leaders of important government departments are kept in a permanent state of nervous competition for imperial favor, not only with their peers in other departments, but also in many cases with their own senior subordinates. Thus, educated Iranian youth regards the Shah's governing technique as supporting the continuing validity of manipulateness as a method of survival in Iranian society and hence, perpetuating a quality which they believe stands in the way of social and political modernization. Furthermore, the Shah's system of government and his laxness toward his family are similarly seen by these young Iranians as prolonging other decadent Iranian social and political practices such as authoritarianism and nepotism.

The Empress—Young Iranians regarded Farah Diba with considerable coldness and cynicism when she became the Shah's third Empress in 1959. Her predecessor, Soraya, had been a tragic and sympathetic figure with whom many Iranian youth identified. Since then, however, Queen Farah's gentleness, warmth, and genuine concern for the suffering and the poor have won her considerable respect and growing admiration among Iranian youth. There is a human warmth, simplicity, and unpretentiousness about her which comes across to them even through the rather artificial and self-conscious pomp and circumstance of the Court.

Recently, we have noticed a tendency on the part of some sophisticated younger members of the upper classes in Tehran who either themselves have access to the Court, or are close to people who do, to regard the Empress as the patient victim of court intrigues which exclude her from closer contact with the Iranian people, thereby thwarting many of her artistic and social projects.

The Crown Prince—The regime's campaign to promote the Crown Prince as the inevitable and worthy successor to his father is still too new to make any judgments as to its eventual success. The attitude of most Iranians (including the nation's youth) toward the Crown Prince ranges from indifference to mild interest. However, there are beginning to be indications that the Crown Prince, as a symbol though not as a person, is becoming the focus of the concern of those in the younger generation who do not wish the rule of the House of Pahlavi to be continued in its present form. They see in the Crown Prince the potential for the continuation of a monarchy which rules as well as reigns and which, therefore, stands in the way of the evolution of truly democratic, constitutional government in Iran.

Princess ASHRAF—The Shah's twin sister enjoys a special status in the attitudes of young Iranians toward the Royal Family. Because of her vivid personality, special closeness to the Shah, and the large number of young men in her intimate circle, rumors, and speculation about her, almost always unfavorable and in spicy detail, are constantly in circulation among young Iranians. Although sophisticated young Iranians discount a large proportion of the rumors they, nonetheless, express concern at the weakness in the regime which she represents, and disgust at the Shah's leniency with her. They also share with members of their generation somewhat further down the social scale a considerable and growing annoyance at the poor image which the Princess has or may create for Iran abroad. Accordingly, if the Princess' aspirations for high offices in international organizations such as the U.N. should bring her unfavorable publicity abroad, an interesting division in view is likely to develop between older and younger Iranians, with the former likely to be angry at the newspapers and other media concerned, while the latter will almost certainly direct their anger at the Princess and the Shah.

Other Members of the Royal Family.—In general, young people in Iran, like other Iranians, find the numerous members of the Royal Family, other than the immediate family of the Shah, a shadowy and vaguely distasteful group. Innumerable rumors and occasional substantiated accounts, which are constantly in circulation in Iran, produce, particularly among Iranian youth, a general image of parasitism, constant corruption, and personal laxness. The effect is rather as if in America the Jet Set or Beautiful People were supported by the taxpayer. More specifically, young businessmen and technocrats resent the parasitic omnipresence of the Royal Family in many new major business undertakings, and the interference by members of the Royal Family in new technical projects in order to derive personal benefit from them.

Of the many other members of the Royal Family, only Prince Gholam Reza and Prince Abdol Reza stand out. Gholam Reza has a personal following among sports-minded youth and junior army officers who appreciate his concern for, and support of, the interests they share with him. Furthermore, as the oldest of the Shah's brothers, he enjoys a personal standing and autonomy not available to the others. Abdol Reza is particularly respected among young Iranians for his high personal ethics and honesty which they consider to be particularly marked in contrast to other members of his family. He is also respected for making a life of his own and insisting on keeping it separate from the politics and intrigues of the Court. This firmness is particularly admired by those young Iranians who are themselves trying to make lives which they

hope will reflect their own values and not the decadent ones which they believe prevail in their society.

The Prime Minister—Mr. Hoveyda is seen as the best example of what it takes to survive and achieve success in contemporary Iranian politics. He is a manipulator of the system, finely attuned to the political realities of Iran, and, most importantly, knows his position in relation to the Shah—a low-profile administrator with no overt pretensions of aggrandizing his power. Of equal importance in the attitude of youth toward Hoveyda is their belief that the Prime Ministry is a position without any real power and one totally dependent on the good will of the Monarch. The youth of Iran can feel real antagonism only toward an element in the system which exercises real power, whether an individual or an institution. The Prime Minister does not fall in those categories.

Hoveyda has proven useful to the government as the lightning rod for criticism. He is continually lampooned in the Persian humor magazines, "Towfieg" and "Karikatur", and has consequently been made the butt of caustic joking by many university students. As seen from the biting humor directed at the Prime Minister, the attitude of youth toward him, both as an individual and toward the office itself, is one of studied indifference built on their belief that he does not represent a real potential force for change in the system. As a student said, "Everyone knows he just takes orders."

As with the Shah, youth's attitude toward the Prime Minister is focused on his personal qualities, and consequently his policies and achievements are often judged as reflections of his character, not independently. This attitude is a direct result of the Iranian propensity to personalize politics and attitudes; that is, to judge a man's achievements on the basis of his character, method of achievement, and influence rather than on the merits of his policies alone.

The Role of the Military.

The officer corps is made up of an older group of high ranking officers and an increasingly growing, younger, better educated group, many of whom are from the middle class. Both groups profess complete loyalty to the Shah, realizing their self interests are best served by the stability and permanence of the Throne.

Many of the younger officers who have been trained and/or lived abroad, chafe under the restraints of the Iranian military structure which

is still controlled by the older, high ranking officers. Possibilities of rapid advancement do exist, however. Last year nine senior naval admirals were retired and replaced with nine young naval commanders who were subsequently promoted to the rank of Rear Admiral.

There is a general feeling of elitism and camaraderie found among younger military officers which is lacking among other young groups in Iranian society. They see themselves as guardians of Iran's sovereignty, acting under the Shah's orders to ensure the strength and survival of the nation. Consequently, although the younger officers are aware of the general public feeling of indifference toward their positions, they are confident that they fulfill an essential function in Iranian life.

Strategically, the preoccupation of the younger officers, reflecting a similar concern in their leaders, has turned from the Soviet borders to the South and the West. With the departure of British forces from the Persian Gulf, more emphasis is being placed on the defense of Iranian interests in that area. The younger officers in the military are keenly aware of the threat to Iranian security from Iraq, and Iran's growing interests in the Gulf, and have altered their thinking accordingly.

The civilian college or university graduate does not find the possibility of a military career particularly attractive. He prefers to enter the expanding civilian economy rather than subject himself to the uncertainties of the life of a junior officer in the armed forces, subject to the whims of his superior and at a far lower pay scale.

More generally, the non-military youth of Iran view the armed services with indifference and often a trace of condescension, in interesting contrast to the feelings of elitism within the military itself. Rather than having strong feelings about the military's role in Iran, the younger people tend to not think about the military establishment, unless it affects them personally—e.g. when the military is used to control student demonstrations or when a young man becomes eligible for the draft. The latter is a frequent issue, because the low pay—50 Dials (\$.64) per month—and poor treatment by American standards lead educated Iranians to go to almost any lengths to avoid service as an enlisted man. There are many cases of young men using influence and/or money to avoid military conscription.

Parliament and Political Parties

The youth of Iran view political parties as arbitrary groupings of myriad interest groups which are imposed from the top and not as a natural outgrowth of Iran's social patterns and history. These artificial entities will remain cohesive only so long as they have the support of the Shah; they cannot be considered political parties in the true sense of the word—groupings of individuals with common interests and the willingness and ability to express those interests on the national stage through a flexible political system. The Majles, which is the sum of the present political parties, has no prestige among the youth of Iran, and its members have power and influence only so far as their family and personal connections provide it.

The Iranian educational and social system is not conducive to producing young people who are disciplined enough to accept political responsibility. In early childhood, Iranians receive little or no discipline in the home. They enter a primary and secondary school system in which grades are negotiable and standards flexible. Their teachers, severely underpaid, are from a low social class and command little or no respect. In the universities they are catered to in order to avoid any possibilities of their disrupting the stability of the educational system. Once an Iranian youth reaches adulthood he is most responsive to one kind of authority—absolute. All other authority is circumvented and undermined. This type of individual is a poor building block for a democratic state. Although Iranian youth view the political parties and the Majles with cynicism and uninterest, and profess preferences for a more open system, they are themselves presently capable of giving Iran only very limited and circumscribed alternatives to the existing political system.

Information Media

The media in Iran are viewed critically by the young people of the country. Passive censorship is evident, especially in sensitive issues such as the Royal Family or the Persian Gulf. There is frequent editorializing on the front pages of even the largest dailies. Criticism of local officials is undoubtedly welcome, but the media is suspected of making such criticism merely to exhibit a pseudo-independence. International coverage, generally taken from the major wire services which give an air of authenticity to a report, is also suspected of being edited or biased. TV and radio programming are considered entertaining, but certainly not politically or socially relevant.

Although young people view BBC and the VOA as more credible sources of news, they too are suspect, partly because of their respective

governmental affiliations and partly because of the pervasive Persian cynicism. The ARMISH-MAAG radio and television station has a certain credibility as an outside source, but still retains its biased nature in most eyes due in part to its existence as an arm of the American military. Sophisticated viewers regard its normal programming as neither representative of America nor edifying.

An exception to this list is the humor magazine "Towfiq" which carries on the "Punch" tradition in Iran. By the rules of the game, it avoids the Royal family and for the most part the military, but has become widely read and accepted for its satirical treatment of other personalities and institutions in Iranian government and society. It has served a very valid purpose—an outlet for public indignation—and has allowed the young people to see their leaders as real people with real problems. It allows the youth of Iran to say and see through laughter what it cannot criticize through indignation.

SAVAK—The Security Organization

The attitudes of Iranian youth toward SAVAK are characterized more by fear than by respect or admiration. It is seldom discussed in the presence of non-acquaintances, and on the rare occasion when it is, comments are seldom critical. There are exceptions, however, and SAVAK was the target of many jokes among youth for its mishandling of last year's abortive coup in Iraq. Generally, however, in its operations within Iran, SAVAK is seen as ubiquitous, and is feared by most Iranians, not only youth. It is recognized as one of the instruments used by the Shah to maintain stability in Iran, allowing him to implement his programs unimpeded; youth knows that SAVAK has the power and the will to carry out its mandate.

The attitudes of the young people of Iran toward the United States have been adversely affected by the widely held assumption that SAVAK was aided by the CIA when it was first organized by the Shah, and that the invisible hand of the CIA still wields considerable influence on, if not outright control of, SAVAK. Given the origins of this belief, and the conviction with which it is held by the youth of Iran, a considerable amount of evidence to the contrary would be necessary to measurably change it.

Changes in the System of Government

Although Iranian youth are generally dissatisfied with the present system of Government, and desire a change, their hopes for the future are nebulous and not [do?] not reflect any particular political philosophy. The thread of an anarchistic "change for change's sake," noticeable among Western European and American students, is not found in Iran, but the wistful longing for an open political system more receptive to the needs of the nation's youth, is nevertheless present.

Although concerned Iranian youth are not generally able to articulate with any degree of exactness their wishes for changes in the system of government, a number of themes pervade their comments. Their desire for change is often motivated by the knowledge that a more open and freer system would be advantageous to their own personal advancement rather than a belief that such a system is inherently beneficial. Consequently they desire reforms such as the loosening of central authority with the concomitant greater degree of decentralization. Their hope, perhaps a naive one, is that the venality so prevalent in the presently highly centralized system will be less evident in a more diffuse form of administration.

The aware young urban dweller favors a system of government where promotions to the top are more dependent upon individual ability than is evident in the present system. He views the administration of government especially, and business to a lesser extent, as requiring familial or personal connections in order to succeed. He believes a more "western" type of government would afford him greater access to the top, granted on the basis of his own individual abilities.

A constant theme in the desires of involved youth is for a more "democratic" state. However, they are not able to specify what this implies for Iran, other than generalized statements about greater "freedom" and openness. Democracy is an alien concept in Iranian history; it is a western invention that, without considerable change and adaptation, is not really relevant to the needs of Iran. However, the young people of the country see the affluence and freedom of their western peers and believe that the adoption of a similar political system will result in the same perquisites in Iran.

Indigenous Arabs and the Tribes

Iranians are surrounded by a comfortable aura of cultural and ethical superiority when they consider their neighbors, be they Turk, Afghan or Arab. This attitude is reflected in the feelings of distrust and suspicion

directed by most Iranians at the indigenous Arab population. Though youth's views are somewhat moderated in comparison with their elders', attitudes of condescension and cultural superiority toward the Arabs are nevertheless prevalent. This arrogance toward, and fear of, the Arabs has resulted in their being relegated to second class status in Iran.

There are some indications that the youth of Iran is becoming more sympathetic to the plight of Iranian Arabs, but any real change resulting from this increased sympathy will certainly be slow in coming and will probably depend more on external factors, such as improved relations between Iran and its Arab neighbors.

Youth's attitudes toward the indigenous tribes are somewhat ambivalent. The old arrogance of the Iranian toward the tribesmen remains, but there is also admiration for the simplicity of life and maintenance of traditions among the tribes, untouched by progress and its attendant problems. There is also a degree of sympathy for the tribal minorities, and a greater willingness to help them and accept their cultural differences, than there is for the Arabs. There is a general feeling that the tribes have always been part of the Iranian homeland and will eventually be assimilated into Iran. The reverse is true of the indigenous Arabs, however, and the suspicion remains that their loyalties lie elsewhere.

Communism

Classical communist doctrine appeals to a very small portion of Iranian youth, and its followers are almost all found in the academic world. During the early 1950s, communism had a much wider appeal, and many of its doctrines were incorporated into the National Front programs of that era. However, since then, its following has continued to decrease and today the Communist Party of Iran (Tudeh), has a miniscule membership, the majority of whom are probably Government intelligence officers who have infiltrated the party.

During the past five years, there have been defections from the Tudeh Party to the more radical, Chinese Communist-influenced wing of the party. This has been especially true of Iranian students in Western Europe who share the young radicals' disdain for the "conservatism" of classical communism and are attracted by the activism of a more radical doctrine. However, the number of students who are dedicated to the principles of communism, either the Soviet or Chinese brand, is minimal. Students contend that the often vociferous anti-Shah pronouncements and actions by many Iranian students in Europe is basically anti-Shah in

nature and not based upon any dedication to the principles of communism.

The last Iranian bastion of the study of societies according to classical communist doctrine is found in the literature faculties in Iranian universities. Some of the professors analyze and criticize the literature being studied in Marxist terms rather than according to the more objective studies used in Western universities. This may be partly due to the mass of Soviet printed literature, including works by Western authors, supplied to Iranian bookshops by the extensive and low-cost Soviet book publishing program.

United States

The attitude of Iranian youth toward the United States is marked by a number of contradictions. There has been among modern young Iranians generally an awareness of, and respect for, the civil liberties and freedoms found in American society, and a deep appreciation for the technological expertise Iran has gained from the United States. There is general admiration for the "democratic way of life" as exemplified by America, and also an appreciation for American innovativeness, spontaneity and pragmatism.

There are, however, a number of disturbing trends in the attitudes of young technocrats, academicians and university students toward America which may damage US-Iranian relations in the long-term. The feeling of national pride and xenophobia, which has increased concurrently with Iran's economic and political growth, is especially prevalent among the urban youth of the country. This distrust of foreign influences in Iran, combined with a historical susceptibility to a belief in a net of foreign intrigue and machinations controlling Iran, together with specific criticisms of America, has diminished respect and admiration for the United States among some university students and young academicians. The attitudes vary considerably, of course, depending upon the youth group being considered. Among young businessmen, the feelings of admiration for America are still considerable. Young military officers are appreciative of American assistance, training and the role we have held as protector of the "Free World", whereas university students tend to be more critical of our place as a world power.

However, while respect for America is remaining fairly constant, dislike of America is growing among youth, especially among students. A number of isolated instances support this thesis. In one faculty of the

University of Tehran, the administration removed USIS handout material from a public place at student insistence. Students have become more vocal and open in their criticism of the United States in discussions with Embassy officers.

The attitudes of Iranian youth toward America are closely tied to our involvement in Southeast Asia. Dr. Mahmoud Ziai, Chairman of the Majles Foreign Relations Committee, who is pro-American and highly respected as an astute observer of Iranian politics, has said to an Embassy officer that the U.S. involvement in Southeast Asia has done great, perhaps irreparable harm to the image and reputation of the U.S. among the younger generation in Iran. This damage was done gradually over the years after 1965, as the U.S. involvement in Asia deepened.

This distrust has been nurtured by two factors. First, the younger generation, especially university students, has tended to accept the simplistic Marcusean-Marxian view of the American economy: i.e. it is fed on immense defense expenditures and depends on a substantial degree of economic exploitation of under-developed countries. In this view, Viet Nam offered us the opportunity to continue our massive defense expenditures and at the same time engage in the classical exploitation of a poor country. A second factor is the cynicism the younger generation feels toward the American contention that it is fighting in Viet Nam for a world in which freedom, and respect for others should be standards of international conduct.

Growing student dissatisfaction with America, and both its domestic and international policies, has been muted by a conscious GOI policy to control internal dissent. However, criticism and dissatisfaction with the United States is growing, especially among students, and there are no indications this trend will be reversed in the near future.

USSR

The attitudes of Iranian youth toward the USSR cover a wide range from apprehension to admiration, vary among the different youth groups, and are constantly in flux. Although younger Iranians do not share their parents' vivid recollections of Soviet troops occupying northern Iran and establishing puppet states in Azerbaijan and Kurdistan, they are very aware of the Soviet Union's power and proximity to Iran.

Young military officers, western oriented by their training, equipment and U.S. advisors, see the Soviet Union as a power foreign to their culture and to their military methods. At the same time, they are fully aware of the military might of the Soviets and hope to exist in peaceful coexistence rather than in a situation of tension. They realize their incapability to withstand a major Soviet offensive and look to other nations for assistance, particularly the United States, if such an event were to take place.

Arab States

Like their Government, Iranian youth normally view the Arab States as divided into two groups—radical leftist and traditional monarchial. Unlike their government, however, there is little admiration or respect among youth for Arab States in either of the two camps. The radical leftist states are viewed as uncultured and uncivilized, bordering on the barbaric, with little to offer Iran in economic, social or political terms. The traditional states are dismissed as anachronistic, though youth equivocates somewhat in this judgment. They realize that the traditional states are Iran's best friends in the Arab World, and that it is clearly in Iran's interest to maintain cordial relations with them.

Considered together, the Arab States are viewed somewhat more malevolently. The potential threat of a united Arab World is not lost on Iranian youth. This, combined with the historic enmities resulting from cultural, social, ethnic, linguistic, and even religious differences between Iran and the Arab World, leaves the GOI room to exploit these to its own ends should it so choose.

Social

General

A survey of the social values of Iranian youth reveals that despite the facade of modernization, the differences separating young Iranians from their sires are no greater than, and perhaps even less than, in the West. A confrontation of the type found in Turgenev's "Fathers and Sons" is considerably more socially enlightened than could be found in most of the Iranian families with which this report is primarily concerned.

Opportunism

One of the most consistent and, to the Western eye, dismaying characteristics of Iranian young people is their proclivity to accept the virtue of "opportunism". This holds true throughout all strata of society. With Iran's phenomenal record of economic growth over the past several years, young, trained Iranians have returned from abroad and have tried to fit themselves into the existing social and economic structure. In the business world, for example, they are not content to make reasonable profits, but are anxious and almost proud to exploit opportunities to the maximum in the short-run, striving for profit margins ranging from two or three-fold a year to outright "gouging".

Neither in government nor the professions are they satisfied with low-grade positions, but demand and many times receive at least middle-grade positions far beyond their years or level of competence. Should Iran's economy falter, it is doubtful that many of them would be willing to see it through, but rather, would more likely think seriously of leaving in droves to greener pastures in their second homes abroad.

Social Responsibility.

There is little receptivity to the idea of the "common good". Despite the Shah's already-instituted, but limited programs of social welfare (e.g. social insurance and medical insurance) there is little faith among young people that these systems will work. Rather, they are seen as more programs through which bureaucrats and those in positions of power can line their own pockets with little or nothing left for the intended beneficiary. Many modern young Iranians have only marginal sympathy for the poor or homeless who are not members of their extended family. Although the tradition of charity has always been a part of their religion and culture, they salve what pangs of conscience they might experience through sudden, emotionally-triggered acts of individual charity, and thus ignore the efficacy of broad programs of social progress.

Women and Society.

Few young Iranian men have any sympathy with the slightest manifestation of the "liberation of women". Even in modern Tehran, there is little mixing of the sexes until university years. Girls are viewed as objects of beauty and pleasure, not unlike a fine Persian carpet. Dating in Tehran may lead to sexual relations, but almost invariably the young conqueror will cast aside his prey, and demand virginity of the woman that is later chosen for him to marry. Young men still support the

traditional view that a wife's place is in bed, at home, and bearing and rearing their children.

This ageless philosophy produces an extremely strong family system, the importance of which cannot be overstated. Family ties can still be found as the underlying rationale for many economic and social decisions, and there is very little desire among Iranian youth (male or female) to change this solid foundation rock of Persian society.

Attitudes Toward Work

Manual labor of itself has never been accorded any intrinsic worth in this part of the world, and though there are inchings toward improving the lot of the laborer, Iran's present younger generation is not prepared to accept the fundamental changes in this attitude which some Western observers feel are essential to Iran's long-range economic and political stability. While some Iranians educated abroad return with a fervor of pride for an honest day's work (albeit not manual), many are in due course co-opted into the system and become satisfied to put prestige ahead of productivity.

The Place of Law

Even for young Iranians, although they profess an admiration for western democratic institutions, laws seem to be made to be obfuscated and circumvented. While there are some hopeful signs (village Houses of Justice) that the rule of law will someday have meaning in Iran, this will not be achieved unless stability can be maintained for at least several more generations.

Education

Higher education is greatly valued in Iran both for the respect afforded diploma holders and the employment possibilities it makes available. Higher education overseas is valued even more, for a degree from a foreign university is even more prestigious than one from an Iranian university. Respect for foreign education is wide-spread throughout Iranian society, and graduates from foreign schools have more employment opportunities than their counterparts who are products of the Iranian educational system. There consequently exists among the Iranian-educated, resentment against those who have studied abroad and against what is seen as the special perquisites offered them.

It has been claimed that Iranian students want the best possible education for the least possible work. Although this is an oversimplification, Iranian students are accustomed to working in an educational environment that caters to them as long as they do not threaten the stability of the system. Consequently, dedication to academic discipline and an appreciation for education as a benefit by itself is very limited among the youth of Iran.

The more astute Iranian students want sweeping administrative changes in the educational system. They would prefer a greater decentralization of the educational bureaucracy which would give local schools and universities a greater say in their own administration and enable them to more effectively meet local needs and conditions. They also realize that the system of secondary education must be reformed, since the present method of teaching and learning by rote gives students a woefully inadequate preparation for university studies where, to a greater degree, they must learn to apply the facts they have learned.

Religion

There has been a noticeable and unexpected growth of interest in religion among a small segment of the youth of Iran, especially those studying and teaching in the Universities. The Islamic students union is strong on all university campuses and attendance at the Tehran University Mosque is continually increasing.

The increased interest in religion is basically conservative in nature and a reaction against Westernization, rather than a positive renaissance of religion on the campuses. A small number of students have also embraced religious orthodoxy as a means of criticizing the Shah and his method of rule in Iran. Criticisms of the Shah which might be unacceptable in a secular context, can often be voiced under cover of an interest in strengthening the role of religion in Iranian life.

The vicissitudes of Western technology and the inroads made by Western culture have led many students to turn to religious conservatism and orthodoxy as a reaction against the trials of modernization and urbanization. Consequently, the growth of religious consciousness is not expected to lead to renewed interest in a Pan-Islamic movement among Iranian students or faculty. Not only does the usual Sunni-Shi'ite split militate against the growth of Pan-Islamism in Iran, but the basically conservative, inward-looking, anti-foreign basis for the revival of interest in religion in Iran among the young educated classes precludes the new

interest from becoming a positive force for modernization or change in the country.

It is necessary to re-emphasize that this growth of interest is on a small scale and affects an extremely limited percentage of the student body. It is interesting, however, as an indication of one of the possible paths reaction against Westernization and modernization can take in the Iranian society.

Population and Birth Control

A few Westernized youths regard birth control and family planning as necessary parts of social planning and are therefore concerned about the issue. For the rest apathy on the issue is general, except that it is considered a "modern" practice to follow. Personally, most Westernized young Iranians do not want large families and know how to avoid them.

V IMPLICATIONS FOR U.S. FOREIGN POLICY

The attitudes of Iranian youth are important to our policy toward Iran because there is every indication that these attitudes will persist even as youth grows older. Even those who join the system and appear to be co-opted often have in fact, submerged rather than abandoned their earlier feelings. The attitudes which this report has discussed at length may be summarized for the present purpose as follows:

1. Acceptance of or resignation to the present situation, for the time being.
2. A strong yearning for democratization, civil liberties, and a general opening and freeing of Iranian life.
3. A desire among a substantial portion of Iranian youth not to see the Pahlavi dynasty—with its present power—continue after the present Shah, even though the concept of a Monarch who reigns but does not rule, has broader acceptance.
4. A powerful urge for greater national self-respect, independence, and realization of identity.

If, as is our premise here, we must have a greater sensitivity to these feelings, whether open or covert, in Iran's future leaders, our assets in so doing are the admiration of young Iran for American ideals and democracy and for the openness, vitality, and dynamism of our society and our national life. Our hindrances are the very close identification of

the United States with the Shah and with both the structure and the methods of his rule. There is no noticeable feeling among young, urban Iranians that the United States encourages, or even approves in principle of, democratization in Iran. Instead there is a general feeling, that the United States prizes democracy for itself, but regards Iranians as a people unable to implement democracy, and in any case finds a totalitarian regime in Iran easier to work with or to manipulate. A number of possible events in Iran including the actual achievement of gradual democratization, could bring to positions of real power persons who had acquired these attitudes toward the United States in their youth. It is therefore imperative that we attack the bases of these attitudes wherever possible.

Recommendations

A number of steps could be taken immediately which would enhance our ability to deal effectively with the younger generation of Iranians without detracting from our close ties with the Government of Iran. We believe the following recommendations should receive careful consideration as possible ways of building a more dynamic foreign policy in Iran, complementing our present activities, and making us more responsive to the needs and aspirations of the future leaders of the country.

1. We strongly support the USIS plan to move the Abraham Lincoln Library from USIS premises to the Iran-America Society Cultural Center. The move will strengthen the IAS by broadening its services to the young people of Tehran and will increase the library's credibility by placing it under the bi-national IAS rubric. Also, IAS plans to use a section of the library building for a collection of books which will include English language works on Iran by non-American authors. This will increase its usefulness and help to reaffirm our interest in Iranian studies.

2.

One of the most important elements of our USIS program in Iran is the publication of "Marzhaye-Now" (New Frontiers), a monthly, Persian language magazine which receives wide distribution in country. It is distributed to a selective mailing list of 24,000 people, and contains articles on events and programs in both the United States and Iran, with a preponderance of the former. The total cost of producing Marzhaye-Now is about \$.20 per copy, or approximately \$4,800 per month for a production run of 24,000 copies. Considering the generally

high-level audience the magazine reaches, the yearly production cost of approximately \$57,000, and the fact that the magazine is the only US Government publication read by many Iranian youth, we believe certain steps could be taken to ensure the increased effectiveness of the program.

The magazine should give greater emphasis to Iranian programs with American input which directly benefit the Iranian people. There are a number of possibilities ranging from university education through city planning to agricultural development programs built upon the foundation of earlier US Government assistance. More articles could be carried stressing concepts of development rather than specific programs in the United States.

The current news content of the magazine should have a different emphasis. One must question the image, in the eyes of Iranian youth, of a US Government publication which carries stories on Princess ASHRAF, but does not include articles about successful participatory democracy in Iran (e.g. rural houses of justice, arbitration councils, etc.).

Finally, USIS should recommend that their Publications Officer position be classified as language essential. Since this officer is responsible for Marzhaye-Now, greater control of the magazines editorial content could be realized by having a Persian speaking American officer as editor. As an alternative, USIS might consider establishing a full-time position for a locally hired Iranian to edit the magazine.

3.

The US Government presently gives administrative and financial support, through the IAS, to a student center at Tehran University. This assistance is approximately \$38,400 per year. In this time of budget stringencies and scarce resources, we believe serious consideration should be given either to greatly increasing the usefulness of the Center to the US Government or to terminating our support.

There are advantages to continuing our support for the Center. It is one of our few points of contact with university students from the lower and middle classes. Most of the students who visit the Center are aware of its American support and appreciate our assistance. However, events may provide equally strong arguments for terminating our aid. The responsibility for establishing and administering student centers

should rest with the local universities, not an affiliate of the United States government. Tehran University is presently planning to establish a student center on campus. If the plans are realized, we recommend that our support for the IAS sponsored student center be phased out over a one year period.

If the university does not open a student center, we believe the role the mission plays in the IAS student center's administration should be carefully studied with the aim of either upgrading its effectiveness or, if this is not feasible, withdrawing our aid. The Student Center is not similar to the IAS Cultural Center in that we have complete administrative and programming control in the latter whereas our programming input in the Student Center is negligible. It should be noted that the minimal amount of programming is due to USIS' limited resources. The problems of allocating limited USIS resources transcends the Student Center; however, if USIS does not receive increased budgetary allocations and personnel positions in order to overcome the problems of resource allocation, we question the advisability of continued support for the Student Center. Quality programming must be made available to the center if we are to continue allocating scarce fiscal resources which might be better employed elsewhere.

4.

Our cultural exchange program is a cornerstone of our relations with Iran. Both visits to Iran by American artists, lecturers and scholars, and sending Iranians to the States—from District Governors to University administrators—give us immeasurable benefits by increasing Iranian understanding of the United States and bringing to Iran what is best in American art, culture and scholarship. Our entire cultural exchange program, however, is woefully underbudgeted. It has suffered much more from budgetary cutbacks than many other programs. Consequently, one of our most effective means of increasing contact and communication with the young people of Iran has been severely restricted.

We believe increased high level interest and pressure to raise our CU allotment for the coming fiscal years could help in ameliorating this problem. It is obvious that the CU program is merely one of many that have suffered, and we cannot press for budgetary increases across the board without decreasing our credibility. However, we feel the CU program is of such importance that with increased support, both in

the field and in Washington, the program could be more adequately funded, thereby greatly increasing its effectiveness.

Academic Center

The Iran-America Society Academic Center—where about 10,000 Iranians studied English last year—is the point of greatest direct contact between Iranian youth and the official American presence in Iran. One of the main purposes of the Center is to generate funds to support other IAS activities (i.e.—The Cultural and Student Centers). The first six months of this fiscal year, the Academic Center received approximately \$200,000 in income from tuitions while spending about \$150,000 in administrative costs.

By de-emphasizing the money-raising nature of the Academic Center, it is probable that its English teaching program could be improved. Although the Center is still considered the best location in Tehran to learn English, and its staff is conscientious and hard-working, there are certain deficiencies which could be remedied by increased funding. The Center teachers are very underpaid compared to other English teaching institutions in Tehran, and programs to improve teaching material also suffer.

Although there are many demands on funds for the entire IAS establishment, and any change in allocations must be judged in light of the overall IAS need, consideration should be given to allotting a greater portion of IAS income to the Academic Center and using the increased budget to raise teachers' salaries and generally improve the teaching system. A more effective and meaningful English teaching program would be favorably received by the numerous young Iranians who attend classes at the Center.

Economic/Commercial

The attitudes toward foreigners generally which are shared by youth, and especially the Iranian readiness to suspect that foreign companies are exploiting them, all of which have been previously described in this report, lead foreign firms, including American ones, to make their activities as unobtrusive as possible. This means that the generally excellent record of American companies here as good, socially responsible citizens of Iran who contribute to Iran's economic development goes largely unappreciated, especially by youth.

However, there are certain steps which our companies can take now without running headlong into persisting attitudes or the sensitivities of the GOI. Scholarships for education or training in the U.S. are now given mostly by the oil companies. Other U.S. companies should do much more of this. It is an excellent way of satisfying both their need for qualified employees and the GOI's intense drive for maximum Iranization. For us, it is another partial answer to the dream of foreign education which is cherished by so many Iranian youth.

Next in importance to this is the way U.S. firms here conduct their business with the GOI and with other companies. We have already noted that deviousness and dissimulation are two traditional Iranian characteristics which modernizing youth in Iran would like to discard. At the same time, some U.S. companies have found that a straightforward American-style approach to their dealings here has been successful. For example, Reading & Bates, a drilling company, put aside the traditional methods proposed to it for settling a tax dispute in favor of insisting that the appeals procedure provided for in Iranian law be followed to the letter. With the help of the Embassy, this approach was successful. Other companies have found like success in having important representations made by a company officer, either American or Iranian, rather than by the traditional "go-between". Still other firms have shown considerable foresight and courage by tactfully avoiding having to take in members of the Royal Family and the Court as "silent partners." Actions such as these rapidly become known among wide circles of the more sophisticated Iranian youth. Obviously, sensitive business judgment is necessary as to which technique to use when. However, when Americans are able to follow their own standards in matters like these, the response by aware youth is deeply favorable. The Embassy and the Departments of State and Commerce should coordinate their encouragement of American companies to follow good American business practice in Iran wherever possible, and to grant more scholarships to young Iranians.

Military.

Our military advisory effort, the heart of our relationship with Iran, has, like other programs here, suffered from budgetary and personnel cutbacks. MAAG has gone through a number of painful exercises designed to reallocate its reduced resources to best meet the goals of our bilateral relationship with Iran. We believe that the MAAG Armed Forces Radio and Television Service should be closely studied to determine ways to improve its programming and to lower its profile in order to meet the

fiscal and personnel pressures on our advisory effort. Many of Tehran's urban youth watch the station and their image of the United States is directly affected by the level of its programming and the station's close identification with the United States Government.

The Armed Forces Radio Service in Tehran serves a useful function and, aside from its entertainment and informational activities, could be justified on the basis of its potential usefulness in an emergency situation. The television service is more questionable, however. It cannot be justified on the quality of its programming, which is extremely low for a number of reasons. One of these is that Iranian television stations have first choice on contracting for American television shows and the Armed Forces station must choose from what is left. Consequently, the television programming gives a false impression of American life, is extremely unedifying, and reflects very low standards of communications skills. Studies should be made of the availability of educational television programs for use by the television station and a greater number of major documentaries could also be screened.

In addition to improving programming, United States Government identification with the station should be reduced to a minimum. Many Iranian youth see the station as a proof of omnipresent American "imperialism" and indication of our cultural and communal isolation. In keeping with the Nixon doctrine, we believe it would be advantageous to have the station advertise itself as an English language television station with minimal reference to its affiliation with the United States. Although this would be merely a cosmetic change not affecting the real ownership of the station, it would greatly help in reducing our image as an arrogant independent television owner in Iran while still providing the benefits an English language television service offers to all the English speaking people in Tehran, especially the young.

Consular

1.

Officers in the Consular section often feel that they are the "poor cousins" of their Embassy colleagues; they experience both a physical and informational isolation from the Embassy. Consular affairs play an extremely important role in our relations with Iran. Often the only American officers a young Iranian ever meets are consular officers who, by the very nature of their work, have extensive contacts with young people. It is essential that our consular officers have the widest

possible understanding of our role in Iran if they are to make a favorable impression on the young Iranians they meet.

A program should be adopted of regularly scheduled briefings for Consular officers on political and economic matters. This would assist in obviating the sense of isolation in the Consulate and would also ensure that consular officers have a better understanding of the totality of American interests in Iran. A conscious effort should be made to ensure that consular officers are kept apprised of important developments in American-Iranian relations.

2. Finally, the four officer positions in the section should be classified language essential. The officers' direct contact with Iranian youth is severely hampered by working through an interpreter. Also meeting with Persian-speaking consular officers would significantly increase the respect of young Iranians for our Embassy in general.

Political

1. Our impact on younger Iranians is directly related to the style of our diplomatic activity in Iran. Too often, we give the impression that our special relationship is not with Iran as a country, but rather exclusively with the Shah. In our statements and diplomatic behavior there must be much more about the Iranian people and nation. When praise is given and appreciation expressed, it should be to Iran as a nation and to its people. Our informational activities should give greater emphasis to America's role as a partner in Iran's development and highlight the growth of democratic institutions in Iran and give less emphasis to reporting our close involvements with the Royal Family—especially the more disliked members of the dynasty.

Senior officers of the Embassy should spend more time visiting economic enterprises and political institutions outside of Tehran. The Economic Counselor or Commercial Attache could visit provincial industries and establish relations with the young well-trained engineers who administer them. The Political Counselor could visit Provincial and District Councils and Arbitration Courts and confer with their members. Similar trips could be made by the Public Affairs Counselor, and such activities would greatly add to our image of a nation interested in the people of Iran and the progress they are making.

Our representational efforts must increasingly involve younger Iranians whom we have noted as the "comers" in the Government and private

sector. We must de-emphasize entertaining the same small select circle of Iranians who, although influential and powerful, do not reflect the pressures for change presently being felt in Iran. The younger officers must make greater efforts to visit universities and colleges and discuss with the students America's role as a partner in Iran's development.

These suggested steps, both in style and substance, are not the whole answer in themselves. We believe, however, that they will assist in convincing Iranian youth as it grows toward leadership, that America, like themselves, may pragmatically accept the existing nature of the governments with which it must deal, but that it is also aware of, and has an appreciation for, the forces for change which will transform the Iranian state and government as it emerges into the last third of the twentieth century.

[signed] MACARTHUR

¹ Source: National Archives, RG 59, Central Files 1970-73, POL 13-2 IRAN. Secret; NoFORN. Drafted by Embassy Youth Committee. Cleared by Arnold L. Raphel. Approved by Donald R. Toussaint. In a comment to Jack Miklos, May 4, Timothy Childs agreed that the attitudes of the activist youth were widespread, but that their beliefs would be tempered by time. Of the suggestion that the U.S. government attempt to draw nearer to the activists, Childs wrote "the only way to do that would be for the United States to urge, and be seen to be urging, further steps towards liberalization upon the Shah. For a variety of reasons I am sure we would be most hesitant to do this. Therefore I conclude that we should not worry too much about the ill-informed views of activist youths. By the time they reach positions of influence it should be apparent to them that the United States has a lot to offer Iran." (NEA/IRN, Office of Iran Affairs, Lot File 75D351, Box 6, POL 13-2, Students, Youth Groups, Iran 1971.) (declass.)

117. Intelligence Memorandum, March 1971¹

March 1971

CENTRAL INTELLIGENCE AGENCY
Directorate of Intelligence
March 1971

INTELLIGENCE MEMORANDUM

Some Revenue Implications of the 14 February Oil Settlement With The Persian Gulf States

Introduction

On 14 February 1971 the six Persian Gulf members of the Organization of Petroleum Exporting Countries (OPEC)—Saudi Arabia, Iran, Kuwait, Iraq, Abu Dhabi, and Qatar—reached a highly favorable settlement with the region's private oil producers. Acting in concert, these countries, which produce nearly all Persian Gulf output, won tax and price concessions that will greatly increase their oil revenues over the next five years.

These increased revenues come at a time when some Persian Gulf governments face balance-of-payments problems as well as limitations on development and defense spending. In other cases the increased revenues will merely add to already large coffers, both public and private. This memorandum estimates the level of increased revenue generated by the February 1971 agreement and analyzes briefly the impact that the increases will have on the individual countries.

Note: This memorandum was prepared by the Office of Economic Research and coordinated within the Directorate of Intelligence.

[Omitted here is general information about the oil settlement and its impact on countries other than Iran.]

Iran

8. Iran, unlike Saudi Arabia, has not had large foreign exchange reserves in recent years, and its rapid economic and military expansion has led to considerable deficit financing and balance-of-payments problems. At

the end of 1970, Iran's holdings of gold and foreign exchange had fallen to a six year low (about \$210 million), or less than two months' imports. The revenue increases generated by the February oil settlement afford Tehran an opportunity to push economic development further or to pay off burdensome short and long-term debts. It seems likely that the Shah will choose expansion and will spend to the limit of Iran's resources.

9. On 24 February—ten days after the agreement—the Shah proposed a budget for FY 1971-72 (21 March 1971 to 20 March 1972) that not only will consume all the increased oil revenues but also will require substantial deficit financing. The new budget will include a \$1.3 billion deficit, or one-fifth of the expenditures, which will be covered by drawdowns on foreign loans of about \$800 million and domestic borrowing of approximately \$500 million. Both forms of borrowing will exacerbate an already difficult financial situation. The increased recourse to foreign loans, some short-term, will increase the debt service ratio, which already is more than 15% of foreign exchange earnings and requires foreign payments in excess of \$150 million annually. By expanding its domestic borrowing, the government is using up credit normally available for private investment. Thus Iran will continue to walk a narrow financial tight rope.

[Omitted here is material unrelated to Iran.]

¹ Source: Central Intelligence Agency, ORR Files, Job 79T00935A, Box 55, CIA/ER IM 71-43, Project 45.6028. Confidential; No Foreign Dissem. Prepared by the Office of Economic Research and Coordinated within the Directorate of Intelligence.

118. Telegram 36768 From the Department of State to the Embassies in Saudi Arabia, Kuwait, London, Tehran, and the Consulate in Dhahran, 1

March 3, 1971, 2303Z

TELEGRAM

Department of State 036768

ACTION:

AmEmbassy JIDDA PRIORITY
KUWAIT LONDON TEHRAN
Amconsul DHAHRAN

SUBJ:

Persian Gulf Islands and Gulf Federation

REF:

Tehran 960, London 1847

1. Since receipt Tehran's reftel and comments by other addressees we have considered carefully, including review with Under Secretary, what useful role USG might play in both Gulf islands and Federation problems. Earlier we had sought British views (Deptel 32518) on how Iran's adamant position on islands might be used positively to support efforts to establish Federation. British have now informed us they have given our question considerable thought and have proposed that Sir William Luce discuss UK thinking with ARP Country Director Murphy who will be in London March 8.
2. Our own review has produced following judgments: Despite seeming intractability both islands and federation problems USG should not sit back and let Gulf situation drift ominously into 1972 if there are places and ways in which US influence can be brought effectively to bear. In view restricted range our relationships with Gulf shaykhs and far more influential British relationship with them we see no point in direct US approach to Gulf rulers on islands problems and no need to increase our encouragement to them re Federation beyond general statements which ConGen Dhahran has made under instructions in past. While we should continue to encourage constructive role by both Saudis and Kuwaitis in Gulf, we feel specific approach to them at this time in support of Federation will not be effective although we do not preclude such approaches at later stage. Thus, we conclude that any US initiatives to solve these problems must be taken primarily with UK

and Iran. After exploring in London how British see remaining options, we expect to find it necessary to make strong pitch that they increase pressure on shaykhs re Federation and islands or that they reach agreement directly with Iran on islands. At same time we observe that Iran has become increasingly inflexible over islands and federation issues which we feel to be inconsistent with Iran's looming role as primary force for area stability.

3. In London talks March 8 we intend to raise following questions with British and would appreciate addressee comments:
 - a. Assuming British efforts to date, including March 1 policy statement, have not borne fruitful results by end March, what further steps can UK take to establish Federation and compose islands dispute?
 - b. Is shaykhs' acquiescence needed or just helpful for UK to reach arrangement on islands with Shah? US support for such arrangement would concentrate on urging Shah to go along.
 - c. Is there some sort of "objective" commission which could be expected to reexamine historical claims and find in Iran's favor?
 - d. Are there ways in which USG can usefully support future British initiatives?
 - e. What are prospects for either UK, US or both making carefully phrased approach to Iran urging more active role in support of Federation? Point we would try to sell Iran is that rather than opposing Federation as tactic in getting islands Iran should in own interest be working for Federation and could even use Federation question to further acceptable solution of islands problem. For instance, Iran might be able to bring pressure on Ras al-Khaimah and Sharjah by helping create and support a truncated Federation with condition that these two shaykhdoms be excluded until islands dispute settled.
4. We intend push for UK response to questions para 3, as perhaps amended by addressees' comments. If British response appears to offer prospects that UK can make substantial and timely progress on Gulf problems, we would continue remain in background. If, however, UK response not promising, alternatives for US initiative would appear to be either strong pressure on British (para 2) or approach to Shah along lines para 3(e) or both.

END

¹ Source: National Archives, RG 59, Central Files 1970-73, POL 33 PERSIAN GULF. Secret; NoFORN. Drafted by Joseph W. Twinam

(NEA/ARP); cleared by Murphy (NEA/ARP), Miklos (NEA/IRN), Burns (EUR/BMI), Sisco (NEA), Davies (NEA), Robert T. Curran (S/S). In Telegram 1068 from Tehran, March 6, the Ambassador discouraged the Department's proposal in paragraph 3C: "Given GOI's adamant insistence upon validity of its claim to islands, we do not rpt not believe Iran would agree to any such 'reexamination' as GOI would fear such action would be construed as meaning Iran itself did not believe it had entirely valid claim." MacArthur also added, "We see virtually no prospect of US and UK (or both) having success in encouraging Iranian support of even truncated federation without assurance of agreement between Iran and UK permitting Iranian presence on islands before UK withdrawal." (Ibid.)

119. Telegram 2491 From the Embassy in the United
Kingdom to the Department of State, March 19, 1971,
1532Z¹

March 19, 1971, 1532Z

TELEGRAM
Department of State
LONDON 2491

R 191532Z MAR 71

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 3921

INFO AMEMBASSY TEHRAN

AMEMBASSY KUWAIT

AMEMBASSY JIDDA

AMCONSUL DHAHRAN

SUBJECT:
MEETING WITH FOREIGN SECRETARY ON PERSIAN GULF

REF:
STATE 42732

SUMMARY: I TOOK AMBASSADOR MACARTHUR WITH ME TODAY TO CALL ON FOREIGN SECRETARY SIR ALEC DOUGLAS-HOME FOR A DISCUSSION OF THE SITUATION IN THE PERSIAN GULF. SIR WILLIAM LUCE WAS ALSO PRESENT. AMBASSADOR MACARTHUR VOICED HIS CONCERN ABOUT TRENDS IN THE GULF AND TOOK THE OPPORTUNITY TO BROACH, ON AN INFORMAL BASIS, THE POSSIBILITY OF INTRODUCING AN IRANIAN CIVILIAN PRESENCE ON THE DISPUTED ISLANDS OF ABU MUSA AND THE TUNBS BEFORE THE BRITISH LEAVE. SIR ALEC PROMISED TO GIVE THE IDEA CAREFUL STUDY AND ON HIS OWN BEHALF RAISED AN ALTERNATIVE POSSIBILITY THAT AN HMG INVITATION FOR THE

IRANIANS TO TAKE OVER THE ISLANDS MIGHT BE JUSTIFIED ON THE GROUNDS OF ENSURING THE FUTURE SECURITY OF THE GULF.
END SUMMARY

SIR ALEC BEGAN THE DISCUSSION BY REFERRING TO HIS RECENT ANNOUNCEMENT OF BRITISH GULF POLICY TO THE COMMONS (LONDON 1906). THE GOVERNMENT, SIR ALEC SAID, HAD A CHOICE OF STAYING ON, OR OF MAKING ARRANGEMENTS FOR NEW AGREEMENTS WHICH WOULD ENABLE THE UK TO PLAY A ROLE IN FUTURE GULF STABILITY WITH THE CONSENT AND COOPERATION OF THE SHEIKHDOMS. BRITISH POLICY IS BASED ON THE FORMATION OF A FEDERATION TO WHICH THE TRUCIAL SCOUTS COULD BE GIVEN AT THE TIME OF WITHDRAWAL. BRITAIN IS PREPARED TO MAINTAIN PERMANENTLY SMALL CONTINGENTS OF NAVY AND ARMY. THE GENERAL THRUST OF BRITISH POLICY IS TO PRE-EMPT ANY POSSIBLE SOVIET INTERVENTION. A FEDERATION IS THE BEST WAY. HOWEVER, IF NO FEDERATION CAN BE FORMED, THE UK MUST MAKE DEALS WITH THE SEPARATE LARGER STATES. THE SITUATION NOW IS THAT THE ISLANDS DISPUTE WITH IRAN INTERFERES. THE TWO SMALL SHEIKHDOMS OF SHARJA AND RAS-AL-KHAIMAH ARE INTIMIDATED BY THEIR FEAR OF ARAB REACTION TO THEIR GIVING UP THE ISLANDS TO IRAN. THE SHAH HAS "PUT HIS FOOT INTO IT" BY HIS PUBLIC INSISTENCE THAT HE MUST HAVE SOVEREIGNTY.

AMB MACARTHUR AGREED BRITISH GOVERNMENT HAD NO REAL CHOICE EXCEPT TO WITHDRAW. HE ALSO AGREED FULLY THAT THE SOVIETS AND THEIR RADICAL ARAB PROTEGES POSE A GENUINE THREAT. IT USEFUL TO RECALL THAT RUSSIAN ASPIRATIONS IN THE GULF GO BACK TO PETER THE GREAT AND THAT IN 1946 SOVIETS WERE FRUSTRATED IN THEIR EFFORT TO CUT THROUGH THE TURKISH-IRANIAN BARRIER TO THE ARABIAN PENINSULA AND THE GULF BY DETACHING IRANIAN AZERBAIJAN. NOW THEY ARE TRYING TO LEAP-FROG TURKISH-IRANIAN BARRIER BY (A) PLACING RADICAL-ARAB STATES SUCH AS IRAQ, SYRIA AND SOUTHERN YEMEN IN A POSITION OF INCREASING DEPENDENCE ON MOSCOW AND (B) ENCOURAGING THESE RADICAL ARAB STATES TO SEEK TRIUMPH OF "ARAB SOCIALISM" BY OVERTHROWING THE REGIMES IN THE MODERATE ARAB GULF STATES THAT HAVE FRIENDLY RELATIONS WITH THE WEST. IN EFFECT THEY SEEK TO ELIMINATE WESTERN INFLUENCE IN ANY WAY THEY CAN.

HE SAID UK HAS A FANTASTIC STAKE IN GULF IN TERMS OF SECURITY, TRADE, COMMERCIAL INTERESTS, OIL, AND VERY LARGE STERLING BALANCES IN LONDON HELD BY THE ARAB OIL PRODUCING STATES. NOW, HOWEVER, THE SITUATION HAS REACHED A CRITICAL POINT WHICH SEEMS HINGE LARGELY ON SOLUTION TO GULF ISLANDS PROBLEMS. THE UK POSITION, AS WE UNDERSTAND IT, IS THAT UK CANNOT PERMIT AN IRANIAN MILITARY PRESENCE ON THE ISLANDS BEFORE WITHDRAWAL WITHOUT THE CONSENT OF THE RULERS. THE RULERS IN TURN SAY IF THEY AGREE TO SUCH AN IRANIAN PRESENCE THEY WILL FIND THEIR VERY LIVES FORFEIT BEFORE ARAB DISPLEASURE. THEREFORE, WE FACE AN IMPASSE. IF THIS IMPASSE CONTINUES TO THE END OF THIS YEAR, WESTERN INTERESTS WILL FACE THE WORST OF ALL POSIBLE WORLDS.

AMB MACARTHUR EXPRESSED HIS PERSONAL VIEW THAT THE FEDERATION CANNOT BE FORMED AGAINST THE DIRECT OPPOSITION OF THE SHAH. THIS LEADS TO FOLLOWING MAJOR CONCERNS: A) WHEN BRITISH WITHDRAW THERE WILL BE NO FEDERATION AND IF THE INDIVIDUAL SHEIKHDOMS CONTINUE SEPARATELY, THEY WILL BE MUCH MORE VULNERABLE TO SUBVERSION AND SUBVERSIVE OUTSIDE INFLUENCE; B) IF THIS YEAR PASSES WITH NO SOLUTION, THE SHAH WILL THEN COMMIT BRUSQUE AND FORCEFULL SEIZURE OF ISLANDS WHICH MAY WELL SPARK OTHER SEIZURES SUCH AS A SAUDI MOVE AGAINST ABU DHABI OR AN IRAQI MOVE AGAINST KUWAIT; C) RADICAL ARABS AND SOVIETS WILL EXPLOIT IRANIAN SEIZURE OF ISLANDS TO TRY TO MAKE FUTURE COOPERATION BETWEEN IRAN, THE ONLY STRONG MODERATE GULF STATE, AND OTHER MODERATE ARAB STATES DIFFICULT IF NOT IMPOSSIBLE AND IF IRAN IS UNABLE TO COOPERATE WITH MODERATE GULF STATES AND BOLSTER THEM, THEY RISK GOING DOWN THE DRAIN. IN AMB MACARTHUR'S JUDGEMENT THERE WILL BE A VACUUM IN GULF WHEN BRITISH WITHDRAW. ONLY QUESTION IS WHO WILL FILL VACUUM AND WHEN. SINCE NEITHER US, BRITISH NOR ANY COMBINATION OF WEST EUROPEAN STATES AND JAPAN IS IN POSITION TO DO SO, IF RADICAL ARAB-SOVIET ATTEMPT TO FILL VACUUM IS TO BE FRUSTRATED, IT BE DONE ON BASIS OF SHAH'S PROPOSAL, NAMELY, CLOSE COOPERATION BETWEEN IRAN AND MODERATE ARAB STATES. IF SHAH TAKES ISLANDS, NOT ONLY WILL THERE BE NO FEDERATION, NOT ONLY MAY THERE BE ADDITIONAL SEIZURES OF TERRITORY, BUT MOSCOW AND RADICAL ARABS WILL EXPLOIT

SITUATION AND MAKE FUTURE COOPERATION BETWEEN IRAN AND THE ARAB MODERATES EXCEEDINGLY DIFFICULT.

WE RECOGNIZE, AMB MACARTHUR ADDED, THAT UK HAS RACKED ITS BRAINS TO FIND A SOLUTION TO THIS PROBLEM. HOWEVER, SPEAKING FOR HIMSELF, AMB MACARTHUR ASKED WHETHER, IF BRITISH FELT THEY COULD NOT INTRODUCE IRANIAN MILITARY PRESENCE, THEY COULD INTRODUCE CIVILIAN PRESENCE ON THE ISLANDS BEFORE WITHDRAWAL. HE STRESSED HE DID NOT KNOW ALL THE PROBLEMS THIS MIGHT ENTAIL NOR HOW SHAH WOULD REACT BUT FELT THAT IT COULD POSSIBLY LEAD SHAH TO SUPPORT FEDERATION AND TO BE FORTHCOMING AND GENEROUS TO THE RULERS. IF UK COULD ACCOMPLISH THIS, IT WOULD PUT UK IN POSITION OF BEING FORTHCOMING WITH SHAH. TRUE, RULERS MIGHT BE FORCED TO MAKE SOME NOISES, BUT THIS MIGHT VERY WELL BE BEARABLE.

SIR ALEC SAID THAT THE BRITISH INDEED WERE RACKING THEIR BRAINS FOR SOLUTION. PROBLEM WAS MADE MUCH TOUGHER BECAUSE SHAH WOULD NOT AGREE TO FUZZ SOVEREIGNTY ISSUE. INTRODUCTION OF A CIVILIAN IRANIAN PRESENCE MIGHT BE SOMEWHAT EASIER BUT ESSENTIALLY IT SEEME TO BE SUBJECT TO SAME OBJECTIONS AS MILITARY PRESENCE. AMB MACARTHUR ASKED IF IT MIGHT NOT BE POSSIBLE NEVERTHELESS TO INTRODUCE IRANIAN CIVILIANS IN ORDER TO EASE THE TRANSITION TO THE FUTURE PRESENCE OF IRANIAN MILITARY. HE REITERATED SHAH PERSONALLY FEELS EXTREMELY STRONGLY ON THIS QUESTION: ISLANDS TO HIM CONTROL IRAN'S JUGULAR IN GULF. HIS FEELINGS ABOUT THEM ARE SIMILAR TO WAY AMERICANS FELT ABOUT SOVIET MISSILES IN CUBA.

SIR ALEC SAID HE HAD RECENTLY TOYED WITH POSSIBILITY OF SHAH HOLDING ISLANDS IN TRUST ON BEHALF OF ALL STATES IN THE GULF. HOWEVER, THIS IS MADE DIFFICULT BY THE SHAH'S INSISTENCE ON SOVEREIGNTY. REGARDING CIVILIAN IRANIAN PRESENCE IN ISLANDS BEFORE BRITISH WITHDRAWAL, SIR WILLIAM LUCE EXPRESSED THOUGHT THAT ISLANDS HAVE BECOME SUCH A PUBLIC ISSUE WITH ARABS THAT ALL ARE WATCHING AND INTRODUCTION OF CIVILIAN PRESENCE WOULD RAISE SOME BASIC PROBLEMS AS MILITARY PRESENCE. SIR ALEC ADDED THAT HIS FEAR IS THAT INTRODUCTION OF IRANIAN CIVILIANS WOULD BE EXPLOITED BY THE ARABS. AMB MACARTHUR AGREED THAT RADICAL ARABS WOULD CERTAINLY TRY TO EXPLOIT SUCH A

SOLUTION. HOWEVER, IMPORTANT THING, HE THOUGHT, WAS TO AIM AT IRANIAN-MODERATE ARAB COOPERATION, FOR FUTURE GULF SECURITY. THIS IS WHAT SOVIETS FEAR MOST AS IS CLEAR FROM THEIR BROADCAST PROPAGANDA AND THAT OF RADICAL ARABS BEAMED ON GULF. CERTAINLY, TO MAKE IRAN-GULF ARAB COOPERATION POSSIBLE WILL COST BRITISH SOMETHING BUT ALTERNATIVE OF NO FEDERATION AND A CHAOTIC SITUATION COULD COST EVEN MORE.

LUCE INTERJECTED THAT UK DOES NOT ACCEPT THAT SHAH NECESSARILY CAN PREVENT THE FORMATION OF A FEDERATION. AMB MACARTHUR SAID THIS WAS OF COURSE MATTER OF JUDGEMENT. IF ALL THE NINE STATES STRONGLY DESIRED A FEDERATION, THIS COULD BE SO. HOWEVER, GIVEN FAINT-HEARTED SUPPORT OF FEDERATION IDEA IN SHEIKDOMS SHAH'S OPPOSITION COULD BE DETERMINING FACTOR.

SIR ALEC NOTED THAT IF CIVILIANS FROM ANY OTHER COUNTRY WERE TO BE INTRODUCED ON THE ISLANDS, HMG WOULD BE BOUND TO PUSH THEM OFF: WHY WOULD THIS NOT ALSO BE TRUE OF IRANIAN CIVILIANS? SIR WILLIAM ADDED THAT THIS WOULD SEEM TO BE PARTICULARLY SO SINCE THE UK HAD MADE A POINT WITHIN RECENT YEARS OF REMOVING IRANIAN BUOYS FROM THE VICINITY OF THE ISLANDS. AMB MACARTHUR STRESSED THAT SITUATION HAS DRASTICALLY CHANGED SINCE BRITISH WITHDRAWAL ANNOUNCED. NOW WE KNOW THAT SHAH WILL SEIZE ISLANDS.

SIR ALEC ASKED HOW FAR WOULD UK OFFEND MODERATE ARABS IF IT WERE TO CONNIVE IN AN IRANIAN CIVILIAN PRESENCE. AMB MACARTHUR RECALLED THAT SHAH HAD TOLD HIM PERSONALLY AND PRIVATELY THAT HE HAD REASON TO BELIEVE THAT KING FEISAL WOULD NOT BE A PROBLEM WHEN IRAN OCCUPIES ISLANDS. FURTHERMORE, SHAH FEELS THAT BAHRAIN, ABU DHABI AND DUBAI WILL LOOK THE OTHER WAY. HOWEVER, HE ALSO FEELS VERY STRONGLY THAT IF THERE IS A FEDERATION, ANY MEMBER STATE COULD RAISE A CRY OPPOSING IRAN'S TAKING ISLANDS AND OTHER MEMBERS OF FEDERATION WOULD FEEL BOUND TO GO ALONG. THIS IS WHY SHAH ADAMANTLY OPPOSES FEDERATION UNTIL THERE IS IRANIAN PRESENCE ON ISLANDS.

THE FOREIGN SECRETARY WONDERED WHAT SORT OF FIGURE UK WOULD CUT WITH RULERS IF IT WERE TO SELL ARAB SOIL DOWN

THE RIVER. AMB MACARTHUR REJOINED THAT THERE IS AT LEAST A REASONABLE CHANCE THAT WHILE THEY WILL COMPLAIN THEY WILL NOT RAISE MAJOR OUTCRY. SOME SHEIKHDOMS COUNT ON IRANIAN HELP IN TIME OF NEED. FURTHERMORE, THE FACT IS THAT ISLANDS ARE THEMSELVES TINY AND HAVE LITTLE POPULATION. IF A PACKAGE COULD BE PUT TOGETHER, IT SEEMED POSSIBLE SHEIKHDOMS COULD STOMACH IT WITHOUT PUBLICLY AGREEING TO IT.

AT THIS POINT, SIR ALEC RAISED AN ALTERNATIVE POSSIBILITY. IF AN IRANIAN CIVILIAN PRESENCE WERE TO BE INTRODUCED WOULD NOT IT BE BETTER TO CEDE ISLANDS TO IRANIANS OPENLY, JUSTIFYING IT ON BASIS THAT IT WAS REQUIRED FOR THE SAKE OF THE FUTURE STABILITY AND SECURITY OF GULF. A FEDERATION MIGHT SOME DAY BE ABLE TO CONTRIBUTE SOMETHING TOWARD GULF SECURITY, BUT THERE IS NO ASSURANCE THAT IT WILL EVER BE FORMED. THEREFORE, WHY SHOULD NOT UK STATE THAT, IN THE INTERESTS OF GULF SECURITY, IRAN SHOULD HAVE THE ISLANDS.

WE ALL AGREED THAT THIS WAS AN INTERESTING AND CHALLENGING POSSIBILITY. AMB MACARTHUR POINTED OUT THAT NOT ONLY MUST WE BE CONCERNED ABOUT GROWING SOVIET PRESENCE IN GULF AND SOVIET AID IN CONSTRUCTING PORT FACILITIES AT UMM QASR IN IRAQ, BUT ALSO BY CHICOM ATTEMPTS TO ESTABLISH THEMSELVES IN KUWAIT. FURTHERMORE, WE MUST ALSO REMEMBER RELATIONSHIP OF GULF SITUATION TO OUR SECURITY CONCERNS IN INDIAN OCEAN.

SIR ALEC ASKED IF SHAH WOULD BE AGREEABLE TO A REGIONAL DEFENSE ARRANGEMENT IF HE OBTAINED THE ISLANDS. A BRITISH HAND-OVER TO THE IRANIANS COULD CONCEIVABLY BE JUSTIFIED ON BASIS OF REGIONAL DEFENSE NEEDS. SIR WILLIAM OBJECTED THAT SUCH A BRITISH HAND-OVER WOULD ENSURE THAT NONE OF THE ARABS WOULD AGREE TO A REGIONAL ARRANGEMENT. AMB MACARTHUR RECALLED THAT SHAH, IN RABAT IN 1969, HAD PUT TO KING FAISAL THE IDEA OF COOPERATIVE REGIONAL SECURITY ARRANGEMENTS AND HAD ASSURED FAISAL THAT HE WOULD AGREE TO ANY TYPE OF ARRANGEMENT WHICH WOULD BE ACCEPTABLE TO THE SAUDIS WHETHER IT BE FORMAL SECURITY TREATY OF TACIT AND INFORMAL UNDERSTANDING THAT IRAN WOULD COME TO AID OF GULF STATES IF REQUESTED. SHAH HAD SUGGESTED INFORMAL ARRANGEMENTS SINCE HE

THOUGHT IT WOULD BE DIFFICULT FOR MODERATE ARABS TO SIGN A FORMAL SECURITY TREATY AS RADICAL ARABS WOULD ACCUSE THEM OF SPLITTING ARAB WORLD.

IN CONCLUSION, SIR ALEC SAID HE WISHED TO THINK OVER "CIVILIANIZATION" IDEA BROACHED BY AMB MACARTHUR. IN BRITISH VIEW, SHAH IS FOOLISH TO OPPOSE THE FEDERATION NOW, BUT THE FACT IS HE DOES, AND THE ISLANDS PROBLEM THEREFORE IS THE KEY. THE IDEA OF INTRODUCING CIVILIANS IS A NEW ONE AND THE FOREIGN SECRETARY WOULD PERSONALLY GIVE IT VERY SERIOUS THOUGHT. HE CLOSED SAYING TO AMB ANNENBERG THAT THEY SHOULD GET TOGETHER TO TALK MORE ABOUT THIS AFTER HE HAD CONSIDERED IT FURTHER.

ANNENBERG

¹ Source: National Archives, RG 59, Central Files 1970-73, POL 33 PERSIAN GULF. Secret; Exdis. Repeated to Tehran, Kuwait, Jidda, and Dharan. In Telegram 376 from Dhahran, March 27, Dinsmore reported that Murphy when in the Gulf Sheikdoms had heard repeatedly that Iranian seizure of the islands would present an opportunity for dissidents to rise up against the rule of the sheiks and that the "United States would be tarred with same brush because area's people aware of close U.S.-Iranian ties and there is assumption that what Iran does is in line with US desires " Under normal circumstances, after the UK's withdrawal, "at least Sharja's and Dubai's rulers would probably turn to Iran for help in time of trouble. Seizure of islands would render this kind of relationship with Iran out of question Iran is setting course toward seriously weakening its ties with Arabs." (Ibid.) (declass.)

120. Memorandum of Conversation, Washington, March 24, 1971, 11:30 a.m.¹

March 24, 1971, 11:30 a.m.

DEPARTMENT OF STATE
Memorandum of. Conversation

DATE:

March 24, 1971

SUBJECT:

Iran Military Needs

PARTICIPANTS:

H.E. Amir-Aslan Afshar, Ambassador of Iran
Mr. John N. Irwin II, Under Secretary of State
Mr. Jack C. Miklos, Director for Iranian Affairs (NEA/IRN)

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After an exchange of pleasantries with the Under Secretary, Ambassador Afshar remarked that he had recently seen the Shah at San Moritz and had been requested by him to draw our attention to the important role Iran plays in its part of the world. When one looks at the map extending from Burma to Greece, one sees nothing but instability and uncertainty with the sole exception of Iran.

Ambassador Afshar noted that in order for Iran to protect itself and help those around it, it must be militarily strong, and it looked to the United States for assistance in this respect. He said that he hoped the Export-Import Bank would be able to provide more credit for Iran to buy military equipment in the United States, and also that we would not put limits on the military equipment Iran wanted to obtain. The Under Secretary noted that there were several factors which influence the amount of assistance we could provide to friendly countries. Important

among these was the amount of appropriations the Congress was willing to legislate and the volume of competing requests for these resources. The Under Secretary noted we were not always able to persuade the Congress to agree with our view of the needs. This was true not only of requirements to help our friends but also requirements to meet our own security and civilian needs. Nevertheless, we have helped Iran in the past, we are greatly impressed with the progress it has made, and we hope to be able to help it in the future.

The Under Secretary recalled that during his brief visit to Tehran in January, he had heard of a study the Iranian Government was undertaking to examine its military requirements and the financial, manpower, training, and maintenance implications of these requirements on available resources and competing civilian needs. He thought this was a most interesting and useful undertaking and looked forward to hearing more about it.

Ambassador Afshar said that in connection with improving Iran's military posture, he hoped that the United States could help to train additional Iranian pilots for C-130s and helicopters. The Under Secretary noted that we had been helpful to Iran in this respect in the past (which the Ambassador gratefully acknowledged), and indicated that we would be prepared to give sympathetic consideration to additional requests. He cautioned however that we would of course know better how fully responsive we could be once the Iranian Government had given us a specific idea of what it believed its requirements to be.

Harking back to instability in the area and the constructive role Iran could play in the future, the Under Secretary referred to the problem of the Tunbs and Abu Musa and the Federation of Trucial States. He said that he hoped Iran would give further thought to its stated position about opposing the Federation if the Sheikhs would not agree to Iran's position on the Islands. He said we felt that it would be in Iran's interests and the interests of its neighbors if some sort of federation could be formed before the British left, although noting that such a federation would more likely involve seven or fewer states rather than the nine that had been envisaged up until now. Ambassador Afshar said that Iran felt very deeply about the need to have these Islands. The Under Secretary replied that he understood that Iran felt it may have to seize these Islands by force but in whatever way the Islands problem was settled, he hoped that Iran could consider its attitude toward the Federation a separate issue. Ambassador Afshar said he understood.

Ambassador Afshar then turned to the question of an open letter to President Nixon that had been published in the Washington Post on March 15. He commented that the alleged author of the letter, which was highly derogatory to the Shah, the Royal Family, and Iran, was non-existent as was the so-called "Free Iran" organization. He said that he had talked to the President of the Washington Post, Mr. Ignatius, asking why this letter had not carried the usual notice that it was a paid advertisement. Further he had questioned the Washington Post's willingness to print a letter from a non-existent person and a nonexistent organization. He said Mr. Ignatius had told him that the absence of a notice that the letter was a paid advertisement was an inadvertent oversight and that the Post does not normally print letters from non-existent organizations. Ambassador Afshar left the impression that he was not entirely satisfied with Mr. Ignatius explanation. The Under Secretary commented that the appearance of this letter under the circumstances described suggested poor practice on the part of a publication of reputed high standards, but went on to note that under our system of freedom of the press all sorts of things including attacks on our own Government appeared in the newspapers. He was certain that the Ambassador understood that under our system nothing much could be done about it except to try to insure that the press and the public were informed of all the facts.

¹ Source: National Archives, RG 59, Central Files 1970-73, DEF 12-5 IRAN. Confidential. Drafted by Miklos. Approved in U.

121. Memorandum from the President's Assistant for
National Security Affairs (Kissinger) to President Nixon,
Washington, April 6, 1971¹

Washington, April 6, 1971

THE WHITE HOUSE
WASHINGTON
April 6, 1971
INFORMATION

MEMORANDUM FOR: THE PRESIDENT

FROM:

HENRY A. KISSINGER

SUBJECT:

Your Appointment with Ambassador MAC ARTHUR—Thursday, April 8 at 3:30pm

The main reason for your seeing Ambassador MAC ARTHUR is to get his feel for how you might manage a visit to Iran later this year. There will be a brief photo opportunity at the beginning of the meeting.

You will recall that the Shah has invited you to attend the anniversary celebration of 2500 years of Persian monarchy at Persepolis October 13-15 and to pay a state visit to Iran either immediately before or immediately after those ceremonies. When the invitation initially came last summer, you replied that you would like in principle to accept but would have to wait before committing yourself. Ambassador MAC ARTHUR's return to Iran would provide an occasion for sending some informal word to the Shah of your tentative plans.

Ambassador MAC ARTHUR feels you should avoid the celebrations themselves. Some 40 heads of state are now said to be planning to attend. Security and logistics would be major problems. The Ambassador, however, very much wants you to come to Iran. He feels it would be manageable for you to pay a visit in late September or very early October.

Ambassador MAC ARTHUR will also probably wish to mention to you the evolving situation in the Persian Gulf. The Iranians may seize three small islands in the mouth of the Persian Gulf if the British fail to make arrangements satisfactory to Iran in permitting Iran to station defense forces there after British departure.

Talking Points

1. What is the Ambassador's advice on the best way to handle a visit to Iran? [Anything you can tell the Ambassador about your travel plans would be worth asking the Ambassador to pass to the Shah when he returns to Iran just to indicate that the Shah's invitation remains on your mind.]
2. Would the Ambassador care to say a word or two about the situation which he sees evolving in the Persian Gulf?

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 602, Country Files, Middle East Files, Iran, Vol. III, 1/1/71-8/31/71. Confidential. Sent for information. A note on the memorandum indicates that the President saw it.

122. Conversation Among President Nixon, Ambassador Douglas MacArthur II, and General Alexander Haig, Washington, April 8, 1971, 3:56-4:21 p.m.¹

Washington, April 8, 1971, 3:56-4:21 p.m.

[Omitted here are greetings, a photography session, and the start of a discussion on a Presidential visit to Iran.]

MacArthur: The other reason that I want you to come, sir, this year is, as you know, as you know so much better than I do, when the British pull out of the Gulf.

Nixon: Yeah.

MacArthur: That vacuum is going to be filled. Iran is going to have to play the major part in doing it.

Nixon: Are they capable of it? He talks about that, and I hope now, and I know he talked about [unclear]. And as you know, I'm, as I'm sure you are, I'm stronger than a horseradish for him. But then I raised it with our staff here-Defense they sort of stare at it [unclear]—but they say, "Well the Shah just hasn't got the stuff," is that right, Al? Isn't that what we find? They don't think-they just don't think he's got the stroke to do it.

MacArthur: Well, this-

Haig: There is a feeling, yes, sir,—

Nixon: Well, the point, in my view-

Haig: That he can't do it all the way.

Nixon: If he could do it, it'd be wonderful because he's our friend. Right?

MacArthur: Yes, sir. Absolutely.

Nixon: He runs a damn tight shop, right?

MacArthur: He does.

Nixon: And can these guys, they can probably fight pretty good if they have to.

MacArthur: Sure, if they have to. But the point is-

Nixon: They don't-may not have to. They're rich.

MacArthur: They may not have to. You see, the problem is this vacuum when the British pull out, who can fill it? We can't fill it. The Japanese, who get 90% of their petroleum from the Gulf, aren't going to do anything. Neither NATO-Europe, which gets 56% and-it's either going to be filled by the radical Arabs-there are-

Nixon: Yeah.

MacArthur: Who are setting up liberation fronts.

Nixon: I see. Well, that's-

MacArthur: Your influence-

Nixon: That's what he told me.

MacArthur: Your influence on him is extraordinary. He said to me-I've got a very good relationship with him, he said, he talks quite frankly, he said, "You know, I admire your President. He understands the international world and this part of the world particularly much better than either of his predecessors." He said, "They really didn't understand this Middle East thing at all, with all its complexities." And from your many talks with him he's convinced that, that, that you are. Now if you-when you go there, we'll have some suggestions about things-

Nixon: Good.

MacArthur: That he should talk about. But coming at this period, just before the British pull out.

Nixon: Good.

MacArthur: September-

Nixon: Another good reason to go.

MacArthur: Would be-

Haig: Yes, sir.

MacArthur: Would be marvelous. It's awfully important.

Nixon: Well, you put in the, you put it in the wheels here. Let me suggest this, Doug, do not at this moment, do not at this moment put it in the wheels at State.

MacArthur: I won't, sir.

Nixon: For the reason-not that I, I mean I'll tell Bill Rogers-

MacArthur: Yeah.

Nixon: Sometime privately. I'll just say "Now look, if you hear about this it's because I talked to the Shah personally." But if I put it in the wheels at State then, of course, all the desk officers over there'll say, "Well, why doesn't he do this and that beforehand"—

MacArthur: Well I remember from-

Nixon: And the goddamn thing is ruined.

MacArthur: Well I remember from-

Nixon: Yeah, you remember how the trips-

MacArthur: The Eisenhower administration-

Nixon: Always get ahead. So what we want to do-what I want you [Haig] to do is you talk to Haldeman-

Haig: Yes, sir.

Nixon: -about my own schedule here. Tell him I'd like to see what we can work out. And let's just block off a little time in September. I need it to fit in perfectly.

Haig: Yes, sir.

MacArthur: The only thing I'll say at State is, what I've said before-

Nixon: Yeah.

MacArthur: -that I know that you want to go-

Nixon: Yeah.

MacArthur: -when you can. But it isn't clear at this time.

Nixon: I think you should report to State, obviously, that we discussed the matter. That I said that I-that I had told the Shah that I was going to come, that I do intend to, but right now the-the fall looks uncertain. I just can't make a commitment. But that I have it under consideration.

MacArthur: Right.

Nixon: How's that?

MacArthur: That's fine.

Nixon: Good.

MacArthur: That's perfect.

Nixon: But you tell the Shah that the, the deal is, that the decision has been made but the timing is the problem.

MacArthur: Right.

Nixon: Fair enough?

MacArthur: Yeah, that's fine. That'll do.

Nixon: And then on this-what about this? Does he need more money? No, I'm sorry. I don't mean more money. Does he need-what he's saying, he says "Look, we're- if we can have more arms," in effect, as I understood it, then they can play, fill that-the role out there, you know, in the whole darn Gulf area. Well, now maybe he's thinking too big considering-

MacArthur: Well, he may be thinking a bit big. But I can't say that-what we're trying to do is to get him to program. To get him-you know,

instead of just sort of saying, "I need this, I need that, I need the other thing." Because if you say, "you don't need this thing," it's through the roof.

Nixon: Sure.

MacArthur: But what we haven't said is, to develop your Five-Year Plan, you need to have the basic material, which is first, what are the items that you want? Cost. Costs. The infrastructure that's needed to support them. And then very important, the personnel that you have and will need to marry them and cost the whole thing. And then this serves the basis for identifying priorities and developing a five-year program. This is what we're working on with him. And I've talked to Henry Kearns, at EX-IM here, they've got—they need some credit. Henry's handling it extremely well, I think. And I think it's going to be a mix of some gap-private money-guaran—with the government guarantee as underwriting. So that it does represent [unclear, a credited?] outflow from EX-IM. That's what we're working on now. About 140 million for the, for this next fiscal year.

Nixon: Well I can, in all your conversations, actually I feel very strongly about saying it, that you and I have talked about this. That I want to help in every way we can, and we naturally do have problems, and there are many demands and all that. But that he comes very high on our thoughts and in our lists, and that means a lot to him too.

MacArthur: It means a lot to him.

Nixon: And, incidentally, it's true.

MacArthur: I know it's true.

Nixon: Whenever they send anything in here that I can sign, I do. He should know that. We've had to overrule State a couple of times on the damn things. But-cause-they-you know, they have to. They've got to represent everybody. But I like him, I like him, and I like the country. And some of those other bastards out there I don't like, right?

MacArthur: Right. And, Mr. President, between Japan, and NATO, and Europe, it's the only building block we've got that is strong, that is sound, that is aggressive, and that above all regards us as just about as its firmest friend. Elsewhere we're trying to shore up weaknesses and it's a problem.

Nixon: Like trying to build up India.

MacArthur: Pakistan, India, this sort of business.

Nixon: Did you notice your friend Mrs. Gandhi is going to come over?

Haig: Yes, sir. I'm looking forward to it.

MacArthur: [laughter]

Nixon: And Pakistan [unclear, has any number of?] problems.

MacArthur: Oh, there -it's a terrible situation.

Nixon: And then you go down, you look at the rest. Of course, Thailand, they're just wobbling as they always, always-. You can't really imagine, Al, that they fear that Vietnam should go down the tube. Now that's the [unclear] Yesterday, one of the senators, Senator Byrd of West Virginia, a really good guy, asks me a question, he says, "Well, one of the questions that was raised in our caucus, Mr. President, was that we, the, the fact that we're pulling down in Vietnam," but he said, "Well what is your-what is your view with regard to reducing our forces in Thailand, and eventually removing our presence there?" I said, "All right, now, Bob, let me tell you what." I said, "Thailand is a very different cup of tea from Vietnam. See, you know, we've got a treaty with Thailand." And I said, "In the event the North Vietnamese start romping around in Thailand, they're going to call that treaty up. And the United States has never broken a treaty. Now in the event that we pull out of Thailand we'll damn well invite them-"

MacArthur: Yes.

Nixon: "To come into Thailand." And I said, "Now what are you going to do? What do you want us to do? Do you want us to lose-" I mean, in Vietnam where we have no treaty, and where basically all we're doing is, frankly, trying to see through a commitment that began, and we think for a good reason, and now we're going to see it through in the right way. If, even there, it would shake credibility for America in the world, goddamnit the first time that the United States doesn't stand by a treaty? You've been to Japan, what the Japanese think if we let the Thais go down the drain? Huh? Don't you agree?

MacArthur: Oh, yes I do.

Nixon: We can't do it.

MacArthur: No, no, you can't.

Nixon: And—so these—but these guys don't think of that. They think—well. I said, "Now we've reduced already 9,000 in Thailand. And I don't think reducing any more is a very good idea." The Thais would go like—Wouldn't they?

Haig: Oh, yeah. They're wavering right now, sir.

Nixon: Huh?

Haig: They're quivering now.

Nixon: Well, the point is that we, getting back to your point, it is true, I guess you're right, Iran is the only thing there. The Philippines is a can of worms, as you know.

MacArthur: Yes.

Nixon: Taiwan, [chuckle] strangely enough, is a pretty strong little place, but it lives in sufferance. Malaysia and Singapore are at each other's throats with Lee Kwan Yew, the Socialist, being probably the ablest leader. The Indonesians are beginning to come back but they're twenty years away.

MacArthur: Burma's in a mess.

Nixon: Burma's always in a mess. Always will be. And you know the Burmese, they just chew that weed. That Black Tea.

MacArthur: And a strong Iran, sir, in terms of the oil—a conviction which I share 200% is that we must not see a basic balance between East and West altered radically. A strong Iran—

Nixon: Yeah.

MacArthur: You know, the Soviets have been able, by-through their polarization of this Arab-Israel conflict, they have been able to gain increasing influence in these places, there's no question about it. But a strong Iran helps counterbalance that.

Nixon: But they're just one friend there. And it-Iran is not of either world, really, in a sense, I guess. But the point is, that by God if we can go with them, and we can have them strong, and they're in the center of it, and a friend of the United States, I couldn't agree more-it's something. 'Cause you look around there, it just happens that, who else do we have except for Europe? The Southern Mediterranean-it's all gone. Hassan will be here, he's a nice fellow, but Morocco, Christ, they can't last. Morocco, Tunisia, Libya, Algeria, the, the Sudan, naturally the UAR, all the little miserable countries around-Jordan, and Lebanon, and the rest. They're like-they go down like ten pins, just like that. That some of them would like to be our friends, but central to every one of those countries, even as far off as Morocco, is the fact that the United States is aligned with Israel, and because we're aligned with Israel, we are their enemy.

MacArthur: That's right.

Nixon: That's what it is. Now this doesn't mean that we let Israel go down the drain, because that would play into the Soviet hands, too. But it does mean that right now we're in a hell of a difficult spot, because, because our Israeli tie makes us unpalatable to everybody in the Arab world, doesn't it?

MacArthur: It does. In varying degrees.

Nixon: Yeah, some are like-

MacArthur: But the Shah-

Nixon: Not with the Shah.

MacArthur: Not, not totally.

Nixon: He's awfully good on that subject.

MacArthur: That he is.

Nixon: So he and I look at it [unclear].

MacArthur: And he-the thing is that if Saudi Arabia, which is terribly important-

Nixon: Yeah.

MacArthur: And is rather fragile, if it gets in trouble, the Shah is prepared-he's offered to come to their assistance, and when the southern enemies hit [King] Faisal in December of '69, Faisal turned first to the Shah for some recoilless rifles, and some ack-ack stuff, and other things. And we encouraged this, because if they, if they can work together, we think there's a reasonable chance.

Nixon: Yeah.

MacArthur: Of holding the Arabs out of the Gulf.

Nixon: Do you think the, the Saudis can, can, can hold? Or Faisal, of course, is, as I recall, is a very intelligent man.

MacArthur: Yes.

Nixon: But, but I understand that at the lower levels of his armed forces, that many of the people that our military trained over here are a bunch of vipers in the bed.

MacArthur: He doesn't trust them entirely, no. And he has them deployed on short or limited POL and ammo rations away from the city. He's got his Bedouin White National Guard around [the city]. But what he needs is-he started late in his revolution, if he had started back when the Shah had made his great social revolution, and sir, it is a complete revolution.

Nixon: Oh, I understand.

MacArthur: Land reform, education, health, workers' housing.

Nixon: And it's really working? And it's working?

MacArthur: And it's working and, of course, it's totally disarmed the Communists-the Tudeh Party.

Nixon: Yeah, and how about the young people? Are they-

MacArthur: The young people-

Nixon: With the Shah?

MacArthur: About ten percent are activists, who as they get more education-

Nixon: Well, that's less than we have here.

MacArthur: They want -yes [laughter]

Haig: It's about fifty percent of ours.

MacArthur: They want a greater voice-

Nixon: Sure.

MacArthur: In the thing. But the Shah is wise enough to know that when you take a people that are from feudalism, and you drag them out of the womb of feudalism like a midwife driving a child out of the mother's womb, you let loose great elemental forces. And this is what he's done. Now he runs a fairly taut ship, but to channel these energies and forces into-

Nixon: He always tries to keep one step ahead of them, huh?

MacArthur: He does. He said to me the other day before the oil talks, he said-he was talking about how they need more revenue-he said, "Mr. Ambassador," he said, "I need more hospitals. I need more health services in my villages. I need more workers' housing. I need more schools for my people." He said, "I must do these things."

Nixon: Hmmmm.

MacArthur: He's got a profound, he's developed a profound social conscience. What, what is terrific, because

Nixon: Great.

MacArthur: Basically there is great stability there. They are moving ahead with a G-with a-well, economic growth.

Nixon: What are they-how are they growing except in oil, may I ask? Because they-

MacArthur: Oh, they're diversifying all over.

Nixon: Are they manufacturing?

MacArthur: They are manufacturing. They now produce cars, tractors

Nixon: Are they getting better agricultural productivity and so forth?

MacArthur: Yes.

Nixon: There is a- they don't grow things much there, do they? Or-yes they do.

MacArthur: Well, they-the main productivity they do.

Nixon: Wheat?

MacArthur: Dates and things of that kind for export. But, but the things they have to do are wheat. And they have set up-John Deere is putting a tractor factory in the South. The Romanians put one in the North, which isn't functioning and Ford told me that they are interested in taking that out and putting a better job in. But you know, they produce Scott's tissues. They-It's-across the board investment's pouring in from Western Europe because if you want to invest in that kind of a country it's the only stable one that believes in the free-enterprise system and that encourages it. The Shah said to me, "I can't ask people to invest unless they can get a fair return on their money, and for the-and unless they think that their investment is secure. And when the radical Arabs ask him to join at, in his oil negotiations and insist on forcing the investors to 25% of the profits, the Shah said "No. What, what the companies do with their profits is their business, just like what I do with the oil money is our business. If you want more investment, create the climate where investment wants to come" and he's doing this. They're getting more and more export-oriented. He hopes to set up an industrial business that will serve Saudi Arabia, the, the Gulf area on the other side, and the region around it. And they give high priority to projects-industrial projects-plants-that will have a-20-25% will be export-oriented rather than just domestic endeavors.

Nixon: I just wish there were a few more leaders around the world with his foresight.

MacArthur: Well he's a great-

Nixon: And his ability, his ability to run, basically, let's face it a virtual dictatorship in a benign way

MacArthur: Yeah.

Nixon: Because, look, when you talk about having a democracy of our type in that part of the world, Good God, it wouldn't work. Would it?

MacArthur: No, sir. They

Nixon: They don't know what it's called.

MacArthur: They don't even know-they don't know what it is. You know what happened in the Congo? Belgium gave them a constitution, wonderful buildings, all the nice trappings, but these people had never practiced it at all.

Nixon: Sure. And Mobutu was a dictator.

MacArthur: And went into-

Nixon: [unclear]

MacArthur: [unclear] It totally disintegrated. You remember, sir, in 1960 it became a part of [unclear]

Nixon: Yeah.

MacArthur: You have to put years-

Nixon: Let's look at Lat-let's look at Africa generally. And this country, at least has got some degree of civilization in its history. But those Africans, you know, are only about 50-75 years from out of the trees, some of them. But did you know that of all of Africa, of all those new countries, there is not one country that has a so-called parliamentary democracy that meets even the standards that we would half-way insist on for Vietnam.

MacArthur: Yeah.

Nixon: Halfway.

MacArthur: I know that.

Nixon: Every one of them. Liberia. Ours [unclear]-Tubman's a dictator.

MacArthur: Yeah.

Nixon: You know that.

MacArthur: I know that.

Nixon: And it's got to be that way. They aren't ready. You know this. You've got to remember it took the British a hell of a long time of blood, strife, chopping off the heads of kings and nobles and the rest before they finally got to their system.

MacArthur: Yeah. From [the] Magna Carta.

Nixon: We have these problems.

MacArthur: Yeah.

Nixon: So, I-I've never quite as-looked down my nose quite so much at the-. But we're having the Brazilian up here, you know for a State visit. Some of your colleagues'll say, "Oh, geez, that's terrible. I mean we ought to [unclear] all this constitutional democracy and such." What the hell does in Latin America? Colombia? Sure they trade parties each four years. Now, [chuckle] we wouldn't-is that a system? Mexico? It's a one-party system. Venezuela? Maybe. And the rest [is] chaos. Except for you've got Brazil. Brazil, a relative ability of stability-a relative stability. Argentina, that's a tragedy. A tragedy because, goddamnit, it should be the best, next to Brazil. The problem is that son-of-a-bitch Peron left a residue of, oh I don't know. That's-But I-but you see, I think, I-there just isn't any question, we've just got to be not tolerant, not tolerant of violation of principles that we feel and believe in very deeply. Not supporting the idea that there ought to be a dictatorship to replace a democracy, or some sort of thing. Not saying a dictatorship of the left is wrong, [brass band music playing] a dictatorship of the right is right. But, having in mind one solemn fact, that people in the world are in different stages of development and they are different, and that each needs a system that fits its own. Japan, for example, sure they have elections and all that sort of thing, but you know damn well that a business oligarchy runs Japan.

MacArthur: I know, Mr. President.

Nixon: Right. You were there. Huh?

MacArthur: No, no.

Nixon: And, and it's the way it has to be.

MacArthur: And the Constitution and procedures we gave them is in the process of becoming Japanized, anyway. I mean, because it was in keeping with our historical evolution but not with theirs.

Nixon: That's right.

MacArthur: They are very unusual people. Well, Mr. President, you're looking wonderfully well with all the burdens you've got to bear.

Nixon: Got to, got to survive

[Omitted here is discussion unrelated to Iran.]

¹ Source: National Archives, Nixon Presidential Materials, White House Tapes, Oval Office, Conversation 475-23. Secret. The editor transcribed the portion of the conversation published here specifically for this volume

123. Memorandum of Conversation, Washington, April 8, 1971¹

Washington, April 8, 1971

DEPARTMENT OF STATE
Memorandum of Conversation

DATE:

April 8, 1971

SUBJECT:

Political-Military Affairs/Iran

PARTICIPANTS:

Ambassador Douglas MacArthur II, U.S. Ambassador to Iran

Mr. James H. Noyes, Deputy Assistant Secretary, Near East, South Asian and African Affairs,
Department of Defense

Mr. Thomas R. Pickering, Deputy Director, PM

Mr. John Reed, Deputy Director, NESAs Region, Department of Defense

Mr. Christian A. Chapman, Director, PM/MAS

Mr. Robert L. Dowell, Jr., NEA/IRN

Mr. Felix Dorough, PM/MAS

DISTRIBUTION: PM

NEA/IRN

PM/MAS

AmEmbassy TEHRAN

DOD/ISA

NEA/RA

Ambassador MacArthur EXIM

NEA

The Ambassador reviewed Iran's position and importance to the United States. In his view Iran is the only strong, stable asset we possess between Europe and Japan. Together with Turkey, it has the only dependable air corridor for civilian and military traffic from east to west and vice-versa. For other reasons our continued presence in that country is of vital interest to the security of the United States. The Ambassador recalled that the pre-World War II Molotov-Ribentrop Agreements made clear the strategic importance of the Gulf to the Soviet Union when it was stated "the region in the direction of the Persian Gulf is the center of aspirations of the Soviet Union." Rather than achieving this goal through occupation as during and immediately after World War II the Soviets are attempting to achieve their goals through Syria, Iraq and the Arabian Peninsula. The Soviets need for oil in quantity after 1980 and

the feudal aspect of governments of the area make many of Iran's neighbors likely candidates for Soviet activities especially when the British pull out at the end of this year. At this reading, Iran appears as the only present possibility for stability, strength and leadership after the British withdraw. If Iran's neighbors on the other side of the Gulf are to resist the Soviet thrusts, the power vacuum to be created by the British withdrawal must be filled and Iran is the only country that is in a position to do so at this time.

NEA/IRN:RLDowell, Jr.

(Drafting Office and Office)

FORM

DS-1254

2-65

On the Islands question, the Ambassador recalled the Shah's public statement that the Islands of Abu Musa and the Tunbs belong to Iran and that if an accommodation is not reached prior to the British withdrawal the Iranians will take them thereafter. Precedents for enforcing claims by force could lead to Saudi Arabian moves against Abu Dhabi, and an Iraqi move against Kuwait. The British believe that when they pull out at the end of 1971 they will be in a position to maintain their influence as heretofore is in the Ambassador's view "nonsense." Mr. Noyes seemed to share this view. The Ambassador stated that the President has recognized the relevance of the Nixon Doctrine to Iran. There seems little doubt in the Ambassador's view that elements for Saudi-Iranian cooperation in the area exist. However, a "pappa knows best" attitude on our part would, insofar as Iran is concerned, be the worst possible posture we could assume. The Iranians have the funds and are quite prepared to buy what they feel they must have from French, British, Italian or other sources if we refuse to sell these items to them. The Ambassador made it clear that he was not suggesting that we give Iran a blank check to buy whatever it wished in the United States, but he wished to stress that in his view it might be preferable for us to cede to a sale rather than to see the sale go to another supplier as he believes that to the extent that Iran purchases from other suppliers our ability to influence them in their decisions to purchase any armaments and equipment is diminished. Other suppliers of arms in his view have little or no desire to limit but on the contrary look to boosting sales of

arms to Iran. Thus, the Ambassador believes that by working with the Shah we can endeavor to try and get the Shah to see and understand the magnitude of his purchases and exercise his own restraints. He is hopeful that the Toufanian-Twitchell Study will produce an understanding on the part of the Iranians of the necessity for overall programming. Mr. Pickering stated that PM was terribly interested in this study.

Ambassador MacArthur expressed a hope that it would be possible to reduce the number of visits of military personnel to Iran and mentioned the strain on the Embassy resources as a result of these visits. The visitors to ARMISH/MAAG during the second six months of 1970 were 268 visitors averaging 12 days per visit. During the first quarter of 1971 there were 133 visitors averaging 7 days per visit. Ambassador MacArthur stated that it's planned to keep MIDEASTFOR at its present level and to continue to use the Bahrain facilities.

As to the level of financing of Iranian military acquisitions through the EXIM Bank in FY '72, the Ambassador felt that we should be a little flexible in this regard and that we should get into a 50% funding arrangement and a 50% credit guarantee arrangement with a total flow of about \$140 million. Mr. Chapman asked if the Ambassador was not concerned with the impact of Iran's military purchases on the country over the next five years to which the Ambassador replied that he was not. He noted the significantly increasing oil revenues (increase in CY '71 over CY '70 estimated at \$650 million) attributable not only to increased unit income but as well conservatively estimated increases in quantitative production. He noted that Mr. Samii had just informed him that the debt-service ratio had dropped to 14.5%. In the Ambassador's view, the credit situation over the next several years would be tight but quite manageable and if the copper project presently under consideration (Sar Chesmeh) worked out the outlook on the economic front would be quite promising.

Mr. Noyes said that he sensed some concern with regards to the arms balance in the area, e.g., are the American arms supplied to Israel and Iran drawing the USSR into supplying more and more arms to other Middle Eastern states. In Ambassador MacArthur's view the Soviets have already made gains resulting from the polarization in the Arab-Israeli War and a strong Iran is necessary to balance off this influence especially if the Arabian Peninsula becomes radicalized. Ambassador MacArthur added that it was not a question of giving Iran a blank

check but rather of what can we do if the Shah goes elsewhere? Are we not in a better position to limit the arms race more effectively through our influence over the Shah than by his exercising his freedom to purchase what he wishes from other suppliers? In Ambassador MacArthur's view Iran's strengthening of its defenses does not motivate the Soviets to increase arms supplies in other Middle Eastern countries. Ambassador MacArthur stressed the points that the Shah is a free and independent agent, possessed of the means to purchase arms and has available to him sources of supply other than those from the United States.

Mr. Pickering said that PM was pleased that Ambassador MacArthur had been able to get the Shah to look into the question of whether its increased armaments was or could result in sucking more armaments into the void. The Ambassador replied that he did not know the answer to this question but he did know that in any event USG was not omnipotent in controlling it.

¹ Source: National Archives, RG 59, Central Files 1970-73, POL IRAN. Secret. Drafted by Robert L. Dowell, Jr. (NEA/IRN).

124. Letter from the Shah of Iran to President Nixon,
Tehran, April 11, 1971¹

April 11, 1971

11th April, 1971.

Dear Mr. President,

In pursuance to our recent correspondence regarding matters of foreign policy in which we stressed the value and importance of continuing our exchange of views on the latest developments in various quarters, I now deem it advisable to acquaint you, Mr. President, with certain information that has been brought to my attention in the course of my conversation with Deputy Premier and Foreign Minister Mahmud Riad of the United Arab Republic.

During my talk with Mr. Riad, he intimated to me that when the U.A.R. accepted the Rogers' Peace Plan, she was under the impression that the United States, had already obtained an assurance of Israel's acquiescence to the proposal for the solution of the Middle East problem in accordance with the United Nations Security Council Resolution of 22 November, 1967.

Unfortunately, as it is evident from Israel's reply to Ambassador Jarring, this country is not ready to accept these proposals for peace and now the current opinion in the U.A.R. is that the United States has not put sufficient pressure upon Israel in this regard.

Mr. Riad added that contrary to what has been said concerning his country, the U.A.R. is not influenced by any foreign pressure and that she is aware that the key to the solution of the Middle East problem lies in the hands of the United States. He regrets that the United States is not using all its efforts to solve this problem. He also said that, despite the fact that the prospects for a peaceful solution are rather dim and Ambassador Jarring is also pessimistic, the U.A.R. has not lost all hope that a peaceful solution can still be found; and the U.A.R. Government shall not resort to force in spite of the great pressure that is put upon her by public opinion in that country. However, unless Israel correspondingly shows a positive reaction, it is not possible for the U.A.R.

to continue this moderate attitude because the pressure exerted by the U.A.R. Armed Forces and public opinion will eventually oblige the Government to resort to force. If the present tacit ceasefire continues for an unlimited period, it is feared that it will turn out to the benefit of Israel and the detriment of the U.A.R. On the other hand, it is very possible that contrary to the desire of both sides, the situation will take a turn for the worse and lead to a resumption of widespread hostilities and a bloody war. That is why notwithstanding the little hope that exists, and while awaiting effective steps to be taken for the establishment of peace, the U.A.R. will spare no efforts, on its own part, in repressing the outbreak of hostilities. However, it is not certain how long she will be able to withstand this situation. Therefore, the U.A.R. has requested a number of peace-loving nations to use their influence with the United States Government in order to persuade her to take effective steps for the establishment of a just and honourable peace.

Mr. Riad came, on behalf of the President and the Government of the U.A.R., requesting me to use all my efforts to bring about a peaceful solution to the Middle East crisis and to contact the United States Government and I have promised him to do what I can in this respect.

From the talk I had with Mr. Riad I obtained the impression that the peaceful attitude of the U.A.R. leaders is genuine and that the continuation of the uncertain and critical situation prevailing at the moment, is not to their advantage. They are anxious to re-establish peace in order to direct their resources to constructive work such as the development of their economy. As I have said in my previous message, Mr. President, I believe that the U.A.R. has adopted a positive attitude towards the Jarring proposals and now that such a promising turn has taken place in their outlook, it is appropriate for Israel to take positive steps and avail itself of this opportunity. If Israel persists in taking a negative position the U.A.R. will not be able to continue in its peaceful attitude and this would undoubtedly lead to the outbreak of hostilities which may spread beyond all control and create a most critical situation in this vital part of the world.

It is my belief that the U.A.R. should be encouraged in its stand and I have explicitly told Mr. Riad that the solution of the problem must be based on the United Nations Security Council Resolution of 22 November, 1967, and the Rogers' Peace Plan.

In expressing my opinion, I have told Mr. Riad that it is a source of satisfaction to see, that in spite of the little hope existing at the moment,

the U.A.R. has not endeavoured to resume hostilities and that she has decided to continue her moderate attitude. Should the U.A.R., in the last resort, be obliged to use force to safeguard her legitimate rights, I have advised Mr. Riad that in order to win worldwide public opinion and possibly reach an eventual peaceful solution, the U.A.R. should refrain from taking any action beyond opening fire from the other side of the Suez Canal and should restrain herself from taking steps which may lead to an all out war.

It is my firm belief that if the U.A.R. is to continue in this attitude of moderation, Israel must also take a positive position in response. I am confident, that you, Mr. President will do your utmost to exercise your influence in this respect, for it is obvious that though in her present negative stand Israel may be able to win a few battles, she is not likely to win the war. Israel should therefore, avail itself of this opportunity to achieve a just and honourable peace on the basis of the United Nations Security Council Resolution of 22 November, 1967, the Rogers' Peace Plan, and the continuation of Ambassador Jarring's mission; and thus free the Middle East of all subversive forces. This coupled with the willingness of the Four Permanent Members of the United Nations Security Council to guarantee the integrity of Israel will contribute to the creation of a favourable basis for the solution of the Middle East conflict.

I should be grateful to you, Mr. President, if you would kindly give this matter your considered attention, and I will be very pleased to receive your views in this regard.

The Honourable Richard M. Nixon,
President of the United States of America,
Washington, D.C.

With warmest greetings and kindest regards,
Yours sincerely,
[Shah's signature]

The Honourable Richard M. Nixon,
President of the United States of America,
Washington, D. C.

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 755, Presidential Correspondence, Iran, M.R. Pahlavi, Shah of Iran Correspondence. No classification marking.

125. Telegram 1935 From the Embassy in Iran to the
Department of State, April 15, 1971, 0817Z¹

April 15, 1971, 0817Z

TELEGRAM
Department of State
TEHRAN 1935

53 20

ACTION NEA-15

INFO OCT-01 AF-12 EUR-20 PM-05 NSC-10 SS-20 RSC-01 DODE-00 CIAE-
00 INR-08 E-15 AID-28 INT-06 TRSE-00 TRSY-11 OEP-01 COM-08 RSR-01
/162 W 033780

R 150817Z APR 71

FM AMEMBASSY TEHRAN

TO SECSTATE WASHDC 4018

INFO AMCONSUL DHAHRAN

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY LONDON

AMEMBASSY TRIPOLI

SUBJECT:
SHAH'S CONCERN OVER LIBYAN OIL SETTLEMENT

1. WHEN I SAW SHAH APRIL 14 HE SPOKE CRITICALLY OF LIBYAN OIL SETTLEMENT, SAYING OIL COMPANIES ALWAYS MADE GREATER CONCESSIONS TO RADICAL PRODUCING STATES THAN TO THEIR MODERATE PRODUCING STATE FRIENDS. HE SAID HE WAS SENDING FINMIN AMOUZEGAR TO LONDON TO DISCUSS

WITH OIL COMPANIES LIBYAN SETTLEMENT WITH VIEW TO FINDING SOME WAY TO PARTIALLY BRIDGE GAP BETWEEN GULF SETTLEMENT AND EXCESSIVE TERMS GIVEN LIBYA.

2. I REMINDED SHAH OF ASSURANCES HE HAD GIVEN US AND OIL COMPANIES THAT TERMS OF GULF SETTLEMENT WOULD NOT BE CHANGED FOR FIVE YEARS EVEN IF LIBYA RECEIVED MORE THAN GULF PRODUCERS. I ALSO OBSERVED THAT LARGE PART OF DISPARITY BETWEEN GULF AND LIBYAN SETTLEMENT WAS RESULT OF LIBYA'S FAVORED GEOGRAPHIC POSITION AND LOW SULPHUR CONTENT OF ITS OIL. I CONCLUDED BY SAYING THAT IRANIAN PRODUCTION AND OFFTAKE SO FAR THIS YEAR WAS RUNNING SUBSTANTIALLY AHEAD OF LAST YEAR AND THAT THEREFORE I THOUGHT IRAN WAS DOING EXTREMELY WELL.
3. SHAH REPLIED THAT HE WOULD HONOR HIS WORD RE FIVE YEAR ASSURANCES BUT WOULD SEEK SOME WAY OUTSIDE TERMS OF TEHRAN SETTLEMENT TO HELP BRIDGE DISPARITY BETWEEN GULF AND LIBYAN PRICES. FOR EXAMPLE, OIL EXPORTED FROM BASRA WAS OBLIGED TO PAY A "PORT TAX" AND HE HAD IN MIND POSSIBILITY OF PORT TAX ON OIL LIFTED FROM KHARG ISLANUM I SAID SUCH A STEP WOULD BE SERIOUS DISAPPOINTMENT TO OIL COMPANIES AND IRAN'S FRIENDS.

GP-3.

MACARTHUR

¹ Source: National Archives, RG 59, Central Files 1970-73, PET 3 OPEC. Confidential. Repeated to Dhahran, Jidda, Kuwait, London, and Tripoli.

126. Airgram 136 From the Embassy in Iran to the
Department of State, May 10, 1971¹

May 10, 1971

AIRGRAM
Department of State
TEHRAN A-136

DATE:
May 10, 1971

TO:
Department of State

INFO:
KHORRAMSHAH, TABRIZ

FROM:

Amembassy TEHRAN

SUBJECT:
Student Disturbances at Universities in Tehran

REF:
Tehran 2294, May 3, 1971

SUMMARY

During the past week, sizeable student strikes erupted at both Tehran and Arya Mehr Universities, resulting in police intervention on both campuses involving some fairly rough tactics, a large number of temporary arrests and even injury at the hands of the police of some students and faculty members.

The trouble began at Tehran University where some students marched on campus shouting slogans against the Shah, the White Revolution, the 25th Centenary Celebrations and praising the murder of General FARSIIOO. Similar sentiments (except for praise of Farsioo's murder and condemnation of the Shah) were expressed by students who demonstrated at Arya Mehr. The quick despatch of police to the perimeters of Polytechnic and National Universities seems to have prevented similar demonstrations there.

Although none of the four universities has been closed, attendance at all four is extremely low. One hundred-and-thirty of 180 full-time teachers at Arya Mehr were so angered by police behavior that they submitted their resignations and asked for some form of apology from the government.

While this semester has been marked by increasingly frequent student disturbances—and the appearance at Tehran University of a growing anarchistic “violence for the sake of violence” among the students—the events of the past week have, in the opinion of most observers, exceeded the student-police confrontation of 1968 in terms of both severity and numbers.

It is possible—though far from certain—the forcefulness of the government’s reaction to the most recent student demonstrations may serve to prevent further such demonstrations this academic year. It has, however, greatly widened the gap between the students, on the one side, and the administration and the government on the other. Unless actions are taken to reduce this gap—which would seem to require some conciliatory gesture from the university administrations and the government—it is difficult to see how the gap will not carry over into the next academic year and provide fuel for further student demonstrations then.

END SUMMARY

Tehran University

Tehran University has been plagued by intermittent student strikes since the beginning of the second semester. Several of the Colleges, including Engineering, Science and Law have been closed for a considerable part of the term, and student activism is increasing. The students are angered that five of their colleagues, picked up by Savak after the December disturbances on campus (when Dean Ganji of the Law Faculty was forced to leave his position because of student opposition to reforms he attempted to institute), have not yet been released. An additional three students were also detained by Savak and charged with involvement in the Siah Kal incident (see Tehran’s A-91 of March 27, 1971), when government forces broke up a large band of dissidents operating in the mountains south of the Caspian littoral. The Engineering College has been in session only infrequently since the beginning of the semester and went on strike again on April 27.

In an effort to establish a "dialogue" with the students, the university administration arranged a meeting at which one of the Engineering professors was to discuss the campus situation with the students. The meeting was not successful, however, and was broken up when about 700 students began to march around the campus, shouting slogans against the White Revolution, the 25th Centenary Celebrations and the Shah. They also handed out leaflets praising the assassination of General FARSIPOO (Tehran's 1912, April 14, 1971) and supporting the Siah Kal dissidents. The police were sent onto the campus armed with riot clubs, sub-machine guns and gas masks. During the subsequent fighting, about 250 students were arrested and an equal number injured, several of them seriously. A number of teachers were also injured in the fighting.

The students demonstrated again on May 1, shouting, among Other things, that "the College is closed and students are jailed." The University announced that the Engineering College would be closed for three days, and the students have been warned that if they do not attend classes once the College opens, they will lose all credit for this semester. The University has also said that it will follow the same policy toward any other colleges that go on strike.

As of May 8, a stalemate existed, with the police saying they will remain on campus until the students return to classes. The campus has been nearly deserted and students contend they will not return to classes until the police vacate the university premises. The Government's position is especially difficult since it officially justifies the police presence on campus as allowing "the vast majority of students" to attend classes free from "intimidation."

Arya Mehr University.

Arya Mehr has always been the calmest of the universities in Tehran. Chancellor Reza Amin has established cordial relationships with his faculty and student body, so Arya Mehr has usually been free from student demonstrations such as occur at Tehran University. The recent demonstrations and police actions on the Arya Mehr campus are all the more noteworthy considering the school's history of having generally constructive and positive faculty-administration-student relationships.

On Saturday, May 1, about 500 students at the University demonstrated on campus, shouting slogans condemning the expenses being incurred for the 25th Centenary Celebrations. Riot police who had been stationed around the campus entered the university and began beating some of the

demonstrators. About 400 students were arrested and a number injured. Riot police entered classrooms and arrested students en masse. The police also beat a number of faculty members, and one was hospitalized with two broken fingers, a broken arm and a broken skull.

The faculty became angered at the rough police tactics noting that the police entered the campus without being invited by the administration. Chancellor Reza Amin—who has the support of his faculty and close relations with the students—has not allowed the police onto the campus during former demonstrations, realizing that their presence could destroy his close rapport with the students. During the May 1 demonstrations, the police entered the campus over Amin's objections,

One hundred-and-thirty of the 180 full-time teachers and professors submitted a joint resignation to the university and stated they would not return to work until a number of their demands are met, the first of which was the dismissal of General Nassiri, Chief of Savak. Prime Minister Hoveyda met with Chancellor Amin on the evening of May 4 and told him that the teachers would not be allowed to resign. Amin then requested, and was granted, an audience with the Shah on the evening of May 5. Several representatives of the faculty also attended the audience at which time Amin described the faculty's position and the reasons for the resignations. The Shah finally agreed to order the Prime Minister to appoint an investigative committee to study the faculty's charges of police brutality during the demonstrations. The Committee began its work on May 6, and the Faculty members have agreed to withhold their resignations until the committee releases its findings and recommendations.

National and Polytechnic Universities

Both National and Polytechnic Universities are also being patrolled by riot police with batons and gas masks. There have not yet been demonstrations on either campus and the police have remained off the grounds, but it is obvious the government is highly concerned that sympathy demonstrations may be held at both universities. Student attendance is very low at both schools and many classes are not meeting.

Comment

Although student strikes at the universities in Tehran occur every semester, there have been a number of disturbing trends this academic

year which indicate that student-university confrontations are increasing and posing increasingly bothersome problems for the GOI.

- a) Increasing Number—During previous years, most Iranian universities were plagued by semi-annual strikes before each examination period when students protested examination schedules. However, during the past semester at Tehran University, the students have been out of classes for much of the term in several faculties. For example, in the Engineering Faculty they protested the detention of five students after the December disturbances and did not attend classes before the Now Ruz vacation (from mid-March to early April). After returning to classes for a few weeks, they are out on strike once again.
- b) Increasing Radicalism and Violence—Former strikes at Iranian universities were usually centered around specific student demands, ranging from lower tuition fees to longer examination schedules—although the specific demands may often have been merely indicative of more substantial grievances about the educational and political structure in Iran. During this past academic year, however, a growing number of students are advocating radicalism for its own sake. Some students state they should emulate their Turkish colleagues. Also, since a university administrator was attacked by students in February and hospitalized with a concussion, several university administrators are afraid to walk on campus. This trend toward greater radicalism and violence has been evident throughout the semester.
- c) More Radical Slogans—The recent disturbances at the Engineering College were marked by anti-Shah and anti-White Revolution slogans. Although during previous strikes, such slogans were painted on university walls and printed in leaflets, this is the first time in seven years they have been voiced so loudly during a student demonstration. This evidence of increasing boldness and dissatisfaction on the part of the students has considerably unsettled university and security officials. Reportedly, the main impetus to send police onto the Tehran University campus was the slogans and leaflets praising the assassination of General FARSIIOO. One Iranian official told the Embassy that student praise for the assassination of a high-ranking military official was bound to provoke a strong reaction from the government.
- d) Strong Official Reaction—Tehran University has reacted strongly and quickly to the most recent demonstrations. The threat to withhold credit for this semester if the Engineering students do not return to classes is a serious one, and it may engender an equally strong reaction from the students. Entry of the police on campus so soon after the most recent demonstrations began and the rough police tactics are

an indication of the government's new "hard-line" and probably also reflect its concern over the anti-Shah and FARSIOO slogans.

The Government's policy toward students has paralleled its policy toward laborers. It acquiesces in what it considers to be minor demands which do not threaten the stability of the educational or labor scene, but takes firm action to stop any "illegal" student or labor activities which may hamper the country's progress. The recent demonstrations on the Tehran campuses represent another swing in the pendulum which probably heralds the beginning of another era of tightening up on student demonstrations. Reportedly, the Shah told the Editor of the London Times on May 2 that he would not allow student "disruptionists" to hinder the course of Iran's "educational revolution" and also implied that he personally ordered the police onto the Tehran and Arya mehr campuses.

A further indication of the new GOI "hard-line" toward students is reports, which the Embassy have received, that the Shah has questioned Iranian news media coverage of demonstrations by youth in Turkey, Western Europe and the United States. He reportedly has stated that it is not useful to carry such stories as they only provide a dangerous example for Iranian youth. Last month, the national television station carried a fifteen minute film on student demonstrations in Turkey. Reportedly, the station was told that such coverage should not be repeated in the future.

These trends all indicate that the already wide gulf between the students and the universities is becoming even larger and the government's credibility with the students is very low. The US-educated Dean of the Faculty of Political Science and Economics at National University told an Embassy officer that he had never seen such antipathy toward the government among students as had been generated by police actions against the universities in the previous few days. He added that the government will completely lose its credibility among students and large numbers of the faculty if it tries to blame the recent disturbances on "outside elements."

The events of the past week cannot be fully understood without mentioning the forces which have motivated the students. Undoubtedly, foreign influences, both by example and direct involvement, played a central role. The example of student activism and radicalism in the West and Turkey has given encouragement to Iranian students who wish to rebel against the educational and social system. Also, foreign powers,

such as Iraq and the USSR have attempted and will certainly continue to attempt to exploit the students' dissatisfaction.

However, it would be remiss to overlook the fact that a large number of Iranian university students feel they have serious, legitimate grievances against the educational and political system in Iran and hope that their demonstrations will encourage changes in the system. These students are not swayed by outside influences and act from their own personal sense of frustration and impatience at what they see as inequities in the universities and the nation. It would be incomplete to blame the demonstrations completely on outside influences and not consider the students' personal and deeply-felt antipathies to many aspects of their environment.

Unless the university administrations and the government take some action to reduce the gap between themselves and the students and to increase understanding on both sides, it is probable that the animosity felt by the students will carry over into the next academic year and provide an incentive for further student demonstrations.

MACARTHUR

¹ Source: National Archives, RG 59, Central Files 1970-73, POL 13-2 IRAN. Confidential. Drafted by Raphael; cleared by Charles W. McCaskill; and approved by L. Douglas Heck. Major General Zia Farsiou, the Chief of the Judge Advocates Office, was responsible for executing thirteen student dissidents from an anti-Shah, allegedly pro-Beijing group known variously as Siah Kal, Lahijan, and the Iranian Liberation Organization. He was assassinated by the group on April 7, 1971. (Attachment to Donald Toussaint to Jack Miklos, February 11, 1972, NEA/IRN, Office of Iran Affairs, Lot File 75D410, Box 7, INT, Intelligence, General Iran, 1972.)

127. Telegram 2495 From the Embassy in Iran to the
Department of State, May 12, 1971, 1242Z¹

May 12, 1971, 1242Z

TELEGRAM
Department of State
TEHRAN 2495

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ACTION NEA-15

INFO OCT-01 EUR-20 CIAE-00 DODE-00 PM-05 W-02 INR-08 L-04 NSAE-
00 NSC-10 P-03 PRS-01 SS-20 USIA-12 NIC-01 PC-04 CU-05 SY-03 OPR-02
RSR-01 /118 W 117668

R 121242Z MAY 71

FM AMEMBASSY TEHRAN

TO SECSTATE WASHDC 4308

INFO AMEMBASSY ANKARA

AMCONSUL DHAHRAN

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY LONDON

AMEMBASSY MOSCOW

SUBJ:
INTENSIFICATION OF ANTI-GOI SUBVERSIVE EFFORTS

REF:
TEHRAN 0671

1. THERE HAS BEEN IN LAST THREE MONTHS CONTINUATION AND DEFINITE INTENSIFICATION OF SIGNS WE NOTED EARLIER (PARA 5 REFTTEL) THAT EXTERNALLY DIRECTED AND SUPPORTED SUBVERSIVE ELEMENTS ARE FOCUSING INCREASING ATTENTION UPON IRAN DURING 1971. (WE UNDERSTAND FROM STATEMENTS ATTRIBUTED TO NEW TURKISH PRIME MINISTER THAT THERE HAS ALSO BEEN SIMILAR INTENSIFICATION OF SUCH ACTIVITY IN TURKEY.)
2. TWO MOST DRAMATIC RECENT EXAMPLES IN IRAN OF COURSE, ARE:
 - A. EFFORT TO ESTABLISH PERMANENT GUERRILLA BASE (WITH EXTERNAL SUPPORT) IN LAHIJAN REGION OF ALBORZ MOUNTAINS (TEHRAN A-91). ALTHOUGH ACTIONS BY IRANIAN SECURITY FORCES IN JANUARY SEEM TO HAVE PREVENTED FORMATION OF SUCH BASE AND RESULTED IN CAPTURE OF MOST OF "PARTISANS," SOME STILL REMAIN AT LARGE.
 - B. ASSASSINATION OF GEN. FARSIOO IN BROAD DAYLIGHT IN TEHRAN IN EARLY MARCH (TEHRAN 1823), APPARENTLY UNDERTAKEN BY REMNANTS OF LAHIJAN GUERRILLAS IN ORDER TO DEMONSTRATE WHAT IS IN STORE IF GOI UNDERTOOK FURTHER EXECUTIONS OF THEIR CAPTURED COLLEAQUES. (AS CHIEF OF JUDGE ADVOCATE GENERALS DEPARTMENT, FARSIOO WAS HELD RESPONSIBLE FOR EXECUTION OF 13 LAHIJAN DISSIDENTS IN MID MARCH AFTER BRIEF MILITARY TRIAL).
3. IN ADDITION TO THESE TWO MAJOR AND MUCH-PUBLICIZED SUBVERSIVE EFFORTS, THERE HAS BEEN SERIES OF OTHER UNPUBLICIZED INCIDENTS:
 - A. THREATS IN LATE FEBRUARY, APPARENTLY INSPIRED BY RADICAL CONFEDERATION OF IRANIAN STUDENTS (CIS) TO KIDNAP GERMAN AMBASSADOR, HIS SON, OR GERMAN PRESS ATTACHE (TEHRAN A-108) POSSIBLE AS RESULT FIRMER ATTITUDE DISPLAYED BY FRG VIS-A-VIS CIS MEMBERS IN FEDREP:
 - B. AN ARMED ATTACK ON LOCAL TEHRAN POLICE STATION FOR THE PURPOSE OF ACQUIRING WEAPONS JUST THE DAY BEFORE SHOOTING OF GENERAL FARSIOO, WHICH MANY IN GOI BELIEVE WAS INTEGRAL PART OF ASSASSINATION PLOT.
 - C. REPORT FROM USUALLY RELIABLE SOURCE THAT NUMBER OF "DESSIDENTS," (QUITE POSSIBLY REMNANTS OF LAHIJAN PARTISANS) ENTERED OPFICERS MESS AT BANDAR PAHLAVI NAVAL STATION IN MID-APRIL AND SHOT THREE OFFICERS, PERHAPS KILLING ONE OR TWO:

- D. REPORT FROM GOV. GEN. SHEIBANI OF MAZANDERAN PROVINCE OF INCIDENTS AND GROWING RADICALISM AMONG MEMBERS OF LITERACY CORPS IN HIS PROVINCE. SHEIBANI, CONVINCED THESE NOT ISOLATED INCIDENTS, SUFFICIENTLY CONCERNED TO HAVE SEVERAL CORPSMEN RELIEVED OF DUTIES AND TO URGE GOI BE MORE WATCHFUL:
- E. DISTURBING AND UNPRECEDENTED ELEMENT AT TEHRAN UNIVERSITY WHERE, JUST BEFORE NO RUZ VACATION, WALK-OUTS AT SCIENCE AND TECHNOLOGY FACULTIES INVOLVED ELEMENT OF "ACTIVISM FOR SAKE OF ACTIVISM" AND WERE ACCOMPANIED BY HARSH PHYSICAL VIOLENCE IN BROAD DAYLIGHT AGAINST AT LEAST ONE UNIVERSITY ADMINISTRATOR (WITH RESULT SOME OTHERS BECAME UNWILLING WALK ON CAMPUS FOR SEVERAL DAYS):
- F. REPORTS (WHICH HAVE COME TO US FROM UK EMBASSY) THAT SMALL GROUP OF IRAQI FROGMEN WERE RECENTLY DETECTED IN OR NEAR BANDAR SHAHPUR HARBOR (BEFORE DOING ANY DAMAGE), AND THAT IRAQ HAS BEGUN COVERT PROGRAM OF SUPPLYING ARMS TO INSURGENTS IN BALUCHISTAN. (COMMENT: QUITE POSSIBLE THAT IRAQIS FEEL PLIGHT OF FARMERS IN SISTAN AND BALUCHISTAN AS RESULT CURRENT SEVERE DROUGHT THERE, COMBINED WITH TRADITIONAL TENSION BETWEEN BALUCHIS AND CENTRAL GOVERNMENT, MAKES THAT AREA PARTICULARLY RIPE FOR DISSIDENT ACTIVITY):
- G. REPORT FROM USUALLY RELIABLE SOURCE THAT, IN EARLY APRIL, BOMB WAS PLACED IN, CAR OF GENERAL HOJJATI (CHIEF OF ARTILLERY CENTER, ISFAHAN) AND EXPLODED SHORTLY BEFORE GENERAL SCHEDULED USE CAR:
- H. POSSIBILITY BOMB WAS THROWN AT US CONSUL RAMSAY WHILE IN MAHABAD ON OFFICIAL TRIP APRIL 26 (TABRIZ 6) AND EXPLOSION OF BOMB OR OTHER DEVICE IN IAS CULTURAL CENTER MAY 5 (TEHRAN 2380).

4.

DETAILED INFORMATION RE EXACTLY WHO AND WHAT IS BEHIND VARIOUS INCIDENTS REPORTED ABOVE (PARA 3) IS SOMEWHAT FRAGMENTARY. HOWEVER, QUALIFIED OBSERVERS AGREE THAT NATURE, NUMBER AND FREQUENCY OF SUBVERSIVE INCIDENTS IS SUCH AS TO CLEARLY INDICATE EXTERNAL FORCES ARE STEPPING UP THEIR ACTIVITIES AGAINST GOI DURING 1971- THROUGH ACTIONS UNDERTAKEN BY THEIR OWN AGENTS ACTING ALONE, AND BY EXPLOITING SENSE OF GRIEVANCE FELT

BY CERTAIN MINORITY ANTI-SHAH AND ANTI-GOI ELEMENTS WITHIN IRAN (E.G. INCLUDING ROUGHLY TEN PERCENT OF ACTIVIST STUDENTS IN IRANIAN UNIVERSITIES, DISAFFECTED LIBERALS AND INTELLECTUALS, CERTAIN TRIBAL ELEMENTS, ETC.). MOTIVATION OF EXTERNAL FORCES SEEKING TO INSTIGATE, ENCOURAGE OR SUPPORT SUCH SUBVERSIVE EFFORTS ARE GENERALLY BELIEVED TO BE MIXED:

- A) DESIRE TO CREATE INSTABILITY AND UNCERTAINTY IN IRAN AND SAP ITS PRESENT POSITION AS ONLY STRONG, STABLE AND PROGRESSIVE IN THIS REGION WITH UNUSUALLY CLOSE TIES AND ASSOCIATION WITH WEST, PARTICULARLY US: B) DESIRE TO WEAKEN IRAN BEFORE BRITISH WITHDRAWAL FROM GULF SO THAT IRANIAN STRENGTH CANNOT BE AS EFFECTIVELY USED TO HELP MODERATE ARAB GULF REGIMES SURVIVE EXPECTED NATIONAL LIBERATION FRONT OFFENSIVES FOLLOWING BRITISH WITHDRAWAL: C) DESIRE TO WEAKEN IRAN SO IT WILL EVENTUALLY BE MORE RESPONSIVE TO EXTERNAL PRESSURES SHOULD SOVIETS AT SOME FUTURE TIME REPLACE PRESENT POLICY OF SWEETNESS AND LIGHT WITH THREATS AND PRESSURES: D) INTEREST IN WEAKENING AND EMBARRASSING SHAH AND HIS GOVERNMENT DURING YEAR OF 25TH CENTENARY CELEBRATIONS (PARTICULARLY AS OCTOBER DRAWS NEARER) BY CREATING INCIDENTS WHICH COULD HAVE PSYCHOLOGICAL IMPACT BOTH AT HOME AND ABROAD FAR OUT OF PROPORTION TO ACTUAL IMPACT ON DOMESTIC SECURITY SITUATION.
5. ACTUAL SECURITY SITUATION IN IRAN REMAINS STABLE AND SOUND. WHILE CERTAIN ELEMENTS DO REPRESENT FERTILE FIELDS FOR EXPLOITATION BY EXTERNAL FORCES (E.G. 10 PERCENT OF ACTIVIST IRANIAN UNIVERSITY STUDENTS, CONFEDERATION OF IRANIAN STUDENTS ABROAD, POSSIBLY SOME TRIBAL ELEMENTS IN CERTAIN REGIONS, PLUS SOME INTELLECTUALS AND SOME WELL EDUCATED (ABROAD) YOUNGER MEN WHO RESENT AUTOCRATIC NATURE OF IRANIAN SOCIO-POLITICAL SYSTEM OR FEEL THEY ARE NOT RECEIVING THEIR DUE OR BEING ALLOWED PLAY PROPER ROLE IN IRANIAN SOCIAL AND POLITICAL SYSTEM), SUCH ELEMENTS REPRESENT DISTINCT MINORITY OF THEIR OWN GROUPS. MOREOVER, LARGE MAJORITY OF INDUSTRIAL LABOR AND URBAN DWELLERS (WHOSE STANDARDS OF LIVING HAVE ADVANCED SUBSTANTIALLY IN LAST FEW YEARS) AND TRADITIONALLY

CONSERVATIVE VILLAGERS (60 PERCENT OF POPULATION) REMAIN LARGELY UNAFFECTED BY SUCH GRIEVANCES AND, THUS, BY EXTERNALLY DIRECTED SUBVERSIVE PROGRAMS. OF COURSE, IF THIS IS TO REMAIN SO THE SHAH WILL HAVE TO CONTINUE TO EXPAND HIS PROGRAM FOR ECONOMIC AND SOCIAL REFORM AND ADVANCEMENT (AS HE IS DOING) TO MEET RISING LEVEL OF EXPECTATIONS. SHAH HAS ADDITIONAL ASSET GOING FOR HIM: UNQUESTONED PRIDE OF AVERAGE IRANIAN THAT AFTER SEVERAL HUNDRED YEARS OF BRITISH RUSSIAN AND OTHER FOREIGN DOMINATION, IRAN IS AT LAST FREE AND INDEPENDENT AND MOVING AHEAD UNDER OWN STEAM.

6. TO DATE REACTION OF GOI TO INCIDENTS NOTED PARA 3 ABOVE HAS GNERALLY BEEN ONE OF SOBER CONCERN— DEMONSTRATED, AT LEAST IN TEHRAN AND ENVIRONS, BY GREATLY INTENSIFIED SECURITY PRECAUTIONS AT POLICE AND MILITARY INSTALLATIONS, AS WELL AS FOR IMPORTANT PERSONNAGES WHO MIGHT BE TARGETS OF ATTACK. INFORMATION ABOUT INCIDENTS PLUS VISIBLE INCREASE IN SECURITY PRECAUTIONS HAVE CAUSED RUMOR MILLS TO WORK OVER TIME (PRODUCING EITHER REPORTS OF MANY MORE INCIDENTS THAN NOTED ABOVE OR GREATLY EMBELLISHED ACCOUNTS TWEREOF): AND THIS IN TURN HAS HELPED PRODUCE TEM [unclear, temporary?] SENSE OF JITTERS AMONG MANY FROM EDUCATED PUBLIC, AS WELL AS SOME WITH GOI, WHICH HAS NOT BEEN FELT HERE FOR LONG TIME

GP-3.

MACARTHUR

¹ Source: National Archives, RG 59, Central Files 1970-73, POL 23 IRAN. Secret. Repeated to Ankara, Dhahran, Jidda, Kuwait, London, and Moscow.

128. Memorandum From the President's Assistant for
National Security Affairs (Kissinger) to President Nixon,
Washington, May 26, 1971¹

Washington, May 26, 1971

THE WHITE HOUSE
WASHINGTON

ACTION 27631
May 26, 1971

MEMORANDUM FOR THE PRESIDENT

FROM:

Henry A. Kissinger

SUBJECT:

Letters from the Shah on the Middle East Situation

Since the time of the Egyptian's forthcoming reply to Ambassador Jarring early this year, the Shah has been active, both orally and by letters to you, in pressing his beliefs that the Egyptians are entirely sincere in their quest for peace while the Israelis have adopted a negative stance and should be pressed to change their position.

In particular, the Shah met with Egyptian Foreign Minister Riad last month and subsequently wrote you the letter at Tab C passing on his views as a result of that meeting. According to the Shah, Riad made the following points:

- When the UAR accepted the U.S. peace proposal last summer, Cairo was under the impression that the U.S. "had already obtained assurance of Israel's acquiescence to the proposal for the solution of the Middle East problem in accordance with" the U.N. resolution of November 1967. Riad noted that recent developments make it clear that Israel "is not ready to accept" these proposals.
- The UAR believes the U.S. has not put sufficient pressure on Israel.
- The UAR has not lost all hope, despite pessimism about prospects for a peaceful solution. The UAR government "shall not resort to force in

spite of the great pressure that is put upon her by public opinion in the UAR. However, it is not possible for the UAR to continue indefinitely. Allowing the present ceasefire to continue for an unlimited period would turn out to the benefit of Israel.

- Therefore, the UAR has requested a number of nations to use their influence to persuade the U.S. to take effective steps to achieve peace. [The Shah said he had promised to do what he could in this respect.] [Iranian Foreign Minister ZAHEDI told Ambassador MacArthur he sent a strong message to Foreign Minister Eban pointing out that Israel's negative stance was causing Israel to lose its friends.]

The Shah concluded from his talk that the UAR leaders seem genuine in wanting peace and that the continuation of the present uncertain situation is not to their advantage. He believes that they are anxious to reestablish peace in order to direct their resources to constructive work such as development within the UAR.

The lesson which the Shah draws from all of this is that Israel should take advantage of the present opportunity. If Israel "persists in taking a negative position," the UAR will not be able to continue its peaceful attitude and that could lead to the outbreak of hostilities again. The Shah says he encouraged the UAR in maintaining the ceasefire. He asks that "you, Mr. President, will do your utmost to exercise your influence in this respect, for it is obvious that though in her present negative stand Israel may be able to win a few battles, she is not likely to win the war."

While we were weighing the reply to this letter, in light of Secretary Rogers Mid-East travels, the Shah's Foreign Minister paid an official visit to Cairo where he talked with President Sadat and Foreign Minister Riad. Hearing accounts of those meetings, the Shah again wrote you [Tab B] noting that his Foreign Minister had extensive discussions in Cairo and reaffirming the opinions he expressed in his earlier letter to you. In short, in the second letter the Shah wrote that:

- The UAR "is genuinely seeking peace" and "can be trusted and is in a position to conduct constructive negotiations."
- "The positive attitude adopted and the initiative taken by the UAR, as well as the sound and reasonable approach of the present regime, reaffirms my view that the United Arab Republic is determined to follow a moderate course" towards peace.
- "That it is now for Israel to abandon her obstinate attitude or a good opportunity for peace will be missed.

—“Every effort should be exerted to persuade Israel to refrain from following this dangerous policy and respond constructively to the genuine endeavors that are being made.”

The Shah explains that he has taken the liberty of writing you a second letter on the subject because of the “gravity” of the circumstances and “in keeping with” your mutual desire to exchange views.

At Tab A is a letter of reply for you to send to the Shah responding to his broad viewpoint. It does the following:

- Thanks the Shah for sending both the accounts of and his views on the Egyptian position.
- Assures the Shah that the U. S. remains committed to the search for a peace settlement.
- Notes some encouragement from the developments of the past year, especially the ceasefire.
- Shows understanding for Sadat’s need for movement.
- States that we have told both Israel and Egypt that we would welcome any arrangement that they agree upon for reopening the Suez Canal which might reduce the dangers of renewed fighting and constitute a step toward a final settlement.
- Expresses gratification that the UAR intended to do all it could for a negotiated settlement and to avoid return to hostilities.

RECOMMENDATION: That you sign the letter to the Shah at Tab A. The letter has been cleared with Ray Price.

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 755, Presidential Correspondence, Iran, M.R. Pahlavi, Shah of Iran Correspondence. Secret. A stamp on the document reads “The President has seen.” Tab A is published as [Document 129](#). Tab B is not published. Tab C is published as [Document 124](#).

129. Letter From President Nixon to the Shah of Iran,
Washington, May 28, 1971¹

Washington May 28, 1971

THE WHITE HOUSE
WASHINGTON

Your Imperial Majesty:

Thank you for your letters. I appreciated having a full account of Foreign Minister Riad's comments and your observations on those, as well as on Foreign Minister Zahedi's discussions in Cairo.

As you know, I share your belief that a peaceful settlement of the Arab-Israeli conflict must be sought in accordance with the Security Council resolution of November 22, 1967. While I continue persuaded that negotiating a peace agreement must be primarily the work of Israel and the Arab states themselves, I recognize that the United States has an important role to play in furthering this process. Secretary Rogers reaffirmed this during his stops in the area.

Although there is much yet to be done, I have been encouraged by the improvement that has taken place in the past year. The ceasefire has now held for nine months, and this has helped bring about at least the beginning of an evolution of public attitudes on both sides. There is a degree of impatience, which is quite understandable. But the public attitudes with which both sides must contend have been conditioned by more than two decades of suspicion, and achievement of a peace that will last will, of course, depend on a change of those public attitudes.

I recognize that the time factor cuts two ways. President Sadat has frankly explained the exigencies of the situation as he feels them, and we fully understand that time is an important element: while time is needed to allow each side to adjust to the compromises that are necessary to move toward a peace settlement, we also are aware that the present situation continues to be fragile.

We are working with both sides within the context of the Jarring mission, which we support strongly. Secretary Rogers' just-concluded trip

to the Near East was in support of continued negotiations under Ambassador Jarring's auspices and helped, we think, to clarify the issues and narrow differences between the two sides. In addition, Israel and Egypt have indicated their desire to work through the United States Government in discussing the possibilities for an interim Suez Canal agreement, and we are engaged in this role. Any arrangement that may be agreed upon between the parties for reopening the Suez Canal would not only reduce the dangers of renewed fighting, but also constitute a step toward a final, overall settlement.

Mr. Riad's statement to you that the United Arab Republic will do everything possible to maintain its present policy of seeking a negotiated peace settlement is reassuring. A return to warfare would be a tragedy for all concerned. It would be bloody, immensely wasteful in terms of national resources, and I cannot see that either side could expect to achieve decisive results.

Your personal evaluations were most helpful. I hope you will continue to be in touch with me directly on this matter whenever you feel it would be useful. Certainly both of us share the same deep concern for the importance of achieving a peaceful settlement of this long and tragic conflict.

His Imperial Majesty
Mohammad Reza Shah Pahlavi
Shahanshah of Iran
Tehran

With warm personal regards,
Sincerely,
Richard Nixon

His Imperial Majesty
Mohammad Reza Shah Pahlavi
Shahansh of Iran
Tehran

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 755, Presidential Correspondence, Iran, M.R. Pahlavi, Shah of Iran Correspondence. No classification marking. In Telegram 1885 from Tehran, April 13, Ambassador MacArthur discussed with Zahedi the Shah's first letter, countering that although Washington was making great efforts, the United States was not in a position to impose a solution on Israel, which would only harden Tel Aviv's stance. When MacArthur added that Israel had strong domestic opposition to placate, Zahedi responded that the United States also had domestic political concerns to consider in the matter. (Ibid., Box 1268, Saunders Files, Middle East Negotiations, Iran 1/1/71-5/31/71.)

130. Telegram 3128 From the Embassy in Iran to the
Department of State, June 14, 1971, 1141Z¹

June 14, 1971, 1141Z

TELEGRAM
Department of State
TEHRAN 3128

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ACTION NEA-15

INFO OCT-01 CU-05 EUR-20 SY-03 CIAE-00 DODE-00 DODE-00 PW-05
PW-05 H-02 INR-08 L-04 NSC-10 P-03 RSC-01 PRS-01 SS-20 USIE-12 FBI-
01 USSS-00 RSR-01 VO-04 SCA-01 INS-03 O-03 (SSR) W 005563

P 141141Z JUN 71

FM AMEMBASSY TEHRAN

TO SECSTATE WASHDC PRIORITY 4676

1. TEHRAN PRESS JUNE 14 HEADLINES PRESS CONFERENCE LAST EVENING HELD BY BAHRAM MOLLA'I DARYANI. DESCRIBED AS FORMER IRANIAN LEFTIST STUDENT, IN WHICH HE LEVELS SERIES OF CHARGES AGAINST US ORGANIZATIONS. STATING THAT PLOTS AGAINST IRAN BY SOME EASTERN EUROPEAN COUNTRIES HAD BEEN PUBLICLY EXPOSED. DARYANI IS QUOTED AS SAYING HE WANTED ALSO TO EXPOSE ROLE OF WESTERN COUNTRIES IN FOMENTING TROUBLE AGAINST IRAN. ACCORDINGLY AFTER EXTENSIVE TRAVELS IN US IN SIXTIES AND ALSO TO EUROPE, INCLUDING EAST GERMANY, HE DECIDED TO RETURN TO IRAN TO TELL ALL WHICH HE DID AT PRESS CONFERENCE JUNE 13.
2. DARYANI'S CHARGES REGARDING US ORGANIZATIONS SEEKING TO UNDERMINE IRAN INCLUDE:
 - (1) SEVERAL US AGENCIES TRIED TO RECRUIT HIM TO WORK WITH CONFEDERATION OF IRANIAN STUDENTS (CIS) IN THE US.

- (2) CIS WAS "WORKING" FOR US AND ENJOYED FULLEST POSSIBLE FREEDOM TO STAGE ANTI-IRANIAN DEMONSTRATIONS WHILE OTHER AMERICAN GROUPS LIKE AMERICAN COMMUNIST PARTY WERE UNDER CLOSE SURVEILLANCE.
- (4) IN 1967 FBI ATTEMPTED RECRUIT HIM AND WHEN HE REFUSED FBI ARRANGED TO HAVE HIM EXPELLED FROM COUNTRY.
- (5) FBI AIDED AND ABETTED ANTI-IRANIAN ACTIVITIES IN US AND PLAYED ROLE IN DEMONSTRATIONS AGAINST SHAH DURING HIS VISITS TO US. DARYANI ACCUSES FBI OF BEING IN TOUCH WITH STUDENT RINGLEADERS AND TIPPING THEM OFF AS TO SHAH'S WHEREABOUTS SO THAT THEY COULD STAGE DEMONSTRATIONS.
3. PRESS HEADLINES ALSO IMPLICATE CIA BUT STORIES IN ENGLISH LANGUAGE PRESS HAVE NO REFERENCE TO CIA. PERSIAN PRESS CARRIES FULL TEXT OF DARYANI'S LENGTHY TWO-HOUR STATEMENT WHICH WE NOW IN PROCESS OF TRANSLATING.
4. ACCORDING TO OUR RECORDS, DARYANI ENTERED US IN 1963 AND SPENT MOST OF HIS TIME IN US UNTIL 1967 WHEN HE WAS ALLOWED TO LEAVE AT HIS REQUEST INSTEAD OF FACING CHARGES OF VIOLATING IMMIGRATION REGULATIONS. OUR FILE INDICATES HE WAS NOT ONLY ACTIVE AMONG LEFTIST IRANIAN STUDENTS AND PARTICIPATED IN DEMONSTRATIONS AGAINST SHAH BUT ALSO HAD MEETINGS WITH SOVIET INTELLIGENCE AGENTS IN US. THIS WAS CONVEYED TO APPROPRIATE IRANIAN SECURITY AUTHORITIES IN 1968.
5. WE DO NOT RPT NOT PLAN ISSUE DENIAL BUT IN ANSWER TO QUERIES USIS IS USING FOLLOWING STATEMENT: "ACCORDING TO OUR INFORMATION, BAHRAM M. DARYANI (ALSO KNOWN AS DARIAN) VISITED THE UNITED STATES SEVERAL TIMES BETWEEN 1963 AND 1967, WHEN HE WAS ALLOWED TO LEAVE AT HIS REQUEST WHEN FACED WITH A COURT ORDER CHARGING HIM WITH VIOLATION OF IMMIGRATION REGULATIONS, THERE IS NO TRUTH TO HIS ALLEGATIONS AND WE CONSIDER HIS STORY A FABRICATION."
- 6.

COMMENT: DARYANI'S ALLEGATIONS AND HIS PERFORMANCE AT PRESS CONFERENCE YESTERDAY ARE NOT FIRST (BUT ARE BY FAR MOST EXTREME) OF SOME THINLY VEILED ACCUSATIONS WHICH HAVE RECENTLY APPEARED IN VERNACULAR PRESS IMPLYING US INTELLIGENCE AGENCIES ARE ENGAGED IN ANTI-IRANIAN ACTIVITIES IN US, MOST RECENTLY SHAH IS QUOTED

IN JUNE 3 PERSIAN LANGUAGE KAYHAN AS TELLING A FRENCH CORRESPONDENT FROM TOULOUSE PAPER THAT "CONCERNING ANTI-IRANIAN ACTIVITIES. AMERICAN AND BRITISH INTELLIGENCE NETWORKS ARE WORKING TOGETHER WITH THE COMMUNISTS." THIS IS OF COURSE SAME LINE TAKEN BY DARYANI. DARYANI INTERVIEW COULD OF COURSE NOT HAVE TAKEN PLACE WITHOUT APPROVAL OF HIGHLY PLACED GOI OFFICIAL.

AMBASSADOR CALLED COURT MINISTER ALAM TO REGISTER HIS DISMAY AND EXPRESS PERSONAL HOPE THAT TELEVISION PERFORMANCE BY DARYANI SCHEDULED FOR EVENING JUNE 14 BE POSTPONED AT LEAST UNTIL FACTS COULD BE ESTABLISHED. ALAM CALLED BACK IN FEW MINUTES TO REPORT THAT DARYANI'S TELEVISION APPEARANCE WOULD BE POSTPONED AND ASKED AMBASSADOR SEE HIM THIS AFTERNOON FOR DETAILED DISCUSSION OF MATTER. AMBASSADOR ALSO SCHEDULED MEET FONMIN ZAHEDI TODAY AND WILL RAISE INCIDENT WITH HIM.

7. UNTIL WE CAN REPORT MORE FULLY AFTER THESE APPOINTMENTS WE RECOMMEND DEPARTMENT REFRAIN FROM COMMENT BUT USE SAME STATEMENT AS WE ARE (PARA 5 ABOVE) ON AN IF ASKED BASIS.

MACARTHUR

¹ Source: National Archives, RG 59, Central Files 1970-73, POL 13-2 IRAN. Confidential.

131. Telegram 3146 From the Embassy in Iran to the
Department of State, June 14, 1971, 1517Z¹

June 14, 1971, 1517Z

TELEGRAM
Department of State
TEHRAN 3146

19

ACTION SS-45

P 141517Z JUN 71

FM AMEMBASSY TEHRAN

TO SECSTATE WASHDC PRIORITY 4688

SUBJECT:

CHARGES BY FORMER IRANIAN STUDENT DARYANI THAT US INTELLIGENCE
AGENCIES WORKING AGAINST IRAN

REF:

TEHRAN 3128

1. I SAW FONMIN ZAHEDI AT 3:00 P.M. JUNE 14 TO DISCUSS DARYANI STORY (REFTEL). I SAID I HAD NOT COME TO COMPLAIN OR MAKE PROTEST BUT TO EXPRESS MY CONCERN AND DISMAY ABOUT DAMAGE THIS IRRESPONSIBLE STORY COULD DO TO US-IRAN RELATIONS PARTICULARLY SINCE STORY HAD BEEN FLOATED BY OFFICAL AGENCY OF GOI. (DARYANI STORY WAS TAPED FOR TV AND THEN PRESS WAS INVITED IN TO PREVIEW IT.) I SAID BECAUSE STORY WAS OBVIOUSLY MADE WITH APPROVAL OF SOME MINISTRY OR AGENCY OF GOI, ANY READER WOULD GAIN IMPRESSION GOT BELIEVED STORY WAS TRUE.
2. I THEN REVIEWED WHAT WE KNOW ABOUT DARYANI ALONG GENERAL LINES IN PARA 4 REFTTEL BUT WITH A BIT MORE DETAIL AND POINTED OUT THAT WE HAD BEEN IN CLOSE TOUCH WITH IRANIAN SECURITY AUTHORITIES SINCE 1968 ON THIS CASE AND HAD COOPERATED WITH THEM IN EVERY

POSSIBLE WAY. UNDER THESE CIRCUMSTANCES I WOULD HAVE EXPECTED GOI, AS FRIEND, TO HAVE QUERIED US PRIVATELY ABOUT STORY RATHER THAN TO HAVE MADE PRESS SPECTACULAR OUT OF IT.

3. ZAHEDI SAID HE WANTED ME TO KNOW PRIVATELY THAT HE FELT BADLY ABOUT WAY STORY WAS HANDLED. HAD HE BEEN CONSULTED, HE WOULD NEVER HAVE AGREED TO GIVING STORY TO PRESS BUT WOULD HAVE ASKED ME TO CALL TO DISCUSS IT MAN TO MAN. HE SAID HE HAD BEEN IN TOUCH WITH COURT MINISTER ALAM (REFTEL) AND ORDERS HAD BEEN GIVEN TO KILL USE OF TV TAPE ON TELEVISION TONIGHT. FURTHERMORE, HE HAD PERSONALLY CALLED AP AND REUTERS CORRESPONDENTS ASKING THEM TO QUOTE EMBASSY STATEMENT SAYING STORY IS FABRICATION (PARA 5 REFTTEL) AND AT SAME TIME SAY DARYANI STATEMENT REPRESENTED ONLY HIS VIEWS. HE ALSO HAD ASKED MINISTER OF INFORMATION TO HAVE PAPERS CARRY SIMILAR APPROPRIATE EXPLANATION ALONG THESE LINES. FINALLY, HE EXPRESSED HOPE WE WOULD KEEP COOL. HE KNEW HOW EXASPERATED WE MUST FEEL BECAUSE WHEN HE WAS AMBASSADOR IN WASHINGTON HE HAD HAD A SOMEWHAT SIMILAR TYPE OF UNPLEASANT EXPERIENCE WHEN ATTORNEY GENERAL ROBERT KENNEDY NOT ONLY RECEIVED GROUP OF RADICAL IRANIAN STUDENTS THAT HAD BEEN ATTACKING SHAH BUT HAD ACTIVELY ENCOURAGED THEM BY GIVING THEM BALL-POINT PENS WITH PRESIDENT KENNEDY'S NAME INSCRIBED THEREON. I ASSURED HIM WE HAD NOT LOST OUR COOL AND HAD NO DESIRE TO MAGNIFY THIS INCIDENT. WE VERY MUCH APPRECIATED ACTION HE HAD TAKEN AND IMPORTANT THING WAS TO DAMP STORY DOWN AND IN FUTURE DISCUSS WITH US PRIVATELY ANY SUCH CHARGES AGAINST US AS MIGHT COME TO ATTENTION OF GOI.
4. I THEN SAW COURT MINISTER ALAM AT 4:30 P.M. AND MADE SAME PITCH TO HIM. I ALSO GAVE HIM MY PERSONAL VIEW, AS I HAD TO ZAHEDI, THAT THERE SEEMED VERY REASONABLE PROSPECT THAT DARYANI, WHO HAD BEEN RECRUITED BY SOVIETS MANY YEARS AGO, WAS STILL ACTUALLY IN THEIR EMPLOY AND ACTING AS AGENT. BY HIS OWN STORY HE HAD BEEN IN EAST GERMANY FOLLOWING HIS DEPORTATION FROM CANADA IN 1970. SINCE SOVIETS ARE FULLY AWARE OF KIND OF TELEVISION SPECTACULARS GOI HAS PUT ON PREVIOUSLY WITH FORMER RADICAL STUDENTS WHO HAVE SUBSEQUENTLY RECANTED, WHAT BETTER WAY WAS THERE TO TRY TO

DISCREDIT US AND DRIVE WEDGE BETWEEN IRAN AND US THAN TO HAVE DARYANI ACT THE WAY HE HAD.

5. ALAM SAID HE HAD NOT SEEN STORY IN THIS MORNING'S PAPER AS HE HAD GONE TO HIS OFFICE VERY EARLY TO PRESIDE OVER SOME MEETINGS. WHILE HE HAD GIVEN ORDERS TO SCRUB TELEVISION OF DARYANI STORY TONIGHT, THE HEAD OF TELEVISION HAD JUST CALLED HIM TO SAY THAT BEFORE ORDERS HAD BEEN RECEIVED, IRAN TELEVISION HAD AT ABOUT 1:00 P.M. TODAY BROADCAST A SEVERAL MINUTE STORY CALLING ATTENTION TO DARYANI STORY AND SAYING IT WOULD BE TELEVISED TONIGHT. HEAD OF IRAN TV NOW DID NOT KNOW HOW HE COULD EXPLAIN SCRUBBING STORY AND THEREFORE ASKED PERMISSION TO USE IT TONIGHT. ALAM SAID HE TOLD HIM FLATLY THAT SHAH HAD GIVEN ORDERS TO SCRUB STORY AND THAT WHILE HE WOULD REPORT WHAT TV HEAD HAD SAID TO SHAH LATER, ORDERS TO SCRUB WERE STILL VALID.
6. I THEN ASKED ALAM PRIVATELY WHAT WAS BEHIND ALL THIS. DID SHAH OR SENIOR IRANIAN OFFICIALS REALLY BELIEVE THAT WE WERE CONNIVING WITH COMMUNISTS TO CREATE INSTABILITIES IN ONLY REALLY STABLE COUNTRY IN THIS AREA WITH WHOM WE HAD CLOSEST AND MOST FRIENDLY RELATIONS AND WITH WHOM WE WERE TRYING TO COOPERATE IN EVERY POSSIBLE WAY. ALAM REPLIED THAT THERE WAS SOME FEELING IN CERTAIN QUARTERS (HE DID NOT SPECIFY) THAT WE MIGHT DO MORE TO CURB DEMONSTRATIONS AND ACTIVITIES OF RADICAL IRANIAN STUDENTS IN U.S. I SAID I UNDERSTOOD THAT GENERAL NASSERI HAD SOME SUCH FEELING. I THEN WENT ON TO EXPLAIN FACT THAT GUARANTEES OF FREEDOM OF SPEECH, PEACEFUL ASSEMBLY, ETC., EMBEDDED IN OUR CONSTITUTION APPLY NOT ONLY TO US CITIZENS BUT LEGALLY RESIDENT FOREIGNERS AND THAT IF THEY DO NOT BREAK LAW, THERE IS ABSOLUTELY NOTHING WE CAN DO TO PENALIZE THEM. AT SAME TIME I WAS SURE HE, SHAH AND OTHER SENIOR OFFICIALS KNEW THAT WE WERE DOING OUR UTMOST TO COOPERATE IN EVERY WAY WITH IRAN AND AT SAME TIME TO LIMIT TO EXTENT LEGALLY, POSSIBLE, UNFRIENDLY AND HOSTILE ACTIONS BY RADICAL IRANIAN STUDENTS IN US AGAINST IRANIAN INSTALLATIONS AND PERSONALITIES. ALAM SAID HE KNEW ALL THIS AND HE WOULD SEE SHAH AT 5:00. P.M. AND GIVE HIM FULL REPORT.
7. COMMENT: I BELIEVE WE HAVE DONE ALL WE CAN AT THIS JUNCTURE TO BRING TO ATTENTION AT HIGHEST LEVEL HERE

OUR CONCERN OVER EFFECT THAT THIS KIND OF STORY AND WAY IT WAS HANDLED CAN HAVE ON OUR RELATIONS. I DELIBERATELY PITCHED MY REPRESENTATIONS "MORE IN SADNESS THAN IN ANGER" AND I KNOW THAT WHAT I SAID WAS SYMPATHETICALLY RECEIVED BY BOTH ZAHEDI AND ALAM WHO ARE GOOD FRIENDS OF US. INDEED THEY WERE BOTH EMBARRASSED ABOUT IT. I WOULD, THEREFORE, NOT RECOMMEND ANY FURTHER EXPRESSIONS OF CONCERN OR DISPLEASURE FROM WASHINGTON AT THIS TIME AND UNTIL I HAVE HAD FURTHER TALK WITH ALAM, WHICH PROBABLY TAKE PLACE TOMORROW AFTERNOON OR WEDNESDAY A.M. IN MEANTIME RECOMMEND WE CONTINUE TO STICK TO LINE WE HAVE TAKEN HERE WITH PRESS (PARA 5 REFTTEL). IF DEPT SHOULD BE QUERIED AS TO WHETHER WE HAVE MADE REPRESENTATIONS TO GOI, I WOULD RECOMMEND THAT WE SAY WE HAVE NOT RPT NOT MADE ANY "REPRESENTATIONS" BUT THAT EMBASSY HAS MADE CLEAR THAT THERE IS NO TRUTH IN DARYANI ALLEGATIONS AND THAT STORY IS OBVIOUS FABRICATION.

MACARTHUR

¹ Source: National Archives, RG 59, Central Files 1970-73, POL 13-2 IRAN. Confidential; Exdis. In June 1970, for example, when the Shah's twin sister, Princess ASHRAF, visited San Francisco, 40 Iranian students, who raided the Iranian Consulate General in protest, were arrested. However, the U.S. Government declined the request of Iranian officials that the detainees be deported. (NEA/IRN, Office of Iran Affairs, Lot File 76D470, Box 9, Chronological Memoranda of Conversation, Iran 1970.) The Embassy reported other possible explanations, including the idea that SAVAK, following its disclosures of communist activities in Iran, wanted to demonstrate independence of western influence, or that the Shah was putting Washington on the defensive at a time when he was contemplating relations with Communist China. (NEA/IRN, Office of Iran Affairs, Lot File 75D351, Box 6, POL 13-2, Students, Youth Groups, Iran 1971.)

132. Telegram 3242 From the Embassy in Iran to the Assistant Secretary of State for Near Eastern and South Asian Affairs (Sisco), June 17, 1971, 1230Z¹

June 17, 1971, 1230Z

TELEGRAM
Department of State
TEHRAN 3242

R 171230Z JUN 71

FM AMEMBASSY TEHRAN

TO SECSTATE WASHDC 4739

FOR ASST SECY SISCO

SUBJECT:

CHARGES BY FORMER IRANIAN STUDENT DARYANI THAT US AGENCIES WORKING AGAINST IRAN

REF:

(A) TEHRAN 3190; (B) TEHRAN 3146; (C) TEHRAN 3128 (D) STATE 106613

IN LIGHT RATHER BIZARRE CHARACTER OF GOI INVOLVEMENT IN DARYANI INCIDENT AND REQUEST IN REFTEL (D), FOLLOWING SUPPLEMENTS PREVIOUS REPORTS (REFTELS) AND GIVES OUR ASSESSMENT OF POSSIBLE FUTURE IMPLICATIONS FOR US-GOI RELATIONS:

1. I HAD VERY SATISFACTORY PRIVATE MEETING WITH ALAM EVENING OF JUNE 15. HE SAID HE HAD REPORTED FULLY TO SHAH ON OUR CONVERSATION ON JUNE 14 (PARA 5 AND 6, REFTEL B) AND SHAH HAD READ CAREFULLY AND WITH GREAT INTEREST CONFIDENTIAL MEMORANDUM I GAVE ALAN JUNE 14 FOR SHAH COVERING BOTH DARYANI'S ACTIVITIES IN US AND OUR CLOSE COOPERATION WITH IRANIAN SECURITY AUTHORITIES ON THIS CASE SINCE 1968. ALAM AGAIN EXPRESSED REGRET ABOUT STORY, SAID IT WAS RESULT OF EXCESS ZEAL BY SAVAK; THAT IT HAD BEEN KILLED AND, THERE WOULD BE NO MORE PUBLISHED ABOUT IT HERE.

2. I THANKED ALAM BUT SAID I WANTED TO ASK VERY FRANKLY WHETHER THERE WAS SOMETHING TROUBLING SHAH ABOUT ACTIONS OF USG OR ANY OF ITS AGENCIES. I MENTIONED COMMENTS ATTRIBUTED TO SHAH BY FRENCH CORRESPONDENT (PARA 6, REFTEL C) AND SAID DARYANI STORY FOLLOWING ON REMARKS ATTRIBUTED TO FRENCH CORRESPONDENT GAVE ME REAL CONCERN. I ASKED ALAM TO TELL SHAH THAT IF HE HAD ANY CONCERNS OR DOUBTS ABOUT US FRIENDSHIP FOR IRAN OR ABOUT ACTIVITIES OF ANY US OFFICIAL OR PRIVATE AGENCIES OR PERSONALITIES, I TRUSTED HE WOULD BE PREPARED TO DISCUSS THEM PRIVATELY WITH ME, FOR CONTINUED CLOSE COOPERATION AND FRIENDSHIP BETWEEN IRAN AND AND US REQUIRED ABSOLUTE FRANKNESS IN OUR RELATIONS. IF HE HAD ANY COMPLAINTS I WANTED TO KNOW ABOUT THEM FOR IF WE COULD NOT TALK FRANKLY ABOUT SUCH MATTERS THERE WAS NOT MUCH PURPOSE IN MY BEING HERE AS AMBASSADOR.
3. ALAM SAID HE AGREED AND WOULD BE PLEASED TO TRANSMIT MY MESSAGE TO SHAH. AT SAME TIME HE SAID SHAH HAD BEEN MISQUOTED BY FRENCH CORRESPONDENT AND HAD NOT CHARGED THAT US INTELLIGENCE SERVICE WAS COOPERATING WITH COMMUNISTS TO IRAN'S DETRIMENT BUT HAD REFERRED TO BRITISH INTELLIGENCE. HE WENT ON THAT SHAH HAS HIGHEST REGARD FOR PRESIDENT NIXON PERSONALLY AS WELL AS OFFICIALLY AND THAT HE ALSO MUCH APPRECIATED FRANK AND CORDIAL RELATIONSHIP WHICH HAD DEVELOPED WITH ME HERE IN TEHRAN. HE COULD ASSURE ME, THEREFORE, THAT SHAH DID NOT BELIEVE USG WAS WORKING AGAINST IRAN'S INTERESTS.
4. I EXPRESSED THANKS BUT SAID I CONTINUED TO HAVE VISCERAL FEELING SOMETHING MIGHT BE DISTURBING SHAH. ALAM REPLIED IN NEGATIVE BUT IN SUBSEQUENT GIVE AND TAKE HE DID MENTION THERE WERE "SOME IRANIANS" THAT STILL RECALLED:
 - (A) A "WAR GAME" ON IRAN CONDUCTED BY MIT ON BEHALF OF USG AGENCY ABOUT TEN YEARS AGO WHICH WAS UNFLATTERING TO IRAN AS WELL AS TO SHAH, PORTRAYING IT AS A SORT OF US SATELLITE (I DO NOT HAVE DETAILS ON THIS.)
 - (B) INCIDENT INVOLVING ATTORNEY GENERAL ROBERT KENNEDY WITH ANTI-IRAN STUDENTS IN WASHINGTON (REFTEL B).
 - (C) A CONFIDENTIAL STUDY CONDUCTED BY WHITE HOUSE STAFF AIDE ROBERT KOMER DURING JOHNSON

ADMINISTRATION WHICH WAS LEAKED AND RECEIVED WIDE PUBLICITY IN PRESS. OBJECT OF STUDY WAS ALLEGEDLY TO DEVISE WAYS AND MEANS FOR USG TO PUT PRESSURES ON IRAN TO "DEMOCRATIZE." HOWEVER, ALAM SAID ALL THIS WAS IN PAST AND WATER OVER DAM AND NEITHER SHAH NOR GOI BELIEVED REPORTS THAT AGENCIES OF USG WERE WORKING AGAINST IRAN'S INTERESTS.

5. ON EVENING OF JUNE 16 ALAM CALLED ME AGAIN. HE SAID HE HAD FULLY REPORTED OUR JUNE 15 CONVERSATION ABOVE AND SHAH WANTED ME TO KNOW:
 - (A) THAT HE HAD FULL CONFIDENCE "NIXON ADMINISTRATION" WAS STAUNCH FRIEND OF IRAN;
 - (B) THAT HE DID NOT RPT NOT BELIEVE ALLEGATIONS THAT ANY USG AGENCIES WERE WORKING AGAINST IRAN'S INTEREST. "AT SAME TIME," ALAM SAID, "WE CANNOT SAY THE SAME ABOUT THE BRITISH."

7.

COMMENT: (A) ALTHOUGH DARYANI STORY WAS UNPLEASANT INCIDENT FOR US HERE AND CAUSED FLURRY OF SPECULATION IN TEHRAN AS TO WHAT WAS BEHIND IT, WE BELIEVE ON BALANCE IT HAS PERHAPS BEEN USEFUL IN TERMS OF OUR RELATIONS WITH SHAH. WHILE SHAH IS UNQUESTIONABLY OUTSTANDING LEADER IN SOUTH AND SOUTHWEST ASIA AND WHILE BASICALLY HE REGARDS THE US AS ONE OF HIS FIRMEST FRIENDS, HE DOES HAVE A BIT OF A SPLIT PERSONALITY AND AND ELEPHANT-LIKE MEMORY ABOUT WHAT HE CONSIDERS PAST SLIGHTS SUCH AS THOSE MENTIONED IN PARA 4 ABOVE. THIS, COUPLED WITH HIS EARLY INSECURITIES IN 1940'S AND 1950'S WHEN HE WAS BADLY SHOVED AROUND, PARTICULARLY BY BRITISH AND RUSSIANS, HAVE, WE BELIEVE, LEFT RESIDUE OF SUBCONSCIOUS AS WELL AS CONSCIOUS SENSITIVITIES. FURTHERMORE, WHISPERING CAMPAIGN IN TEHRAN IN MIDDLE AND LATE FIFTIES AND SIXTIES (WHICH IN LOW KEY CONTINUES IN CERTAIN CIRCLES TODAY) THAT HE HAD ONLY RETAINED HIS THRONE THANKS TO CIA MAY ALSO HAVE WORKED ON HIS SUBCONSCIOUS.

- (B) IN ANY EVENT, WE BELIEVE THAT SOMETHING POSITIVE HAS RESULTED FROM DARYANI INCIDENT BECAUSE IT HAS ENABLED US AT HIGHEST LEVEL AND AT SENIOR CABINET LEVEL TO IMPRESS IMPORTANCE OF DISCUSSING WITH US PRIVATELY ANY CHARGES AGAINST ANY USG AGENCY OR INSTRUMENTALITY

BEFORE GOI GIVES IT PUBLICITY HERE. FURTHERMORE, WHILE SHAH MAY NOT ACTUALLY HAVE SEEN PRIVATE SHOWING OF DARYANI INTERVIEW ARRANGED FOR EDITORS AND JOURNALISTS, IT OBVIOUSLY COULD NOT HAVE BEEN MADE PUBLIC WITHOUT SAVAK GETTING GENERAL CLEARANCE FROM PALACE. FACT THAT WHEN STORY BROKE WE BRANDED IT AS FALSE AND A FABRICATION HAS ALSO SERVED TO LET PEOPLE IN HIGH QUARTERS HERE KNOW THAT WE WILL NOT BE SHOVED AROUND AND REMAIN SILENT WHEN STORIES APPEAR THAT ARE FALSE OR INACCURATE. FINALLY, WE BELIEVE IT HAS BEEN THERAPEUTIC TO GET OUT ON TABLE AND HAVE FRANK DISCUSSION WITH ZAHEDI AND ALAM (AND THROUGH ALAM WITH SHAH) ABOUT PAST INCIDENTS SUCH AS THOSE MENTIONED IN PARA 4 ABOVE, WHICH CLEARLY STILL RANKLE AND UNTIL NOW AT LEAST HAVE LEFT LINGERING RESIDUE OF SUSPICION.

(C) AS WE ALL KNOW, SHAH IS PROUD, IMPERIOUS AND SOMETIMES VERY DIFFICULT MAN. HE IS VERY SENSITIVE MAN. IN ADDITION TO SPECIFIC INCIDENTS SUCH AS THOSE MENTIONED ABOVE, HIS SENSITIVITIES ARE ALSO UNQUESTIONABLY WOUNDED BY DEMONSTRATIONS OF RADICAL IRANIAN STUDENTS IN US AND ELSEWHERE ABROAD ATTACKING HIM PERSONALLY AND WHAT HE HAS ACHIEVED. WHILE INTELLECTUALLY HE RECOGNIZES THAT WE ARE DOING ALL WE LEGALLY CAN IN US TO PROTECT IRANIAN INSTALLATIONS AND PERSONALITIES AND COOPERATE TO HELP IRAN ACHIEVE ITS OBJECTIVES IN MANY FIELDS, AT SAME TIME I HAZARD THAT EACH TIME THERE IS ANTI-SHAH DEMONSTRATIONS IN US, HE PROBABLY SAYS TO HIS ADVISERS: "WHY DO THE AMERICANS PERMIT THIS? WHY DON'T THEY DO SOMETHING ABOUT IT OR DEPORT THESE STUDENTS. IF THEY DON'T BEHAVE?" (D) IN SPITE OF COMPLEXITIES OF SHAH'S CHARACTER AND FACT THAT HE IS AT TIMES VERY DIFFICULT INDEED, HE IS UNQUESTIONED LEADER OF ONLY STRONG, STABLE AND AT SAME TIME VERY FRIENDLY COUNTRY WE HAVE TO WORK WITH IN GREAT ARC OF SOUTH AND SOUTHWEST ASIA. FURTHERMORE, STRONG AND FRIENDLY IRAN (AND THIS, OF COURSE, MEANS THE SHAH) IS ESSENTIAL TO MANY OF OUR OWN MOST VITAL NATIONAL INTERESTS AND THOSE OF OUR NATO ALLIES AND JAPAN BECAUSE OF PERSIAN GULF. IF PEACE AND STABILITY IN VITALLY IMPORTANT GULF ARE TO BE MAINTAINED AND WESTERN INTERESTS NOT JEOPARDIZED, PRINCIPAL BURDEN MUST FALL

ON IRAN. WHILE SHAH IS SOMETIMES QUERULOUS WITH US, HE IS ALSO OFTEN QUERULOUS WITH OTHERS, INCLUDING SOME OF HIS OWN PRINCIPAL ADVISERS. WE BELIEVE HE CONTINUES TO REGARD US AS ONE OF IRAN'S FIRMEST AND MOST DEPENDABLE FRIENDS AND WE KNOW THAT HE HAS STRONG FEELING OF RESPECT AND PERSONAL FRIENDSHIP FOR THE PRESIDENT. WHILE I AM, THEREFORE, NOT PRESENTLY CONCERNED ABOUT FUTURE OF US-IRAN RELATIONS SO LONG AS WE CONTINUE TO COOPERATE AND BE FORTHCOMING, I AM DEEPLY CONCERNED ABOUT POSSIBILITY OF A CRISIS IN BRITISH-IRAN RELATIONS, WHICH IS BREWING EVER STRONGER AND WHICH MAY REACH CRISIS PROPORTIONS IF GULF ISLANDS PROBLEM IS NOT SETTLED. THIS WILL BE SUBJECT OF SEPARATE MESSAGE.

8. SORRY THIS MESSAGE IS SO LONG BUT ASSUMED YOU WOULD WISH FULL REPORT AND ASSESSMENT. GP-3.

MACARTHUR

¹ Source: National Archives, RG 59, Central Files 1970-73, POL 13-2 IRAN. Secret; Nodis.

133. Memorandum From the President's Assistant for
National Security Affairs (Kissinger) to President Nixon,
June 22, 1971¹

June 22, 1971

THE WHITE HOUSE
WASHINGTON

ACTION 28925
June 22, 1971

MEMORANDUM FOR THE PRESIDENT

FROM:

Henry A. Kissinger

SUBJECT:

Determination to Allow Grant Military Assistance to Iran

Last fall when the Cooper-Church Amendment was stalling the Foreign Military Sales Act, the annual \$100 million sales program to Iran was shifted to the Export-Import Bank so that continuation of credits for Iran would be assured if the legislation failed. To accomplish that shift, Iran was reclassified under existing legislation as an economically developed country. That change then brought the small continuing grant military assistance program (\$2.4 million primarily for military training) under a prohibition in the Foreign Assistance Act against grant military assistance to developed countries. In time, it will be logical to remove Iran from the grant list. However, to do so now would be to damage this relationship for no good reason.

Therefore, for FY 1971 it is necessary for you to waive the restriction in the Foreign Assistance Act. OMB Director George Shultz and Secretary Rogers recommend in the attached memoranda that you make this waiver.

RECOMMENDATION: That you sign the waiver at the signature tab.

APPROVED FOR PRESIDENTIAL SIGNATURE

[OK RN]

[Attachment]

THE SECRETARY OF STATE

May 28, 1971

MEMORANDUM FOR THE PRESIDENT

SUBJECT:

Determination and Authorization under Section 614(a) of the Foreign Assistance Act of 1961,
as Amended, Permitting the Furnishing of Defense Services to Iran on a Grant Basis

Discussion:

We propose to furnish Iran an amount not to exceed \$2,433,000 out of funds made available in the FY 1971 military assistance program. These funds will permit us to fulfill our undertaking to provide Iran assistance on a grant basis consisting of military training and support of our military mission there.

This modest assistance program performs two key functions: it supports the United States Military Assistance Advisory Group (ARMISH/MAAG) in Iran, and it permits the training of the Iranian military in the United States and in Iran. Both of these functions contribute to the strength of the Iranian Armed Forces and to the ability of Iran to play a role in the maintenance of stability in the Middle East.

It is important to United States interests to continue to have Iran as a strong, stable and reliable friend in the turbulent Middle East. Iran is a firm ally which continues to take a positive and cooperative attitude towards the achievement of common objectives in an area of political instability.

ARMISH/MAAG is our principal vehicle for counselling the Iranian Armed Forces on all aspects of their modernization and rationalization. Although Iran now has the capability to purchase its military equipment requirements, the Iranian Armed Forces are still in need of expert advice and counsel on a multitude of organizational, maintenance and support functions. ARMISH/MAAG has this mission. It provides needed expertise in the area of general military operations, force planning, training and the use of modern weaponry and techniques.

It is also in our interest to provide training in the United States and in-country to officers and men of the Iranian Armed Forces. Recent surveys of the status of the Iranian Armed Forces, including a GAO report on Military Assistance Training, have pointed up a pressing need for more pilots and technical officers as well as supervisory personnel in the enlisted grades. It is therefore advisable to continue a training program to ensure that the Iranian Armed Forces have a sufficient number of technicians to maintain an adequate degree of operational readiness.

The CONUS training plus the presence of ARMISH/MAAG combine to give the United States a position of friendship and influence vis-a-vis the Iranian Armed Forces which we value highly. As concerns FY 71 we have already undertaken to make available \$2,433,000 in grant military assistance. The recent oil settlement in Tehran is expected to increase significantly Iranian foreign exchange receipts. Iran's ability to sustain an increasing share of its defense burden is manifest. In future fiscal years it is our intent therefore to reduce substantially MAP grant assistance to Iran. Withholding the sum under reference, however, would be considered a failure on our part to fulfill a firm undertaking and would have adverse effects on Iranian planning.

Legal Aspects

Section 620(m) of the Foreign Assistance Act of 1961, as amended, states that grant assistance shall not be furnished "to any economically developed nation capable of sustaining its own defense burden and economic growth." Iran is now considered to be subject to the prohibition of Section 620(m).

Section 614(a) of the Act permits a Presidential waiver of restrictions on furnishing assistance imposed under the Act, including the restriction of Section 620(m), when the President determines that such authorization is important to the security of the United States.

In light of considerations discussed above, I believe it would be appropriate for you to determine, under the authority of Section 614(a), that the provision of \$2,433,000 in grant military assistance to Iran is important to the security of the United States and authorize the provision of this assistance without regard to the requirements of Section 620(m).

Recommendation:

I recommend that you sign the attached determination and authorization, pursuant to Section 614(a) of the Foreign Assistance Act, to permit the grant of \$2,433,000 in military assistance to Iran in fulfillment of the FY 1971 program.

William P. Rogers

Enclosure:

Presidential Determination.

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 1268, Saunders Files, Middle East Negotiations, Iran Military, 1/1/71-12/31/71. Secret. Sent for action. The memorandum from OMB Director George Shultz, June 9, is not published. The President signed the attached waiver, Presidential Determination No. 71-18, on June 24, 1971

134. Telegram 119690 From the Department of State to the Embassy in Iran, July 1, 1971, 2015Z¹

July 1, 1971, 2015Z

TELEGRAM
Department of State 119690

ACTION:
AmEmbassy, TEHRAN

1. The Board of Directors of Eximbank has authorized a \$70.0 million credit to GOI to assist in financing its FY'72 payments for U.S. defense goods and services estimated to total \$173.5 million.
2. Terms call for: (a) the GOI to make a cash payment of \$15.5 million payable in the last quarter of FY'72, and (b) an extension availability date previously authorized defense credit (Credit No. 2956) to 12/31/71 to finance \$18.0 million of total cost. The balance of \$70.0 million will be extended by a group of U.S. commercial banks led by Manufacturers Hanover Trust Co. and will be guaranteed by Eximbank. Repayment \$140.0 million Eximbank and commercial bank credits to be made semiannually over a period of 7 years beginning 11/15/72 with commercial banks repaid from first 7 semiannual installments and Eximbank from last 7 semiannuals. Eximbank credit carries an interest rate of 6% and a ₪ commitment fee on unused balances.
3. Request Embassy advise GOI of this action, which will be detailed in letter to Ambassador Samii with copy to Embassy. END.

ROGERS

¹ Source: National Archives, RG 59, Central Files 1970-73, DEF 12-5 IRAN. Confidential. Drafted by John Lentz; cleared by Glenn McLaughlin, Don Bostwick (XMB), and Robert L. Dowell, Jr. (NEA/IRN); and approved by Paul H. Boeker (E/IFD/ODF).

135. Telegram 3589 From the Embassy in Iran to the
Department of State, July 3, 1971, 1228Z¹

July 3, 1971, 1228Z

TELEGRAM
Department of State
TEHRAN 3589

45

ACTION NEA-03

INFO OCT-01 SS-20 PM-03 NSC-10 NSCE-00 INR-07 CIAE-00 NSAE-00
RSR-01 RSC-01 /051 W 0045599

R 031228Z JUL 71

FM AMEMBASSY TEHRAN

TO SECSTATE WASHDC 4943

INFO DOD

CINCSTRIKE

SUBJECT:
POSSIBLE GOI EMPLOYMENT OF GENERAL TWITCHELL

1. SOME TIME AGO SHAH MENTIONED TO ME HIS DESIRE TO EMPLOY GEN. TWITCHELL AS CONSULTANT TO IRANIAN ARMED FORCES (IIA) AT MINISTRY OF WAR (MOW) LEVEL WHEN GEN. TWITCHELL'S TOUR OF DUTY IN IRAN ENDED AND AFTER HIS RETIREMENT. I TOLD HIM I COULD SEE MERIT IN THIS SUGGESTION IN VIEW OF GEN. TWITCHELL'S UNIQUE EXPERIENCE AND UNDERSTANDING OF THE PROBLEMS THE IIA FACES. DURING MY CONSULTATIONS IN WASHINGTON IN MARCH/APRIL I MENTIONED THE SHAH'S DESIRE TO GENERAL WESTMORELAND. SINCE THEN SHAH HAS AGAIN RAISED MATTER WITH ME.
2. I BELIEVE THAT GEN. TWITCHELL'S CONTINUATION AS CONSULTANT TO IIA AFTER HIS RETIREMENT WOULD BE

EXTREMELY BENEFICIAL NOT ONLY TO GOI BUT TO EMBASSY AND ARMISH/MAAG AND WOULD BE IN US NATIONAL INTEREST. TWITCHELL HAS UNEQUALED, FAMILIARITY WITH IRANIAN MILIRARY AFFAIRS WHICH GOES BACK TO 1962 WHEN HE CARRIED OUT A SPECIAL DEFENSE SURVEY FOR USG AND GOI. DURING HIS PRESENT TOUR HE HAS EARNED THE CONFIDENCE NOT ONLY OF THE SHAH BUT ALSO OF SENIOR MILITARY OFFICIALS WHO VALUE HIS VIEWS. THE SHAH IN PARTICULAR NEED TYPE OF DISPASSIONATE ADVICE THAT HE DOES NOT GET FROM IRANIAN OFFICERS.

3. TWITCHELL'S MILITARY EXPERTISE, EXCELLENT UNDER STANDING OF IRANIAN, MILITARY AND CULTURE AND HIS DEFT HANDLING OF HIS PERSONAL RELATIONSHIPS WITH IRANIANS HAS ENABLED HIM TO EXERCISE AN EXCEPTIONALLY EFFECTIVE INFLUENCE IN RATIONALIZING AND MAKING MORE EFFICIENT IRANIAN MILITARY ORGANIZATION AND PLANS AND IN PERSUADING GOI TO TAKE CLOSER AND MORE REALISTIC LOOK AT EQUIPMENT ACQUISITIONS. AS PRINCIPAL ARCHITECT OF 5-YEAR FORCE GOALS STUDY (TO OVERSEE COMPLETION OF WHICH [unclear, HE?] REQUESTED HIS EXTENSION UNTIL SEPTEMBER) HIS CONTINUED AVAILABILITY TO IIA AND SHAH WOULD STIMULATE EFFECTIVE IMPLEMENTATION OF STUDY GOALS IN INTEGRATED AND ORDERLY MANNER. HE WOULD ALSO BE INVALUABLE IN ADVISING THE MOW ON CERTAIN PROCUREMENT AND PRODUCTION MATTERS AND IN SEVERAL LONG-RANGE STUDIES WHICH SHAH RECENTLY DIRECTED THE MOW TO UNDERTAKE IN CONNECTION WITH INDUSTRIAL MOBILIZATION PLANNING, MILITARY PAY AND ALLOWANACES, IMPROVING THE ETKA (PX) ORGANIZATION, ETC. HIS WORK IN THESE CAPACITIES WOULD SUPPLEMENT USG EFFORTS AND HELP FREE OUR MILITARY ADVISORY MISSION TO CONCENTRATE ON MORE IMMEDIATE AND URGENT TASKS SUCH AS TRAINING. FINALLY, IN SUCH A POSITION TWITCHELL COULD GIVE SOUND ADVICE AND COUNSEL REGARDING CERTAIN THIRD COUNTRY PROBLEMS WHICH IT IS DIFFICULT FOR THE MAAG CHIEF TO DEAL WITH.
4. I HAVE DISCUSSED THIS MATTER WITH TWITCHELL WHO POINTS OUT THAT IN, ADDITION, TO MEETING THE LEGAL REQUIREMENTS HE WOULD WANT TO BE CERTAIN THAT IT WOULD BE IN THE INTEREST OF THE US AND NOT IMPINGE ON THE POSITION AND RESPONSIBILITIES OF CHIEF ARMISH/MAAG.
5. I AM SATISFIED THERE IS A CLEAR NEED FOR TWITCHELL'S SERVICES AS WELL AS A CLEAR DEMARCATION OF

RESPONSIBILITIES BETWEEN THE WORK HE WOULD DO AND JOB
OF CHIEF ARMISH/MAAG.

MACARTHUR

¹ Source: National Archives, RG 59, Central Files 1970-73, DEF 6 IRAN.
Confidential; Limdis.

136. Memorandum From the Chief of the Free World Division, Central Intelligence Agency, [name not declassified] to the Central Intelligence Agency Heroin Coordinator [name not declassified], Washington, July 7, 1971¹

Washington, July 7, 1971

7 July 1971

MEMORANDUM FOR:

[*text not declassified*]
CIA Heroin Coordinator

SUBJECT:
Opium Production in Iran

1. The attached was prepared in response to your request of 1 July. I understand that the original request was from Egil Krogh who is the President's Project Officer on Drug Abuse Control.
2. While I believe this paper will serve your initial purpose at least, I would be pleased to expand on any of the points raised if you think it would be useful. I would note, however, that we, OER and OCI, are not persuaded that it would be useful to undertake an immediate demarche to the Shah on the matter of halting opium production in Iran for the reasons we give in the attached memorandum.

[*text not declassified*]
Chief, Free World Division

Attachment:

As Stated

Distribution: (S-3688)

Orig & 1 - [text not declassified]

1 - [text not declassified]

1 - [text not declassified]

1 - [text not declassified]

1 - [text not declassified]

1 - [text not declassified]

1 - [text not declassified]

5 - [text not declassified]

bas/6311 (7 July 1971)

SUBJECT:

Considerations in Approaching the Shah to End Iranian Poppy Production

Statement of Aims

US success in pressuring Turkey to ban the further growing of opium by mid-1972 has suggested that similar pressure be brought to bear on Iran. The aim of this paper is to examine the best way to approach the Shah of Iran to persuade him to ban future poppy production and the political, social and economic effects a successful approach might have on the country. (For background on the opium situation in Iran, see Appendix.)

We are not persuaded that this is a useful move, however, and inject a word of caution. We believe that an immediate demarche to the Shah would probably be unwise for the following reasons:

1. Iran is a victim of, not an exporter of, opium. Iran has about one-quarter of the world's total opium users. Before Iran resumed legal cultivation in 1969 most of Iran's requirements, some 380 tons a year, were smuggled in, primarily from Afghanistan. To give some measure of control over the narcotics situation, the Shah reinstated poppy cultivation concurrently with a strict program of addict registration and control of illegal narcotics which apparently has been successful in drastically reducing the amount of smuggled opium entering the country. At the same time Tehran has embarked on a stringent smuggling eradication program. More than 90 smugglers have been executed since the beginning of the antidrug campaign in 1969.

2. Iran has a comprehensive and effective cultivation and harvesting control program with registration of farmers, continuous observation of the harvest, and guarded transport of opium.
3. The Shah is known to be strongly anti-drug. We believe the decision to grow Iranian poppy was taken solely in a bid to control the serious domestic problem. He is on record as saying that Iran will never become an opium exporter, and that he will cease production of opium when Turkey and Afghanistan do. Until Afghanistan is removed as a supplier to Iran, it is clearly a non-starter to approach the Shah.

US Approaches

Assuming US pressure on the Shah is decided upon, the manner of presentation should be tentative and exploratory. Iranian handling of its opium problem should not be criticized. The Shah feels his approach is effective and responsible and he is increasingly sensitive to criticism from any quarters on his handling of Iran's affairs.

A fruitful line might be to approach the Shah in terms of seeking his advice on how to handle the problem area-wide. He likes to see himself as a leader and innovator on a global scale. Seek his advice on how to handle Afghanistan; he may well offer to carry the ball, or part of it, there. He has probably given some thought to total elimination of poppy cultivation in his own country. Let him expatiate on this on his own initiative—or with a gentle nudge. He may well end up committing himself—if he thinks it's his own idea.

Eliminating poppy cultivation in Iran is politically and economically feasible. Since poppy is grown only on Government cooperatives, crop substitution will present little problem to the farmers, though some income supplement probably would be necessary to cover the loss of poppy cultivation. The major question is what to do with 350,000 opium users—their needs are the Shah's first and foremost concern. It seems highly doubtful that Iran could purchase licitly the large quantities, i.e. excess of 350 tons/yr., needed.

Reaction

The Shah's reactions to a US approach will be sympathetic, but negative. Since his country is a net importer he feels this country, like the US, is a victim. He considers the drug problem an internal matter, and any US pressure would be viewed as meddling.

The best choice of a US envoy would be Ambassador MacArthur. He understands the sensitive nature in dealing with HIM, and has the confidence of the Shah. The Ambassador is also sensitive to the needs of the Iranians and to their problems. He is properly deferential when it is called for, and assertive when he feels the Shah will tolerate it. A stranger to the court, who knows little of how to act in the presence of the "King of Kings," will likely do more harm than good.

APPENDIX

The Opium Situation in Iran

I. Historical Background to Iran's Opium Problem

1. The cultivation of opium poppies and Iran's problems with opium addiction date back hundreds of years and involve a series of governmental attitudes and responses. Cultivation of opium poppy initially took place in the western part of the country but expanded rapidly during the 19th century to the south and central portions as the stimulus of domestic usage and export demands increased. By the 1870's the opium crop had assumed important economic implications for Iran with exports in the decade 1871-1881 increasing in value almost twelve fold and the product rivaling cotton in importance. Internal demands for opium during this early phase increased with the availability of the drug and the social acceptance of the practice which was almost universal among the middle-aged and the elderly.
2. Official actions to control opium were initiated in 1910 with a ban on non-medical use. In 1928 the government established a monopoly with the aim of eliminating production by 1938. Both attempts proved abortive. By 1955, Iran had an estimated 1.5 million opium users, representing about 8% of the population. Iranian exports of opium, though licit channels alone, amounted to 100 metric tons of about one-sixth of the total licit world market. Considerably more were exported illicitly.
3. In 1955, Iran responded to international pressures by placing a complete ban on opium production. As a result, a thriving illicit commerce soon developed with Turkey, Afghanistan, and Pakistan. Efforts to interrupt the traffic across Iran's borders had only limited success, with some smugglers shifting from easily detectible opium to smaller packages of easily transportable heroin. The black market in opium flourished and the loss of foreign exchange to Iran through illicit traffic was considerable. The opium addict population declined, however, to about 350,000 but was supplemented by hard-core (heroin)

users numbering about 50,000 plus undetermined numbers of users of lesser drugs.

4. Failure to obtain reciprocal controls from Turkey and Afghanistan, coupled with the financial losses of the drug traffic, resulted in a decision by the Shah in 1969 to resume domestic production of opium. At the time, the Shah stated that Iran would exercise strict control over opium production and would suspend production when Turkey and Afghanistan adopted a ban on its cultivation.

II. Opium Production and Policy Since 1969

5. The first crop, planted in March 1969 on 1,015 hectares and harvested in May of that year yielded 7 tons of usable opium. Subsequently the area of cultivation was expanded from 4,200 hectares in fall of 1969 to 6,200 hectares in March 1970, and to an authorized 12,050 hectares in September 1970. The 1971 output is expected to be about 130 tons of opium, a quantity barely sufficient to cope with the requirements of the registered addicts. Registered addicts number about 65,000 or roughly one-fifth of the addict population of about 350,000.
6. Controls over the production and distribution of opium are rigidly and effectively carried out by the government through a variety of means. Production control is administered by the Ministry of Land Reform which recommends the hectareage for cultivation each year and, upon approval from the Council of Ministers, allocates specific hectareage to government-owned rural cooperatives and farm corporations. The cooperatives police the individual member farmers engaged in poppy cultivation, and members in turn keep an eye on each other since violation by one would result in destruction of all poppy fields in the cooperative. Prior to harvest, a government representative maintains continual vigilance over the operation. As the latex is gathered, it is weighed, tagged and stored in locked and supervised containers which are transported under guard to government warehouses and eventually to the Opium Monopoly. Weighing checks on the product are conducted at various stages in the process to prevent "leakage" of the opium. Finally, the Opium Monopoly processes the opium for controlled dissemination and sale to registered addicts.
7. In addition to the controls outlined above, the government pricing policy, which provides the farmer with a premium price for his product, tends to discourage illicit distribution of the domestic product. The government pays the farmer approximately \$90 per kilo of high grade opium latex* compared with \$10-15 in other producing countries. Since the government sells opium to registered users at about \$14 per kilo, the government sustains a loss of at least \$6 million annually.

8. The government follows a rigid enforcement policy meting out severe punishment to those convicted of smuggling narcotics. The National Police and the Gendarmerie are responsible for narcotic law enforcement in the urban and rural areas, respectively. Anyone arrested for trafficking in heroin or opium or in possession of more than ten grams of heroin or two kilos of opium, is subject to the death penalty. Since the law was enacted, 91 smugglers have been executed.

III. Future Course of Action for Iran

9. Despite the penalties, Iran still is confronted with a severe smuggling problem as opium from Turkey, Afghanistan, and Pakistan finds its way into the country to meet the demands of its extensive non-registered addicts population. It is estimated that at least 250 tons of opium is smuggled into the country yearly.
10. With Turkey's decision to suspend production of opium in mid-1972, supply requirements for the illicit Iranian market will undoubtedly shift to the Afghan and West Pakistani supply channels. Of the two, Afghanistan presents the major source of supply. Although intensified efforts to police this area are being made, it seems doubtful that supplies from this area can be totally eliminated without formal action by the Afghan government.
11. Even if external supplies are curbed, Tehran would still be left with the problem of treating its mammoth opium addict population. One course of action open to the Iranians would be to expand the current program to produce sufficient opium to meet its domestic requirements. This would entail a possible five-fold increase in size of the hectarage devoted to opium poppy, conceivably as much as 60,000 hectares. Such an expended program not only would entail significantly larger expenditures for farmer subsidies (possibly as much as \$30 million) but it raises the distinct possibility that size alone would defeat efforts at proper control. It is conceivable that Iran could find itself in the position of being a source of illicit opium for the world market.
12. At the other extreme is complete abolition of opium production in Iran. Such action, tried abortively in the past, would mean that Iran would have to import (with loss of some valuable foreign exchange) the opium needed to treat its addicts both registered and potentially registerable, and its legitimate medical needs. The availability of such additional opium from other world producers pose insoluble problems of who to allow licit production at the expense of Iran, and how to explain US involvement in world opium transactions.

13. A third course of action open to Iran and the US would be to retain opium production in Iran at its present levels while focusing additional financial and human resources on the treatment of unregistered addicts. Such a program would call for additional assistance from the US, in the form of training in the establishment of treatment centers, education, and police surveillance.

¹ Source: Central Intelligence Agency, ORR Files, Job 80T01315A, Box 24, S-3686-S3716. Secret; No Foreign Dissem.

* Lower grades sell as low as \$55 per kilo.

137. Telegram 4015 From the Embassy in Iran to the
Department of State, July 22, 1971, 1340Z¹

July 22, 1971, 1340Z

TELEGRAM
Department of State
TEHRAN 4015

44441

ACTION E-15

INFO OCT-01 EUR-20 NEA-13 RSR-09 PM-09 SS-20 RSC-01 CIAE-00 INR-
08 NSAE-00 L-04 DODE-00 COM-08 INT-06 OEP-01 TRSE-00 TRSY-11 H-
02 FRB-02 AF-12 /144 W 014494

R 221340Z JUL 71

FM AMEMBASSY TEHRAN

TO SECSTATE WASHDC, 5152

INFO AMEMBASSY LONDON

AMEMSASSY VIENNA

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMCONSUL DHAHRAN

SUBJECT:
CONSORTIUM AGREEMENT WITH IRAN

REF:
STATE 125275, TEHRAN 3093

1. VAN DEN BERG (CONSORTIUM SECRETARY) HAS INFORMED
EMBASSY THAT VAN REEVEN AND AMOUZEGAR SIGNED
AGREEMENT MORNING JULY 22 WHICH EFFECTIVELY SETTLES

IRAN'S REQUEST FOR ADDED REVENUES OUTSIDE TERMS FIVE-YEAR TEHRAN ACCORD.

2. AGREEMENT PROVIDES FOR:

(A) 9-1/2 RIAL PER TON PORT FEE WHICH WILL PROVIDE GOI WITH ESTIMATED \$12-15 MILLION ANNUALLY. CHARGE IS TO BECOME EFFECTIVE AS OF AUGUST 1 AND GOI HAS ABANDONED ALL CLAIMS TO RETROACTIVE PORT CHARGE PAYMENTS.

(B) CONSORTIUM CASH PAYMENT OF \$2.4 MILLION TO COMPENSATE IRAN FOR LOSS OF REVENUE TO BARTER OIL ARRANGEMENT WITH ROMANIA MADE BEFORE FEBRUARY INCREASE IN POSTED PRICES.

(C) CONSORTIUM AGREEMENT TO MAINTAIN ABADAN REFINERY THROUGH PUT AT CLOSE TO 415-430,000 B/D CAPACITY.

3. VAN DEN BERG STRESSED ABOVE INFORMATION SHOULD BE HELD TIGHTLY PENDING ISSUANCE SOME SORT OF OFFICIAL ANNOUNCEMENT.

4. COMMENT: THIS ARRANGEMENT SHOULD MOLLIFY KEY IRANIAN LEADERS RE "UNWARRANTED" CONCESSIONS MADE BY CONSORTIUM IN LIBYAN AND IRAQ ACCORDS, AND SHOULD ALSO ELIMINATE POSSIBILITY OF UNILATERAL ACTION BY GOI AGAINST CONSORTIUM ON THESE ISSUES.

MACARTHUR

¹ Source: National Archives, RG 59, Central Files 1970-73, POL 33 PERSIAN GULF. Secret. Repeated to London, Vienna, Jidda, Kuwait, and Dhahran

138. Letter From the Director of Central Intelligence
(Helms) to Secretary Rogers, Washington, July 26, 1971¹

Washington, July 26, 1971

26 JUL 1971
Honorable William P. Rogers
Secretary of State
Washington, D.C.

Dear Bill:

[text not declassified]

As the Ambassador mentions in the last paragraph, we discussed this subject during my recent visit to Teheran. When I returned I passed on the Ambassador's views to Under Secretary Johnson, and I am now having my experts look into technical and other aspects of assisting the Iranians in this problem. I will let you know what their findings are.

Below follows the text of Ambassador MacArthur's message to you:

"I have become increasingly concerned at the extent to which insecurity of Iranian communications probably reveals to the Soviets details of Iranian-U.S. diplomacy. Over a period of time this could become a serious obstacle to effective pursuit of our national interests and Soviet knowledge could be exploited by them to the detriment of our close and valuable relationships with the GOI.

"Over the past year or so, various agencies of the GOI at first somewhat diffidently sought our advice and assistance in improving the security and effectiveness of intelligence and diplomatic circuits. Recently their requests have become more insistent and sharply focused. *[text not declassified]* The latest request came from Foreign Minister ZAHEDI who on 19 July expressed to me serious misgivings about his communications and asked me for assistance in improving the Foreign Ministry's cryptographic procedures.

"The GOI has the means to obtain more sophisticated equipment from sources other than the U.S. Government. There is no doubt whatever to my mind that they will go this route if they find our response negative or equivocal. We have seen many examples of this tendency in their procurement of military equipment and in their current efforts to procure electronic equipment. Sooner or later we are going to have to face this issue squarely and it is my view that our long run interests will be best served if we face it now.

"Due to the extreme sensitivity of this matter and because I also discussed it briefly with Dick Helms during his recent visit here, [text not declassified] I would appreciate your reaction to above after you and Dick have had an opportunity to consider what we may be able to do."

Sincerely,
Richard Helms
Director

cc Under Secretary of State U. Alexis Johnson

¹ Source: Central Intelligence Agency, Executive Registry Files, Job 80B01086A, Box 1, Executive Registry Subject Files, I-13, Iran. Secret. The letter is a copy with an indication that Helms signed the original.

139. Telegram 4377 From the Embassy in Iran to the
Department of State, August 10, 1971, 0850Z¹

August 10, 1971, 0850Z

TELEGRAM
Department of State
TEHRAN 4377

21

ACTION E-84

INFO OCT-01 SS-20 NEA-08 AF-05 EUR-14 ARA-11 EA-18 NSC-10 NSCE-
00 INR-07 CIAE-00 NSA-01 L-02 H-01 PM-03 RSR-01 RSC-01 OEP-01 /108
W 022346

P R 100850Z AUG 71

FM: AMEMBASSY TEHRAN

TO SECSTATE WASHDC PRIORITY 5335

INFO AMEMBASSY LAGOS

AMEMBASSY JIDDA

AMCONSUL DHAHRAN

AMEMBASSY KUWAIT

AMEMBASSY TRIPOLI

USINT ALGIERS

AMEMBASSY DJAKARTA

AMEMBASSY CARACAS

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY THE HAGUE

AMEMBASSY BONN

AMEMBASSY ROME

AMEMBASSY TOKYO

AMEMBASSY VIENNA

SUBJECT:

POSSIBLE OPEC PARTICIPATION DEMANDS

REF:

STATE 144382

1. EMBASSY BELIEVES NEXT OPEC MEETING WILL BRING FORTH RESOLUTION CALLING FOR NEGOTIATIONS ON PARTICIPATION ISSUE AND POSSIBLY SET FORTH SOME GENERALIZED GUIDELINES AND TIME FRAMEWORK FOR SUCH TALKS.
2. GOI STRONGLY SUPPORTS PARTICIPATION PRINCIPLE AND SHAH HAS OFTEN STRESSED PUBLICLY AND PRIVATELY NEED FOR PRODUCING COUNTRY EQUITY INTEREST IN ALL ASPECTS OIL INDUSTRY "FROM WELL TO GASOLINE PUMP." WE THEREFORE BELIEVE IRAN WILL PLAY ACTIVE BUT MODERATING ROLE IN FORMULATING OPEC PARTICIPATION POLICY.
3. BRITISH EMBASSY TEHRAN INFORMS US THEY HAVE HEARD FROM AMOUZEGAR THAT OPEC WILL DEMAND 20 PERCENT INTEREST IN WESTERN OIL COMPANIES. IN ADDITION, UK EMBASSY AT JIDDA HAS REPORTED SAUDIS (YAMANI) WILL STRONGLY BACK OPEC PARTICIPATION DEMAND.
4. WE DOUBT OPEC WILL PRESENT COMPANIES WITH OUTRIGHT ULTIMATUM BUT EXPECT GROUND WORK TO BE LAID FOR BUILD-UP OF PRESSURES ON COMPANIES FOR PARTICIPATION TALKS. CONSORTIUM REPS (VAN REEVEN AND VESSEUR) HAVE CONFIRMED TO US THAT THEY EXPECT PARTICIPATION TO BE NEXT MAJOR OPEC ISSUE BUT IN PRESENT SUMMER DOLDRUMS APPEAR UNCONCERNED OVER PROSPECT OF CONFRONTATION IN NEAR FUTURE.
5. WE CONSIDER DEMARCHE AS PROPOSED BY UK PREMATURE AND INAPPROPRIATE. SINCE SHAH HAS PUBLICLY STATED GOI POSITION, A DEMARCHE ON OUR PART AT THIS TIME WHICH

HE WOULD CONSTRUE AS A REQUEST HE ABANBON HIS STATED POLICY WOULD, IN ALL PROBABILITY, CAUSE HIM TO REACT IN A WAY THAT COULD BE COUNTERPRODUCTIVE. OPEC HAS YET TO ENUNCIATE PARTICIPATION POLICY AND ISSUE, AT LEAST IN FIRST INSTANCE, WOULD INVOLVE COMPANIES AND NOT CONSUMER GOVERNMENTS. USG APPROACH AT THIS TIME COULD, IN OUR VIEW, BE MISINTERPRETED AND MIGHT POSSIBLY PREJUDICE FUTURE EFFORT AT SOMETIME WHEN WE WISHED TO WEIGH IN HEAVILY ON SOME BASIC ASPECT OF THIS MATTER IN WHICH WE HAVE MOST LEGITIMATE GOVERNMENTAL INTEREST. IN ANY CASE ARGUMENTATION SUGGESTED BY BRITISH (PARA 4, REFTEL) WOULD NOT BE CONVINCING HERE, PARTICULARLY SINCE AMOUZEGAR SUGGESTED THAT IRAN'S PARTICIPATION COULD BE FINANCED OVER TIME FROM COMPANY PROFITS, AND PARTICIPATION NEGOTIATIONS WOULD, IN ANY CASE, TAKE SOME TIME.

MACARTHUR

¹ Source: National Archives, RG 59, Central Files 1970-73, PET 3 OPEC. Secret; Priority; Limdis. Repeated to Lagos, Jidda, Dhahran, Kuwait, Tripoli, Algiers, Djakarta, Caracas, London, Paris, The Hague, Bonn, Rome, Tokyo, and Vienna.

140. Telegram 4397 From the Embassy in Iran to the
Department of State, August 11, 1971, 8401Z¹

August 11, 1971, 8401Z

TELEGRAM
Department of State
TEHRAN 4397

16

ACTION NEA-11

INFO OCT-01 CIAE-00 PM-06 H-02 INR-06 L-03 NSC-10 P-03 RSC-01
PRS-01 SS-14 USIA-12 NSA-05 AID-20 MC-02 COM-03 E-11 TRSE-00 TRSY-
11 IGA-02 RSR-01 /130 W 031299

PR 118401Z AUG 71

FM AMEMBSASSY TEHRAN

TO SECSTATE WASHDC 5345

SECDEF

INFO CSAF

DA

RUENAAANCNO

CINCSTRIKE

COUNTRY TEAM MESSAGE

DEF FOR ISA, STATE FOR NEA/IRN, CSAF FOR AFSMS, DA FOR
DCSLOG, CNO FOR OP-63, STRIKE FOR STRJ7

SUBJECT:
GOI REQUEST FOR FMS PURCHASE

SUMMARY: ON SHAH'S DIRECT INSTRUCTIONS, GOI RECENTLY REAFFIRMED THAT IT WISHES ALL MAJOR MILITARY WEAPONS AND SYSTEMS TO BE PROCURED THROUGH FMS PROCEDURES INCLUDING POSSIBLE PROCUREMENT ACTION IN NEAR FUTURE FOR TWO AND IMPROVED HAWK SYSTEMS AND F-5E AIRCRAFT. GOI HAS FORMALLY REQUESTED THAT USG AGREE AS MATTER POLICY TO

ACCEPT PROCUREMENT OF MAJOR END ITEMS THROUGH FMS. COUNTRY TEAM STRONGLY URGES THAT GOI REQUEST BE ACCEPTED AS DEPENDABLE ASSURANCES TO GOI OF FMS AVAILABILITY WOULD: (A) HE REMOVE UNCERTAINTIES AND MISUNDERSTANDINGS WHICH IN PAST HAVE TROUBLED GOI DEALINGS WITH USG FIRMS: (B) MATERIALLY ASSIST GOI DURING PERIOD OF DEVELOPMENT OF ADEQUATE IN-HOUSE PROCUREMENT CAPABILITY: (C) PROOF CONTINUED PURCHASES OF US EQUIPMENT OVER THIRD COUNTRY COMPETITION TO BENEFIT GOI AND USG ALIKE. END SUMMARY.

1.

FOLLOWING IS VERBATIM REPEAT OF LETTER RECEIVED 7 AUG 71 FROM LTG TOUFANIAN, DEPUTY MINISTER OF WAR FOR ARMAMENTS, WHO WE UNDERSTAND WAS ACTING ON DIRECT INSTRUCTIONS OF SHAH.

QUOTE: DEAR GENERAL TWITCHELL,

1. THE PURPOSE OF THIS LETTER IS TO CONFIRM OUR PREVIOUS DISCUSSIONS WHEREIN I EXPLAINED THAT IT IS THE DESIRE OF THE GOVERNMENT OF IRAN TO PURCHASE ITS US DEFENSE SYSTEMS AND EQUIPMENT THROUGH FMS PROCEDURES.
2. THE FOREIGN PURCHASE AND ORDERS DEPARTMENT HAS ENGAGED IN DISCUSSIONS WITH US CONTRACTORS ON A NUMBER OF OCCASIONS. WE HAVE VIEWED THESE DISCUSSIONS AS A METHOD OF GATHERING INFORMATION IN SOME INSTANCES. THESE DISCUSSIONS HAVE BEEN MISINTERPRETED AS NEGOTIATIONS BY US CONTRACTORS, WHICH HAVE LED TO MISUNDERSTANDINGS. IT IS OUR DESIRE TO AVOID MISUNDERSTANDINGS IN THE FUTURE.
3. ADDITIONALLY, THE PROCUREMENT CAPABILITY OF THE IIA, WHILE BEING INCREASED, HAS NOT FULLY DEVELOPED, AND EXPERIENCE IN NEGOTIATION OF COMPLEX SYSTEMS TO

INCLUDE ALL IMPORTANT FEATURES SUCH AS SPARES, SUPPORT, TECHNICAL REQUIREMENTS AND MAINTENANCE AND SUPPLY FACTORS IS STILL LIMITED. IT WILL BE SOME TIME BEFORE THE IIA FULLY POSSESSES THE NECESSARY COMPLEX ORGANIZATIONAL SKILLS TO NEGOTIATE COMPLEX PROCUREMENTS WITH ASSURANCE OF FAIR AND REASONABLE PRICES AND KNOWLEDGE THAT ALL EQUIPMENT SPECIFICATIONS AND SUPPORT REQUIREMENTS HAVE BEEN CONSIDERED.

4. AS A RESULT OF THE ABOVE, THE GOVERNMENT OF IRAN REQUESTS THAT PROCUREMENT FROM THE US OF ALL MAJOR WEAPONS/DEFENSE SYSTEMS, MAJOR EQUIPMENTS, AND RELATED CONTRACTOR SUPPORT SERVICES BE EFFECTED THROUGH FMS PROCEDURES. IF THE GOVERNMENT OF IRAN COULD BE ASSURED THAT THE US GOVERNMENT WOULD AS A MATTER OF POLICY ACCEPT SUCH REQUESTS TO CONTRACT VIA FMS, IT WOULD BE OF GREAT VALUE TO US IN PLANNING EQUIPMENT ACQUISITION AND IN DEALING WITH US FIRMS. IN THIS REGARD THREE SYSTEMS ARE BEING CONSIDERED FOR PROCUREMENT AT THIS TIME: TOW MISSILE, IMPROVED HAWK AND F-5E AIRCRAFT. REPRESENTATIVES OF THE RESPECTIVE FIRMS HAVE BEEN INFORMED OF OUR DESIRES TO UTILIZE FMS PROCEDURES IN THE EVENT WE PURCHASE THESE WEAPONS SYSTEMS. YOU WILL BE ADVISED OF OUR INTENT TO PURCHASE AS SOON AS THE REQUIREMENTS ARE FIRM. I WILL NOTIFY YOU OF OTHER SYSTEMS/EQUIPMENTS TO BE PROCURED AS SOON AS THEY ARE IDENTIFIED.
- 5.

PLEASE ADVISE ME OF YOUR GOVERNMENT'S POSITION IN THIS MATTER.

SIGNED: LTG H. TOUFANIAN. UNQUOTE.

2. IRANIANS ARE TAKING ACTIONS TO DEVELOP EFFECTIVE PROCUREMENT ORGANIZATION INCLUDING REORGANIZATION OF THEIR CENTRAL PROCUREMENT ACTIVITY AND AUGMENTATION OF SKILLED PERSONNEL. IT WILL BE SOMETIME, HOWEVER, BEFORE GOI HAS THE EXPERIENCE AND CAPABILITY TO DEAL ADEQUATELY WITH MAJOR AND COMPLEX CONTRACTS OF THIS KIND. GOI HAS ATTEMPTED SOME MAJOR DIRECT PROCUREMENTS FROM US FIRMS WHICH IT BELIEVES TURNED OUT TO BE UNSATISFACTORY BECAUSE OF ITS LACK OF

EXPERTISE. THESE EXPERIENCES HAVE IN SOME CASES LEFT A RESIDUE OF FEELING THAT IS NOT HELPFUL TO AMERICAN CONTRACTORS. BECAUSE OF POLICY RESTRICTIONS ON US ADVISOR INVOLVEMENT IN DIRECT DISCUSSIONS BETWEEN GOI AND US FIRMS, WE HAVE NOT BEEN ABLE TO GIVE ADEQUATE ADVICE IN DIRECT NEGOTIATIONS, ALTHOUGH THE SHAH LOOKS TO ARMISH/MAAG FOR PRECISELY THIS KIND OF ADVICE. IN VIEW OF PAST EXPERIENCE AND AVOWED LACK OF EXPERTISE, SHAH FEELS THAT FOR THE PRESENT AT LEAST, USG PROCUREMENT ORGANIZATION AND EXPERTISE OFFERS ONLY RELIABLE ASSURANCE OF QUALITY ITEMS AT FAIR PRICES IN PURCHASES FROM US.

3. AVAILABILITY OF FMS PURCHASE PROCEDURES WILL STRONGLY SUPPORT CONTINUED PURCHASES BY GOI OF US MILITARY EQUIPMENT IN LIEU OF THIRD COUNTRY. WE HAVE BEEN SO INFORMED BY GOI OFFICIALS AND HAVE SEEN SPECIFIC CASES OF GOI CONTRACTING WITH THIRD COUNTRY SOURCES ONCE FMS ROUTE HAS BEEN TURNED DOWN. CONTINUED US SUPPLY OF IRANIAN ARMED FORCES AND MINIMIZATION OF THIRD COUNTRY INFLUENCE WILL HAVE IMPORTANT BENEFITS BOTH FOR COMBAT EFFECTIVENESS OF IIA AND FURTHERENCE OF US INTERESTS. FMS AUTHORIZATION FOR GOI PURCHASES WOULD BE AN IMPORTANT AID SUPPORT OF THESE GOALS.
4. COUNTRY TEAM STRONGLY RECOMMENDS THAT GOI BE PERMITTED TO PURCHASE MAJOR WEAPONS/DEFENSE SYSTEMS THROUGH FMS AS MATTER OF POLICY, THEREBY AVOIDING CASE BY CASE DETERMINATIONS WHICH HAVE OFTEN PROVED SENSITIVE AND LENGTHY. ONE ROUTE WHICH APPEARS PARTICULARLY PROMISING AND TO WHICH WE STRONGLY RECOMMEND CONSIDERATION BE GIVEN IS GOVERNMENT AGREEMENT SUCH AS WE UNDERSTAND EXISTS BETWEEN THE USG AND FRG, WHICH WOULD STIPULATE GOI DESIRES WITH REGARD TO FMS PURCHASE PER QUOTED LETTER AND USG WILLINGNESS TO ACCEPT FMS REQUESTS.

MACARTHUR

¹ Source: National Archives, RG 59, Central Files 1970-73, DEF 12-5 IRAN. Confidential. Repeated to CSAF and CINCSTRIKE.

141. Telegram 4662 From the Embassy in Iran to the
Department of State, August 23, 1971, 0907Z¹

August 23, 1971, 0907Z

TELEGRAM
Department of State
TEHRAN 4662

50

ACTION 55-25

INFO OCT-01 /026 W 123482

R 230907Z AUG 71

FM AMEMBASSY TEHRAN

TO SECSTATE WASHDC 5483

FOR UNDER SECRETARY JOHNSON, ASST SECY SISCO AND MIKLOS,
NEA/IRN FROM MACARTHUR

SUBJ:

SHAH'S PROPOSAL TO USG THAT AFTER RETIREMENT GENERAL TWITCHELL SERVE
AS CIVILIAN CONSULTANT

REF:

(A) TEHRAN 3753 AND 3589 (B) AMB'S JULY 24 LETTER TO MIKLOS

1. HAVE RECEIVED LETTER FROM GEN. WESTMORELAND DATED AUGUST 12 TAKING POSITION, IN WHICH HE SAYS GENERALS THROCKMORTON AND GOODPASTER CONCUR, THAT CONSULTANCY OF GENERAL TWITCHELL WOULD NOT BE IN THE BEST INTERESTS OF US AND COULD BE PREJUDICIAL TO SUCCESS OF NEW ARMISH/MAAG CHIEF. WESTMORELAND EXPRESSED DOUBT THAT IF TWITCHELL REMAINS WILLIAMSON WOULD EVER GET TO KNOW SHAH AND DEVELOP RELATIONSHIP COMPARABLE TO THAT BETWEEN SHAH AND TWITCHELL AND QUESTIONS LEGALITY OF TWITCHELL'S EMPLOYMENT AS "EGSO GERMAINE TO THIS ISSUE." HE CONCLUDES BY OPPOSING SHAH'S

PROPOSAL TO HAVE TWITCHELL SERVE AS CONSULTANT AND SAYS HE DOES NOT BELIEVE THERE IS CLEAR DEMARCATION LINE BETWEEN JOBS OF TWITCHELL AND CHIEF A/M.

2. WHILE I REALIZE WESTMORELANDS LETTER REFLECTS POSITION OF US ARMY, SHAH ADDRESSED HIS PROPOSAL TO US GOVERNMENT. I STRONGLY DISAGREE WITH WESTMORELAND'S VIEWS AND OFFER FOLLOWING COMMENT FOR CONSIDERATION OF USG IN REACHING DECISION ON SHAH'S REQUEST. FIRST, WITH ALL DUE RESPECT TO WESTMORELAND, THROCKMORTON AND GOODPASTER, I THINK NONE OF THEM REALLY UNDERSTAND: NATURE AND CHARACTER OF SHAH: THAT DECISION TO HAVE TWITCHELL SERVE AS CIVILIAN CONSULTANT WAS SHAH'S ALONE: AND THAT SHAH CANNOT BE BRUSHED OFF WITH REASONS SUCH AS THOSE IN WESTMORELAND LETTER. SHAH TOLD ME HE WANTS TWITCHELL AS CIVILIAN CONSULTANT ON MATTERS WHICH ARE NOT RESPONSIBILITY OF MAAG CHIEF BECAUSE HE HAS KNOWN TWITCHELL SINCE HE UNDERTOOK INITIAL SURVEY MISSION OF IRANIAN ARMED FORCES IN 1962 AND RESPECTS TWITCHELL'S PROFESSIONAL QUALIFICATIONS, FRANKNESS, INTEGRITY, AND LONG ASSOCIATION WITH IRAN'S OVER-ALL MILITARY PROBLEMS, PARTICULARLY PROCUREMENT AND PRODUCTION.
3. IN EARLIER MESSAGES AND IN MY LETTER TO WESTMORELAND I TRIED TO MAKE CLEAR THAT SHAH HAS NEED FOR ADVICE IN CERTAIN MATTERS RELATING TO HIS DEFENSE PROGRAM, PARTICULARLY PROCUREMENT AND PRODUCTION, WHICH ARE EITHER BEYOND PURVIEW OF MAAG OR UNAPPROPRIATE FOR IT TO BECOME INVOLVED IN. IN THIS REGARD, I HAVE PREVIOUSLY POINTED OUT LIMITATIONS WHICH SEVERELY INHIBIT EXTENT TO WHICH MAAG CAN ASSIST IRANIANS IN THEIR NEGOTIATIONS WITH COMMERCIAL FIRMS AND WITH FOREIGN GOVERNMENTS EVEN THOUGH SHAH EXPECTS MAAG TO DO SO. AT THIS STAGE, THERE IS DEFINITE NEED FOR ADVICE AND ASSISTANCE IN THIS AREA AND I AM CONVINCED IT WOULD BE STRONGLY IN US INTEREST AS WELL AS IRANIAN FOR US TO HAVE A COMPLETELY RELIABLE AND COOPERATIVE CIVILIAN CONSULTANT OF INTEGRITY TO GIVE SOUND AND OBJECTIVE ADVICE ON SUCH MATTERS. THIS IS BECOMING INCREASINGLY IMPORTANT. AS BRITISH AND FRENCH AND OTHERS PRESS FOR PURCHASE OF THEIR EQUIPMENT, DOWNGRADING US HARDWARE IN PROCESS, AND ALSO PUSH IRANIANS TO ACCEPT ADVISORS.

4. ON PRODUCTION SIDE, MAAG OBVIOUSLY HAS NOT AND CANNOT BECOME INVOLVED IN SOME ASPECTS FOR NUMBER OF REASONS. AS YOU KNOW, TOUFANIAN WEARS SEVERAL HATS (E.G., DEPUTY MINISTER OF WAR FOR ARMANENT: ARMANENT ADVISER TO CHIEF SCS: AND DIRECTOR OF MILITARY INDUSTRIES ORGANIZATION). IN LATTER CAPACITY HE IS MANAGING DIRECTOR OF SEVERAL PLANTS WHICH UNDER SPECIAL LEGISLATION ARE RUN AS COMMERCIAL ENTITIES AND WHICH IN CERTAIN CASES SUCH AS BATTERY PLANT, MANUFACTURE FOR CIVILIAN ECONOMY AS WELL AS FOR MILITARY. HE IS IN ADDITION RESPONSIBLE FOR RUNNING OF IRANIAN HELICOPTER INDUSTRY AND IRANIAN RADIO FACTORY WHICH ARE PARTIALLY GOI OWNED WITH AGUSTA BELL OF ITALY AND TADIRAN OF ISRAEL HAVING MINORITY HOLDING IN RESPECTIVE COMPANIES. IN ADDITION, TOUFANIAN HAS BEEN DIRECTED TO ASSUME RESPONSIBILITY FOR NEWLY FORMED IRAN AIRCRAFT INDUSTRY, WHICH IS TO BE GOI-OWNEO WITH NORTHRUP A MINORITY PARTNER. HE HAS ALSO BEEN DIRECTED TO ESTABLISH NEW AMMUNITION FACTORY AND TAKE ON INCREASED RESPONSIBILITIES IN CONJUNCTION WITH COORDINATION OF CIVILIAN AND MILITARY PRODUCTION.
5. IN ORDER FOR TOUFANIAN TO MEET THESE NEW RESPONSIBILITIES SHAH HAS DIRECTED HIM TO EXPAND HIS ORGANIZATION, DEVELOP OVER-ALL MANAGEMENT STAFF, AND ESTABLISH NEW PROCEDURES. SHAH HAS TOLD TOUFANIAN TO LOOK FOR SOME WELL-QUALIFIED CIVILIANS AND HAS AUTHORIZED HIM TO EMPLOY APPROPRIATE FOREIGN CONSULTANTS. IN FIRST PLACE, HOWEVER, SHAH WANTS TWITCHELL AS CONSULTANT IN THESE AREAS WHICH OBVIOUSLY DO NOT FALL WITHIN ARMISH/MAAG COMPETENCE. IN VIEW OF NATURE AND SENSITIVITY OF ACTIVITIES INVOLVED. ANY CONSULTANT WILL HAVE TO HAVE FULL CONFIDENCE OF GOI AND AS IN EVERY OTHER MATTER RELATING TO MILITARY HERE, BE PERSONALLY APPROVED BY SHAH. IN SUM, SHAH IS GOING TO HAVE FOREIGN ADVISOR (OR ADVISORS). HE WANTS TWITCHELL BUT IF WE PREVENT HIS ACCEPTING, SHAH WILL TURN ELSEWHERE (AND WE CANNOT BE SURE IT WILL NECESSARILY BE TO AN AMERICAN) TO THE DETRIMENT OF OUR NATIONAL INTERESTS. FURTHERMORE, IF WE REPLY NEGATIVELY IT BOUND TO HAVE SOME EFFECT ON OUR RELATIONS WITH SHAH. HE MAY SEE IT AS BUREAUCRATIC USG ROADBLOCK IN HIS EFFORTS TO IMPROVE HIS OVER-ALL DEFENSE CAPABILITIES. SUCH AN IMPRESSION CLEARLY POSSIBLE SINCE SHAH KNOWS

RETIRED US ARMY BRIG GEN BEN ZITSMAN PRESENTLY SERVING AS CONSULTANT TO MINISTRY OF COMMUNICATIONS OF GOI AND FORMER MAAG CHIEF, GEN JABLONSKI, ALSO IS IN EFFECT SERVING AS CONSULTANT AND ADVISER TO OFFICIAL IRANIAN AGENCIES RESPONSIBLE FOR TELECOMMUNICATIONS PROJECT, THEREFORE, AND REPLY THAT IT NOT LEGALLY POSSIBLE FOR TWITCHELL TO BE EMPLOYED AFTER RETIREMENT BY AMERICAN CONSULTANT FIRM WHICH WOULD BE UNDER CONTRACT TO GOI TO ASSIST IN DEFENSE AREA SIMPLY WILL NOT WASH WITH HIM. AND, OF COURSE, ANY REPLY INDICATING USG OPPOSES TWITCHELL AS CIVILIAN CONSULTANT FOR REASON FORTH IN WESTMORELAND'S LETTER WOULD BE DISASTROUS.

6. TO CONCLUDE, I FEEL STRONGLY OUR NATIONAL INTERESTS WILL BEST BE SERVED BY HAVING TWITCHELL SERVE AS CIVILIAN CONSULTANT AFTER RETIREMENT. I AM CONVINCED THAT AREA IN WHICH SHAH WANTS HIS ADVICE DOES NOT CONFLICT WITH ARMISH/MAAG RESPONSIBILITIES AND TERMS OF REFERENCE. I WOULD EMPHASIZE AGAIN THAT TWITCHELL HAD NOTHING TO DO WITH THIS PROPOSAL WHICH ORIGINATED WITH SHAH AND IF HE TAKES THIS JOB ON IT WILL BE AT SOME PERSONAL SACRIFICE. IF THERE IS ANY PROSPECT OF A NEGATIVE DECISION BEING TAKEN, I RECOMMEND THIS MATTER BE DISCUSSED WITH WHITE HOUSE SINCE IF WE GIVE SHAH A TURN-DOWN, HE WILL NOT ONLY BE EXTREMELY DISPLEASED BUT ALSO MAY EVEN TAKE IT UP WITH PRESIDENT. THERE IS SOME URGENCY IN THIS MATTER AS I HAVE BEEN ASKED ABOUT IT TWICE WITHIN LAST WEEK, ONCE AT CABINET LEVEL.
7. SUGGEST THIS MESSAGE BE SHOWN TO GEN. WESTMORELAND.

MACARTHUR

¹ Source: National Archives, RG 59, Central Files 1970-73, DEF 6 IRAN. Confidential; Exdis.

142. Telegram 4816 From the Embassy in Iran to the
Department of State, August 30, 1971, 1000Z¹

August 30, 1971, 1000Z

TELEGRAM
Department of State
TEHRAN 4816

47

ACTION NEA-11

INFO OCT-01 CIAE-00 DODE-00 PM-06 H-02 INR-06 L-00 NSAE-00 NSC-
10 P-03 RSC-01 PRS-01 SS-14 USIA-12 NIC-01 AF-08 EUR-14 PC-04 RSR-01
/098 W 043151

R 301000Z AUG 71 ZDK

FM AMEMBASSY TEHRAN

TO SECSTATE WASHDC 5561

SUBJ:
SUBVERSIVE INFILTRATIONS INTO IRAN

REF:
(A) TEHRAN 671: (B) TEHRAN 4306

1. AS ANTICIPATED IN CONNECTION APPROACH OF UK WITHDRAWAL FROM GULF AND PREPARATIONS FOR 25TH CENTENARY (REFTELS), SUBVERSIVE GROUPS TRAINED AND INFILTRATED FROM WITHOUT CONTINUE TO BE TARGETED ON IRAN.
2. MOST RECENT INCIDENT, ANNOUNCED BY GOI AUGUST 27, WAS ATTEMPT TO INFILTRATE A GROUP OF IRANIAN-BORN SABOTEURS RECRUITED AND TRAINED IN IRAQ FROM AMONG LONG-TERM EMIGRES FROM IRANIAN BALUCHISTAN RESIDENT IN IRAQ. ANNOUNCEMENT SAID 14 OF GROUP SURRENDERED TO IRANIAN AUTHORITIES BEFORE LAUNCHING ANY ACTIONS AGAINST GOI, WHILE FOUR OTHERS CAPTURED IN BALUCHISTAN

AS RESULT SECURITY ALERTNESS AND COOPERATION OF BALUCHISTAN POPULATION.

3. ANOTHER INCIDENT, SO FAR UNPUBLICIZED BUT WIDELY KNOWN IN TEHRAN CIRCLES, WAS EFFORT BY ARMED MEN TO ENTER RESIDENCE OF NIOC CHAIRMAN EQBAL AUGUST 19. THOUGH DETAILS OF STORY VARY, IT APPEARS ONE MAN GOT INTO EQBAL GARDEN, WAS DISCOVERED BY GUARD AND ESCAPED IN CONFEDERATE'S CAR AFTER FIRE EXHCANGE IN WHICH GUARD REPORTEDLY KILLED OR BADLY INJURED.
4. THIRD INCIDENT OCCURED AUGUST 19 WHEN FLOWER POT CONTAINING SMALL BOMB PLACED AT BASE OF STATUE IN TEHRAN SQAURE (MOKHBERODDOWLEH) PRIOR TO CEREMONY COMMEMORATING 28 MORDAD. (1953 POPULAR UPRISING DEMANDING SHAH'S RETURN TO POWER). THOUGH BOMB NOT DISCOVERED IN ADVANCE, FLOWER POT (WHICH WAS "INAPPROPRIATELY" PLACED WHERE CROWD WAS TO FILE BY) WAS FORTUNATELY REMOVED TO NEARBY POLICE KIOSK BEFORE CEREMONY: WHEN BOMB EXPLODED INSIDE KIOSK, FOUR POLICE OFFICERS AND NUMBER OF SPECTATORS INJURED.
5. FOURTH INCIDENT INVOLVED A SEPARATE EFFORT OF SMALL SUBVERSIVE GROUP TO INFILTRATE INTO IRAN FROM IRAQ (GOMSAR, NEAR ILAM) IN MID-AUGUST GOI ANNOUNCED THAT GROUP HAD BEEN DISCOVERED BY IRANIAN FRONTIER GUARDS AND IN ENSUING FIGHT TWO MEMBERS OR GROUP WERE KILLED AND THREE OTHERS CAPTURED.
6. THERE IS ALSO REPORT (AS YET UNVERIFIED) THAT UNSUCCESSFUL ATTEMPT WAS MADE TO ASSASSINATE GENERAL MOHHAMAD HOSSEING ZARGHAM OF IIGF (COMMANDER SECOND CORPS) IN TEHRAN ON AUGUST 24. GENERAL REPORTED TO HAVE ESCAPED UNINJURED, THOUGH AIDE SAID TO BE WOUNDED.
7. COMMENT: CONJUNCTURE OF BRITISH WITHDRAWAL FROM GULF BY END OF 1971 WITH 2,500 CENTENARY IN OCTOBER, WHERE EYES OF WORLD WILL BE FOCUSED ON IRAN, HAS OBVIOUSLY PRESENTED TO EXTERNAL FORCES TRYING TO SOFTEN UP IRAN, AN ALMOST IRRESISTABLE TEMPTATION TO TRY TO CREATE AN IMPRESSION OF INSTABILITY AND DISORDER IN THIS BASICALLY STRONG AND STABLE COUNTRY.

GP-3

MACARTHUR

NOTE RY OCT: TEHRAN 4816# TEXT AS RECEIVED.

MACARTHUR

¹ Source: National Archives, RG 59, Central Files 1970-73, POL 23-9 IRAN. Confidential. The lavish 2500th celebrations, held October 1971 at Persepolis, commemorated the anniversary of Cyrus the Great's founding of the Achaemenian Empire. On November 19, David Abshire replied to a letter of concern, forwarded by Senator Lloyd Bentsen, that the Shah had pre-emptively rounded up 39 dissidents on August 23, and sentenced most to death. Abshire wrote that "The Iranian government has acted energetically to round up the terrorist groups, as would any government in similar circumstances. In our opinion these dissident elements in Iran are in no way representative of the views of the great majority of the Iranians, who support the Shah and his government." (NEA/IRN, Office of Iran Affairs, Lot File 75D351, Box 6, POL 23, Internal Security, Counter Insurgency, Iran 1971.) On December 21, the Embassy expressed the view that a campaign against the death sentences was communist-organized. (Donald Toussaint to Jack Miklos, NEA/ARN, Office of Iran Affairs, Lot File 75D365, Box 7, POL 29, Political Prisoners, Iran 1972.)

143. Action Memorandum from the Assistant Secretary for Near Eastern and South Asian Affairs (Sisco) to Secretary of State Rogers, Washington, September 9, 1971¹

Washington, September 9, 1971

DEPARTMENT OF STATE
ACTION MEMORANDUM
SEP. 9, 1971

TO:
The Secretary

FROM:

NEA - Joseph J. Sisco

Gulf Islands: Letter to Douglas-Home

The British and Iranians have agreed in principle on an arrangement for resolving the dispute over the Gulf islands of Tunbs and Abu Musa in a manner meeting Iran's basic claim to sovereignty but providing facesaving and important financial concessions to the Arab shaykhs involved. The British still face the difficult task of obtaining the agreement of the Arab shaykhs to this arrangement. September 7 the Shah conveyed to Ambassador MacArthur the message that he can go no further to accommodate the British. If the agreement does not materialize because of the shaykhs' resistance, the Shah wants us to know that:

- a) Iran's relations with UK will be seriously jeopardized;
- b) Iran will denounce the proposed Federation of Arab Emirates; and
- c) Iran will reserve its right to take such action as it deems necessary to protect its national interest.

The Shah has passed the same message to the British Government.

I agree with Ambassador MacArthur's assessment (Tehran 4970, Tab C) that the Islands' dispute has now reached a crucial stage in which the British must persuade the shaykhs to accept the arrangement negotiated with Iran if there is to be stability and cooperation in the Gulf after British withdrawal.

While I am certain that the British will make a sincere effort to persuade the shaykhs to accept the agreement, I think we should be on record as encouraging this British effort. I believe the proposed letter from you to Douglas-Home is the best way to assure that the British appreciate the seriousness with which we regard this problem. I suggest we cable the text of the letter to London for delivery prior to receipt of the signed original.

Recommendation:

That you sign the attached letter to Douglas-Home (Tab A) and approve the telegram conveying the text in advance (Tab B).

Attachments:

Tab A: Suggested letter to Douglas-Home

Tab B: Telegram conveying advance text of letter

Tab C: Tehran 4970 (EXDIS)

Drafted: NEA/ARP JWTwinam:sb

X21481 2/8/71

Concurrences:

NEA - Mr. Davies

NEA/IRN - Mr. Dowell (draft)

NEA/ARP - Mr. Murphy (draft)

EUR/BMI - Mr. Burns (draft)

¹ Source: National Archives, RG 59, Central Files 1970-73, POL 33-3 PERSIAN GULF. Secret. Drafted by Joseph W. Twinam (NEA/ARP); cleared by Davies (NEA), Burns (EUR/BMI), Dowell (NEA/IRN), and Murphy (NEA/ARP). The proposed letter, Tab A, is published as [Document 144](#). Tabs B and C are not published. The substance of this message was included in the material submitted to Kissinger on

September 8 for the President's Thursday Briefing. (Ibid., Nixon Presidential Materials, NSC Files, Box 1268, Saunders Files, Middle East Negotiations, 6/1/71-12/31/71.)

144. Letter From Secretary of State Rogers to the British Secretary of State for Foreign and Commonwealth Affairs (Douglas-Home), Washington, September 13, 1971¹

Washington, September 13, 1971

THE SECRETARY OF STATE
WASHINGTON
September 13, 1971

Dear ALEC:

Since we discussed the Gulf Islands dispute in London last April, I have followed this difficult problem with continuing interest. I now understand that Sir WILLIAM LUCE has negotiated an agreement in principle with the Iranians on an arrangement which would satisfy basic Iranian demands. I consider this a significant and encouraging development and wish to express my great admiration for the skill displayed on your side in bringing about this agreement.

We have received a message from the Shah indicating that the terms to which he has agreed are as far as he can go in being accommodating on this question. He has told us that if the Arab shaykhs refuse to accept the terms to which the United Kingdom and Iran have agreed, Anglo-Iranian relations will be seriously jeopardized, Iran will denounce the proposed Federation of Arab Emirates, and Iran will reserve its rights to take such action as it deems necessary to protect its national interest. I am informed that the Shah has conveyed a similar message to you.

I fully understand the difficulty of bringing the Arab shaykhs to accept this arrangement. I am confident, however, that the terms which you have negotiated on their behalf are as good as the shaykhs can expect.

I know we are fully in accord that an amicable settlement of this nature is essential if there is to be cooperation and stability in the Gulf in the future. In looking at ways we might assist, I see little we could add to your efforts at this time to influence the Gulf shaykhs. We do intend, however, to reply to the Shah that we are confident the United Kingdom will make every effort to bring this promising opportunity for a settlement to a successful conclusion.

The Right Honorable
Sir ALEC DOUGLAS-HOME, K.T., M.P.,
Secretary of State for Foreign and Commonwealth Affairs,
London.

With best personal regards,
Sincerely,
William P. Rogers

Drafted: NEA/ARP: JWTwinam:sb

x21481 9/8/71

Concurrences:

NEA - Mr. Davies

EUR/BMI - Mr. Burns (draft)

NEA/IRN - Mr. Dowell (draft)

NEA/ARP - Mr. Murphy

¹ Source: National Archives, RG 59, Central Files 1970-73, POL 33 PERSIAN GULF. Secret. Drafted by Twinam; and cleared by Davies, Burns, Dowell, and Murphy. In Telegram 167813 to London, September 9, Sisco requested that the Ambassador ask Douglas-Home to consult with the United States prior to the Iranians if the sheikhs' reaction to the plan should be negative, so that Washington itself could approach the disputing parties if need be. (Ibid.) In telegram 175137 to Dhahran, London, Jidda, Kuwait, and Tehran, September 21, the Department transmitted Douglas-Home's reply, in which he said that "Increasingly he [the Shah] may have anxieties about having his bluff called since he cannot want to use force if he can avoid it, thus jeopardising his relations both with the Gulf States and the whole Arab world. He is, of course, as we all know, a very accomplished brinkman." (Ibid.)

145. Letter From the Assistant Secretary of Defense for International Security Affairs (Nutter) to the Under Secretary of State (Johnson), Washington, September 20, 1971¹

Washington, September 20, 1971

ASSISTANT SECRETARY OF DEFENSE
WASHINGTON, D. C. 20301
20 SEP 1971

Honorable U. Alexis Johnson
Under Secretary of State Political Affairs
Washington, D. C. 20520

Dear Alex:

Regarding the problem of Major General Twitchell's employment by the Government of Iran, this letter confirms the DOD position and policy on the issue.

DOD responsibilities for MAAGs are prescribed by the Foreign Military Assistance Act of 1961, as amended, and are promulgated by a DOD Directive which delineates OSD, JCS and Military Service responsibilities. Pertinent points in the matter at hand are:

1. MAAGs are assigned to the Military Command of Unified Commands and as such are responsible to OSD and the Joint Chiefs of Staff in policy matters.
2. OSD/ISA is the DOD point of contact with other government agencies in the field of Security Assistance policy.
3. Chiefs of MAAGs are responsible to:
 - a. Represent the Department of Defense to the government to which they are accredited, and establish a relationship of mutual trust and confidence with the Ministry of Defense and the Armed Forces of that country.
 - b. Provide appropriate assistance and advisory services to recipient countries on security assistance.
4. The policy channel of communication is from OSD/ISA, or the Joint Chiefs of Staff through Unified Commands to the MAAGs. The

Military Services are not authorized direct communication on matters concerning policy, strategic, or military operational considerations. Clearly the individual Military Services have no authority or responsibility for policy decisions of the nature represented by the hiring of Major General Twitchell as a military consultant to the Shah of Iran.

Additionally, the OSD General Counsel's opinion is that it would be illegal for Major General Twitchell to accept such employment and continue on the military retired rolls without enactment of a "private bill" by Congress approving such employment. DOD would oppose enactment of a private bill on a policy basis in that we believe it to be unacceptable to interpose a third party between the Chief, MAAG and the government to which he is accredited. Further, it is undesirable to establish a precedent for situations wherein a MAAG Chief could accrue to himself the opportunity for future financial gain by becoming the host government's proponent rather than that of the USG.

This letter confirms earlier telephone communication requesting that action on Major General Twitchell's employment by the Shah of Iran be stopped. For your further consideration, I recommend that this letter be used as background for policy in any related cases which may arise in the future.

Sincerely,
Warren

¹ Source: National Archives, RG 59, Central Files 1970-73, DEF 19-9 US-IRAN. No classification marking.

146. Telegram 5535 From the Embassy in Iran (MacArthur)
to the Department of State, September 30, 1971, 1330Z¹

September 30, 1971, 1330Z

TELEGRAM
DEPARTMENT OF STATE
TEHRAN 5535

41

ACTION SS-25

INFO OCT-01 /026 W 030173

R 301330Z SEP 71

FM AMEMBASSY TEHRAN

TO SECSTATE WASHDC 5948

CORRECTEDCOPY (MRN ONLY 5535 VICE 5534)
FOR UNDER SECRETARY JOHNSON AND ASST SECY SISCO FROM
MACARTHUR

SUBJ:

SHAH PRESSES USG FOR SHRIKE MISSILES

1. FOR PAST SEVERAL MONTHS SHAH HAS BEEN PRESSING US WITH INCREASING FIRMNESS ON HIS NEED TO ACQUIRE WHAT HE REFERS TO AS AN ELECTRONIC COUNTER MEASURES (ECM) CAPABILITY. IN DISCUSSING THIS QUESTION WITH ME, [*text not declassified*] AND GEN TWITCHELL, SHAH HAS TENDED TO LUMP TOGETHER WHAT ARE ESSENTIALLY THREE SEPARATE BUT RELATED ASPECTS (SEE BELOW) OF OVER-ALL PROBLEM WHICH I BELIEVE IN HIS MIND IS QUESTION HOW TO COPE WITH ALL ASPECTS OF ENEMY CAPABILITY WHICH INCORPORATE ELECTRONIC FEATURE IN ONE OR ANOTHER FORM.
2. WE HAVE SUGGESTED TO SHAH THAT THE QUESTION CAN BE ADDRESSED MORE CONSTRUCTIVELY IF WE AGREE TO DIVIDE IT INTO THREE PARTS: (1) PURE FCM, (2) COMMUNICATIONS, AND

(3) WEAPONS SYSTEMS. OUR COROLLARY PURPOSE IN DOING THIS HAS BEEN TO ENABLE BOTH HIM AND US TO MEASURE PROGRESS WHICH HAS BEEN MADE IN ONE OR ANOTHER OF HXREE AREAS AND TO DEFINE EXTENT TO WHICH OUR PRESENT RESPONSES AND PROGRAMS ARE ADEQUATE OR INADEQUATE IN TERMS OF HIS ASSESSMENT OF HIS REQUIREMENTS. IN FIRST AREA WE HAVE MADE SUBSTANTIAL CONCRETE PROGRESS. IN SECOND, WE HAVE HAD ENCOURAGING INDICATION THAT MODIFICATION OF ARMISH/MAAG APPLICATION OF OUR NATIONAL DISCLOSURE POLICY (DEPT'S A-35, JULY 7, 1971) WILL ENABLE US TO BE FAR MORE CONSTRUCTIVE THAN IN PAST.

3. HOWEVER, I AM MUCH CONCERNED ABOUT THIRD AREA—WEAPONS SYSTEMS—FOR IT IS IN THIS AREA THAT OUR RESPONSE HAS BEEN LEAST FORTHCOMING AND IT SEEMS EVIDENT THAT SHAH FINDS OUR POSITION EQUIVOCAL AND THEREFORE IRRITATING. IN 141400Z OF 14 JUNE '71 CHIEF, ARMISH/MAAG OUTLINED STATE OF PLAY, WHICH, IN ESSENCE WAS THAT SHAH WISHED TO ACQUIRE SHRIKE MISSILE FROM US. CHIEF, ARMISH/MAAG REQUESTED RESPONSE FROM WASHINGTON COVERING AVAILABILITY OF SHRIKE, DETAILS AS TO COST AND OTHER FACTORS INVOLVED IN PROCUREMENT OF IT BY IRANIANS AND, IF RESPONSE ON AVAILABILITY WERE NEGATIVE, "A RATIONALE FOR REFUSAL WHICH WE CAN PRESENT TO THE IRANIANS." CINCPAC REPLIED IN 092104Z OF 9 JULY. THIS TELEGRAM SIMPLY RAISES OBVIOUS QUESTIONS OF IRAN'S NEED FOR SYSTEM—IN TERMS OF OUR INTELLIGENCE ASSESSMENTS—AND OUR ABILITY UNDER EXISTING RESTRICTIONS TO SELL IT TO IRAN. IT LEAVES BOTH OF THESE QUESTIONS UNANSWERED ALTHOUGH IT DOES SUGGEST THAT PRESENT CIRCUMSTANCES AS WE ASSESS THEM MAY NOT WARRANT ACQUISITION OF A SYSTEM OF THIS NATURE, AND EXPRESSES BELIEF THAT "CERTAIN COGENT FACTORS INVOLVED IN IRAN'S ACQUISITION OF THIS WEAPON SYSTEM SHOULD BE ILLUSTRATED."
4. ON AUGUST 7 THIS EMBASSY RE-RAISED QUESTION (TEHRAN 43321) REQUESTING A DATE ON WHICH US POSITION WOULD BECOME KNOWN AND REASONS FOR DELAY IN DECISION WHICH COULD BE GIVEN TO GOI. IT ALSO EXPRESSED VIEW THAT "CJ WOULD BE MOST UNFORTUNATE IF DELAYS IN USG DECISION—WHICH UNEXPLAINED COULD BE TAKEN FOR USG RELUCTANCE—WERE TO PRECIPITATE GOI DECISION TO GO THIRD-COUNTRY ROUTE WHICH MIGHT PROVE MORE EXPENSIVE AND LESS EFFECTIVE AND ALSO COMPLICATE IIAF ARMAMENTS AND

TRAINING." ON 10 AUGUST WASHINGTON REPLIED (JOINT STATE/DEFENSE MESSAGE 645375) THAT QUESTION OF OVER-ALL SAM DEFENSE FOR IIAF WAS UNDER ACTIVE STUDY BY JOINT STAFF AND THAT ESTIMATED COMPLETION OF THIS STUDY WOULD PERMIT USG TO RESPOND TO GOI REQUEST BY MID-SEPTEMBER.

5. SHAH RAISED THIS QUESTION AGAIN WITH GENERAL TWITCHELL ON AUGUST 14 AND AGAIN DURING TWITCHELL'S FAREWELL AUDIENCE ON SEPTEMBER 23. COURT MINISTER ALAM HAS, ON SHAH'S INSTRUCTIONS, ALSO RAISED IT TWICE WITH ME IN LAST TWO WEEKS. I STALLED WITH ALUR AND GEN TWITCHELL'S RESPONSE HAD NECESSARILY TO BE LIMITED TO OBSERVATION THAT QUESTION BEING STUDIED IN WASHINGTON IN LIGHT OF OUR EXPERIENCES IN VIET NAM WHICH PROVIDE A BROAD BASE TO EXAMINE AREA OF ANTI-SAM SYSTEMS.
6. AS I HAVE POINTED OUT IN PAST, IS ENTIRELY UNREALISTIC FOR US TO SUPPOSE THAT IN ABSENCE OF AN IRONCLAD GUARANTEE TO COME TO HIS ASSISTANCE MILITARILY, WE CAN HOPE TO IMPOSE OUR INTELLIGENCE ESTIMATES OF SHAH'S REQUIREMENTS ON SHAH WHEN HIS OWN ESTIMATES DIFFER MARKEDLY FROM THEM. HE REGARDS HIMSELF, QUITE NATURALLY, AS RESPONSIBLE FOR SECURITY OF HIS COUNTRY AND PEOPLE AND AS PERSON BEST ABLE TO ASSESS HIS REQUIREMENTS. THERE IS NO DOUBT WHATEVER IN MY MIND THAT HE WILL SEEK TO FULFILL THEM BY WHATEVER MEANS HE CAN FIND. HE HAS MEANS TO DO THIS AND THERE ARE MANY WHO ARE ONLY TOO ANXIOUS TO SELL TO IRANIANS SYSTEMS OF INDIFFERENT CAPABILITY WHICH IRANIANS WILL BE OBLIGED TO BUY IN ABSENCE OF A FORTHCOMING RESPONSE FROM US. WE CANNOT, IN SUM, CONTROL EITHER SHAH'S THINKING OR ACTIONS WHICH HE TAKES AS RESULT OF IT. WE HAVE, OF COURSE, SOUGHT TO INFLUENCE HIS THINKING IN DIRECTION OF THE PRACTICAL IN TERMS OF AVAILABILITY OF IRANIAN PERSONNEL TO MAN AND MAINTAIN VARIOUS EQUIPMENT WHICH HE HAS AND HE WANTS TO ACQUIRE, AND IN MANY INSTANCES OUR INFLUENCE HAS HAD SOME DEFINITE IMPACT. HOWEVER, SHAH IS GETTING RESTLESS ON THIS MATTER AND UNLESS WE CAN BE FORTHCOMING OUR INFLUENCE IS GOING TO BE ERODED: SHAH'S IRRITATION WILL BE INFLAMED AT EXPENSE OF OUR OVER-ALL EXCELLENT RELATIONS THAT SERVE OUR NATIONAL INTERESTS SO WELL: AND HE WILL TURN ELSEWHERE.

7. WE HAVE AT PRESENT TIME A SITUATION WHICH IS SIMILAR IN MANY RESPECTS TO THAT WHICH OBTAINED IN 1970. THE ISSUE AT THAT TIME WAS WHETHER, ON POLICY GROUNDS, WE SHOULD PERMIT SHAH TO BUY ADDITIONAL F-4 AND C-130 AIRCRAFT. I OUTLINED MY THINKING AT THAT TIME IN A TELEGRAM TO YOU (TEHRAN 3144, JULY 22, 1970) IN WHICH I CONCLUDED BY SAYING THAT CONTINUED EQUIVOCATION ON OUR PART WAS EROSIIVE OF OUR POSITION HERE AND THAT "IF THERE IS ANY QUESTION OF OUR REFUSING TO LET IRAN PURCHASE THESE ADDITIONAL AIRCRAFT WE OWE IT TO THE SHAH TO TELL HIM SO AND WHY. HOWEVER, IF WE DO SO, HE WOULD TAKE SUCH ACTION ON OUR PART AS PERSONAL AFFRONT AND A LACK OF CONFIDENCE IN HIM AND AS CLEAR INDICATION THAT DECISION HAS BEEN TAKEN AT HIGHEST LEVEL IN USG NOT RPT NOT TO COOPERATE WITH IRAN IN MEETING WHAT HE CONSIDERS ITS ESSENTIAL SECURITY REQUIREMENTS. AS I HAVE POINTED OUT, THIS WILL INEVITABLY-LEAD TO A DEFINITE ESTRANGEMENT WITH SHAH AND IRAN."
8. OUR PROBLEM TODAY IS NOT PRECISELY AS IT WAS THEN SINCE WE DO NOT PPRESENTLY HAVE ADDED COMPLICATION OF AN ASSURANCE AT HIGHEST LEVEL OF OUR GOVERNMENT THAT SHRIKE SYSTEM IS AVAILABLE, WHEREAS IN 1970 SUCH AN ASSURANCE HAD BEEN MADE WITH RESPECT TO AIRCRAFT WHICH HE WANTED. PRESENT SITUATION HAS NONETHELESS SAME BASIC ELEMENTS OF DANGER TO US-IRAN RELATIONS AS F-4 AND C-130 PROBLEM IN 1970 AND IS ONE WHICH CONCERNS ME GREATLY AND WHICH I FEEL WE MUST COME TO GRIPS WITH AT ONCE,
9. WHEN I ACCOMPANIED SHAH TO LAKE VAN SEPT 27 FOR OPENING OF IRAN-TURKEY RAIL LINK, HE SAID HE WISHED TO SEE ME IN NEXT WEEK OR TEN DAYS BEFORE I DEPART ON HOME LEAVE OCTOBER 21 AS THERE WERE "SOME MATTERS HE MUST DISCUSS" WITH ME. I UNDERSTAND ONE OF THEM IS SHRIKE, ON WHICH HE HAS AN EVEN MORE DEFINITE FIX AS RESULT OF REPORTS THAT ISRAELIS FIRED TWELVE SHRIKES AGAINST EGYPTAIN POSITIONS IN RECENT FLARE-UP ALONG CANAL.
10. WHILE WE OF COURSE RECOGNIZE THAT AFTER STUDY SHRIKE MAY NOT PROVE TO BE BEST ANSWER TO SHAH'S ANTI-SAM REQUIREMENT, HE HAS NONETHELESS FOCUSSED ON SHRIKE AND WE SIMPLY MUST BE IN POSITION TO BE FORTHCOMING WITH HIM IN DISCUSSING SHRIKE AS WELL AS OTHER

ALTERNATIVES AS TO HOW IRAN MIGHT BEST MEET SAM THREAT. SINCE WE HAVE APPARENTLY ALREADY SUPPLIED SHRIKE TO ISRAEL, I KNOW I NEED NOT ADD THAT REFUSAL TO LET IRAN PURCHASE THIS SYSTEM ON OUR PART WOULD COMPLETELY TEAR IT WITH SHAH.

11. IN LIGHT OF FOREGOING AND IN VIEW OF SHAH'S INCREASING IRRITATION AND SUSPICIONS ON THIS SUBJECT, I WOULD APPRECIATE BEING AUTHORIZED TO INFORM HIM IN MY FORTHCOMING AUDIENCE AND IN ANY CASE NOT LATER THAN OCT 18 THAT WE ARE PREPARED TO SIT DOWN WITH HIM IN IMMEDIATE FUTURE GO OVER RESULTS OF OUR STUDY AND IF IN THE LIGHT THEREOF THE DESIRES TO PURCHASE SHRIKE, THE US IS PREPARED TO MAKE IT AVAILABLE TO IRAN.

GP.4.

MACARTHUR

¹ Source: National Archives, RG 59, Central Files 1970-73, DEF 12-5 IRAN. Secret; Exdis.

147. Memorandum From the Acting Secretary of State
(Johnson) to the President's Assistant for National Security
Affairs (Kissinger), Washington, October 8, 1971¹

Washington, October 8, 1971

DEPARTMENT OF STATE
WASHINGTON
October 8, 1971

MEMORANDUM FOR MR. HENRY A. KISSINGER
THE WHITE HOUSE

SUBJECT:

Shah of Iran's Desire to Obtain Services of Maj. Gen. Hamilton Twitchell, USA (Ret.)

Over the past three months the Shah of Iran has repeatedly and insistently raised with Ambassador MacArthur in Tehran his strong desire to have Major General Twitchell, retiring Chief of the U.S. Military Advisory Mission to Iran, be a member of a Stanford Research Institute group which the Government of Iran is retaining to supply advisory, consulting and analytical services in civil and military engineering and management systems. The Shah has expressed great confidence in Twitchell's capabilities and the contribution he can make to Iranian development in these important fields.

Ambassador MacArthur has strongly supported this proposal, pointing out that in addition to the Shah's great interest, we can expect General Twitchell to have an important and favorable influence on the direction of Iranian military purchases.

I have over several weeks discussed this matter with Secretary Laird, General Westmoreland and others in the Department of Defense. Secretary Laird has taken exception to the Shah's request on the grounds that Twitchell's employment would be in violation of the intent of the U.S. Constitution and could raise questions of conflict of interest. He feels such employment could create a vulnerability in terms of Congressional sensitivities to the U.S. advisory, role abroad and to hostile media alert for opportunities to discredit the U.S. military. Secretary Laird has accordingly ruled against approval.

We do not dispute the contention that the foregoing considerations should be taken into account in reaching a decision on this matter. We feel, however, that the excellence of our relations with Iran and the Shah personally, is of overriding importance and that we should be responsive to his request. We believe possible Congressional criticism could be countered on the grounds of our helping an important and staunch friend. There are precedents of employment of former U.S. military advisory officers in foreign countries and the Department of Defense Directive 1005.3, Section VII, provides for an exception to the prohibition of such employment with the approval of the Secretary of the appropriate military department.

Ambassador MacArthur has predicted that if he does not receive satisfaction the Shah will make a direct approach to the President. It is also possible that the Shah may raise the issue with the Vice President during his visit to Iran for the 25th Centenary celebrations.

We think this arrangement would be in the national interest, and propose that the Secretary of Defense approve an exception to the Directive by the Secretary of the Army.

Alexis Johnson
Acting Secretary

¹ Source: National Archives, RG 59, Central Files 1970-73, POL 15 IRAN. Confidential; Limdis. In an October 20 memorandum, Eliot notified Sisco that Laird had asked his General Counsel to devise a system in which Twitchell could work for the Stanford Research Institute on whichever Iranian contracts the Counsel deemed appropriate, and advise the Shah in this capacity. (Ibid.)

148. Memorandum From the President's Assistant for
National Security Affairs (Kissinger) to Vice President
Agnew, Washington, October 9, 1971¹

Washington, October 9, 1971

THE WHITE HOUSE
WASHINGTON
October 9, 1971

MEMORANDUM FOR THE VICE PRESIDENT

FROM:

HENRY A. KISSINGER

SUBJECT:

Your Visit to Iran

Your visit to Iran is essentially an expression of our respect and friendship for the Shah. The 25th Centenary Celebrations are a symbolic assertion that Iran, under the leadership of the Shah, is assuming the full promise of its ancient heritage. Your participation in these events is intended to identify the United States with these accomplishments and the Shah's leadership.

Most of your time will be spent participating in the various ceremonial functions that have been planned. There probably will be little opportunity for substantive discussions with other heads of delegations.

Meeting with the Shah

Since you will have only 10 to 15 minutes privately with the Shah, you will want to limit, if possible, the number and type of substantive topics.

South Asia

This is the subject at the top of our priority list. The Shah has been a generally moderating influence on President Yahya of Pakistan during the present South Asian crisis. He apparently is personally close to Yahya and we would like to encourage the Shah to continue this effort. Yahya

will also be in Iran for the celebrations. It would be desirable for you to impress on the Shah that:

- We are deeply concerned that India and Pakistan could be approaching the brink of war.
- We hope that the Shah, in every appropriate way, will continue to counsel restraint recognizing that we have been making a maximum effort to help Yahya work his way through his difficulties in the face of continuing Indian trouble-making. We have:
 - 1) succeeded in getting a Consortium Agreement for a debt rescheduling program
 - 2) provided massive assistance to avert famine in East Pakistan;
 - 3) at some cost, avoided open criticism of Pakistan while urging maximum restraint in India.
- Ambassador MacArthur has informed him that we are calling on both Yahya and Mrs. Gandhi to withdraw their military forces from the immediate border areas and cautioning them both about cross-border operations that could provide the spark for a wider conflict. We would appreciate anything that the Shah might also be able to do along these lines.

Chirep

Iran has taken the position that it cannot vote for the continued seating of the Republic of China in the UN though it would not object to separate membership for "the Republic of Formosa." The Iranians have also said that they will abstain on our Important Question Resolution and will vote for the Albanian Resolution and against our Dual Representation Resolution. It would be helpful if you could:

—Tell the Shah that even if we cannot agree on the substance of the Chinese Representation issue, we cannot understand why Iran should oppose us on the procedural aspects. Specifically, we believe Iran should be able to vote with us to give the Important Question resolution priority over the Albanian Resolution, to vote with us on the Important Question resolution, and to at least abstain the Dual Representation vote.

Persian Gulf

The British and the Iranians are engaged in a series of new talks over the three islands in the mouth of the Gulf which the Iranians are threatening to seize if they are not turned over to them by the end of

the year when the British withdraw. We are still staying on the sidelines of the issue and avoiding direct involvement. You might say:

- We are convinced that the British are making a genuine effort to resolve the islands problem and hope that the Shah will work with them to resolve the issue peacefully.
- Iranian seizure of the islands could have a destabilizing effect on the Gulf and prevent cooperation between Iran and its Arab neighbors.

Aerial Tankers

The Shah has indicated that he will ask you about Iran acquiring aerial tankers to refuel his F-4s. This request has been before us for some time but the bureaucracy has been unable to come up with an agreed position. The main issue is that the selling of such aircraft to Iran might set a precedent that could provide problems with other countries. This whole question is currently under active study by Defense and State. There is, not much to say other than:

- You can assure him that question is under active study.
- We appreciate Iran's desire to be capable of defending itself and intend to continue to help this effort through the provision of credit, training and military advisory service.

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 1268, Saunders Files, Middle East Negotiations, Iran 6/1/71-12/31/71. Secret.

149. Telegram 16 From the U.S. Delegation to the 25 Centenary Celebrations in Shiraz, Iran, to the Department of State, October 15, 1971, 2010Z¹

October 15, 1971, 2010Z

TELEGRAM
Department of State
USDEL SHIRAZ 0016

90

ACTION SS-25

INFO OCT-01 SSO-00 CCO-00 FILE-01 /027 W

P 152010Z OCT 71 ZFF RUQVRA RUEHSA

FM USDEL SHIRAZ

TO SECSTATE WASHDC PRIORITY 008

INFO WHITE HOUSE

AMEMBASSY TEHRAN

AMEMBASSY JIDDA

AMEBASSY PRETORIA

SUBJECT:
IRAN'S DESIRE FOR CONTINUED UNITED STATES COOPERATION IN THE MILITARY
FIELD

REFERENCE:
USDEL SHIRAZ 0013, VIPTO 20

1. DURING THE HOUR AND A QUARTER MEETING BETWEEN THE VICE PRESIDENT AID THE SHAH ON OCTOBER 14, THE SHAH EXPRESSED APPRECIATION FOR US COOPERATION IN THE MILITARY FIELD AND SAID THAT EVEN AFTER HIS PRESENT FIVE-YEAR FORCE-GOAL PLAN HAS BEEN IMPLEMENTED IRAN WOULD

STILL NEED THE CONTINUED COOPERATION OF THE USG IN THE MILITARY FIELD. WITH THE VIETNAM WAR BEING WOUND DOWN, HE HAD REQUESTED US TO SUPPLY ABOUT 30 ADDITIONAL COMBAT EXPERIENCED ADVISORS FOR ARMISH-MAAG AND HE HOPED WE WOULD ACQUIESCE TO THIS REQUEST. HE WOULD ALSO WISH IN THE YEARS AHEAD TO GO ON SENDING IRANIAN OFFICERS TO THE US FOR PILOT TRAINING IN ABOUT THE SAME NUMBERS AS PRESENTLY PROGRAMED UNTIL IRAN'S AIRFORCE BUILDUP WAS COMPLETE. HE WOULD EVENTUALLY NEED NEW AIRCRAFT TO MATCH THE CAPABILITIES OF THE MIG-25, BUT THIS WAS A LONGER TERM PROPOSITTON.

2. HE ALSO NEEDED SOME AERIAL TANKERS BECAUSE IN THE NEXT FIVE YEARS IRAN MUST DEVELOP AN "INDIAN OCEAN" POLICY IN THE LIGHT OF THE SOVIET UNION'S INCREASING ACTIVITY IN THAT OCEAN AND ADJACENT WATERS. TO GIVE IRAN THE NECESSARY CAPABILITY BEYOND THE GULF OF OMAN AND INTO THE ARABIAN SEA AND INDIAN OCEAN, THE SHAH HAD CONTEMPLATED ACQUIRING AN AIRCRAFT CARRIER FOR IRAN. HOWEVER, THIS WOULD REQUIRE CRUISER AND DESTROYER ESCORTS, ETC., AND WOULD BE HIDEOUSLY EXPENSIVE BOTH IN TERMS OF FINANCIAL RESOURCES AND TRAINED PERSONNEL. THEREFORE THE SHAH HAD OPTED FOR OBTAINING AERIAL TANKERS FROM THE US TO REFUEEL F-4'S WHICH COULD REACH OUT TOWARD THE INDIAN OCEAN IF HIS F-4s HAD AN IN-FLIGHT REFUELING CAPABILITY.
3. IT WAS ALSO WITH THE GOAL OF DEVELOPING AN INDIAN OCEAN POLICY THAT THE SHAH HAD INVITED THE PRESIDENT OF SOUTH AFRICA TO THE 2500TH CENTENARY. SOME OF THE SHAH'S ADVISORS HAD OBJECTED BECAUSE IT MIGHT ALIENATE MANY OF THE BLACK AFRICAN STATES. THE SHAH, HOWEVER, HAD OVERRULED THEM, POINTING OUT THAT SOUTH AFRICA AND AUSTRALIA, WITH WHICH HE IS ALSO STRENGTHENING HIS TIES, WERE ESSENTIAL FREE WORLD BASTIONS ON BOTH FLANKS OF THE INDIAN OCEAN. THE SHAH CONCLUDED BY SAYING THAT CONTINUING MILITARY COOPERATION WITH US WAS OF TREMENDOUS IMPORTANCE TO IRAN AND ITS SECURITY.
4. HE THEN WENT ON TO SAY THAT IRAN MUST BE MILITARILY STRONG AND HAVE ADEQUATE DETERRENT STRENGTH TO DISCOURAGE ANY ADVENTURES BY NEIGHBORS SUCH AS THE RADICAL IRAQ REGIME. HE HAS ALSO LET THE SOVIET UNION KNOW THAT IF ANY GREAT POWER, AND THIS MEANS RUSSIA, ATTACKS IRAN, IHE IRANIAN AMRY WILL FIGHT TO THE END

AND THE GOVERNMENT WILL FOLLOW A SCORCHED-EARTH POLICY SO THAT THERE WILL BE NOTHING LEFT FOR THE INVADING RUSSIANS THAT IS WORTH ANYTHING.

5. THE VICE PRESIDENT SAID WE WISHED TO COOPERATE WITH IRAN AND HELP IN ALL FEASIBLE WAYS. HOWEVER, WE HAVE OUR PROBLEMS AND IT WAS BECOMING INCREASINGLY DIFFICULT TO GET THE CONGRESS TO SUPPORT THE NECESSARY APPROPRIATIONS FOR MILITARY AID AND ASSISTANCE. A DEFEAT FOR THE USG ON THE CHIREP ISSUE WOULD ADD TO OUR DIFFICULTIES. SHAH SAID IRAN IS NOT ASKING FOR GRANT ASSISTANCE BUT FOR COOPERATION, ESPECIALLY IN THE FIELD OF CREDIT FOR THE PURCHASE OF AMERICAN MILITARY EQUIPMENT AND FOR ASSISTANCE (ARMISH/MAAG) IN TRAINING THE IRANIAN FORCES. IT WAS NOT A QUESTION OF ASKING FOR GRANT FUNDS, BUT SIMPLY FOR CREDIT WHICH IRAN COULD OBTAIN COMMERCIALY AT A SOMEWHAT HIGHER INTEREST RATE SINCE IRAN'S INTERNATTONAL CREDIT IS GOOD. HE MENTIONED THAT IF IRAN HAD SAUDI ARABIA'S OIL POTENTIAL THERE WOULD BE NO FINANCIAL PROBLEM, AS THE SAUDIS HAD THE GREATEST PROVEN RESOURCE OIL RESERVES IN THE WORLD, SUBSTANTIALLY GREATER THAN IRAN'S, ALTHOUGH IRAN'S OIL RESOURCES HAD ONLY BEEN PARTIALLY EXPLORED.
6. TURNING TO SAUDI ARABIA, SHAH SAID HE WAS DEEPLY CONCERNED ABOUT THE WEAKNESS OF THE SITUATION THERE. KING FAISAL MUST MOVE AHEAD MORE RAPIDLY WITH MORE REFORMS IF HE IS NOT TO FIND HIMSELF IN SERIOUS TROUBLE AND THIS THE SHAH IS CONTINUING TO URGE HIM TO DO. HOWEVER, IN SAUDI ARABIA, AS IN MORROCCO, THERE IS RESISTANCE TO REFORM BY CONSERVATIVE ELEMENTS AND THINGS ARE MOVING MUCH TOO SLOWLY. THE SHAH SAID THAT IF SADAT SUCCEEDED IN GETTING THE SOVIETS OUT OF EGYPT, SAUDI ARABIA WAS RIPE FOR SUBVERSIVE ACTIVITY, IMPLYING THAT SAUDI ARABIA WOULD BE THE SOVIET'S NEXT TARGET. NONETHELESS, THE RELATIONS BETWEEN THE SHAH AND FAISAL WERE CLOSE AND VERY GOOD, AND THE SHAH WILL CONTINUE TO USE HIS INFLUENCE IN FAVOR OG MORE SEARCHING REFORMS BY FAISAL.
7. THE SHAH CONCLUDED BY AGAIN STRESSING THE IMPORTANCE HE ATTACHES TO MILITARY COOPERATION BY THE USG AND HIS HOPE THAT WE WOULD BE RESPONSIVE TO HIS REQUESTS, PARTICULARLY SINCVE, WITH THE BRITISH LEAVING THE GULF, THE WHOLE BURDEN OF PROTECTING THE FREE WORLD'S VITAL

PETROLEUM INTERESTS IN THE GULF WILL FALL ON IRAN'S SHOULDERS. HE SAID HE WOULD LIKE TO POINT OUT THAT IF THE GULF FALLS INTO UNFRIENDLY HANDS THAT WISH TO USE OIL AS A WEAPON OF POLITICAL COERCION AGAINST THE WEST, THEN THE COUNTRIES OF WESTERN EUROPE WOULD ONLY HAVE THE ALTERNATIVE OF (A) ACCEDING TO SUCH PRESSURE OR (B) SEEING THEIR INDUSTRIES SHUT DOWN AND THEIR ECONOMIES DETERIORATE, OR (C) USING FORCE AGAINST THE UNFRIENDLY POWER OR POWERS THAT HAD SEIZED THE GULF. HE WAS QUITE CLEAR IN HIS OWN MIND THAT THE WESTERN NATIONS WOULD BE OBLIGED TO RESORT TO FORCE RATHER THAN TO SEE THEIR ECONOMIES GRIND TO A HALT. HOWEVER, A MILITARILY STRONG IRAN COULD SAFFGUAR THE VITAL INTERESTS OF THE WEST IN THE PERSIAN GULF WITHOUT THE WESTERN POWERS HAVING TO INTERVENE.

AGNEW

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 1268, Saunders Files, Middle East Negotiations, Iran 6/1/71-12/31/71. Secret; Exdis. The President was briefed on Agnew's meeting with the Shah in the Monday Briefing of October 16. (Ibid.)

150. Telegram 189359 From the Department of State to the
US Delegation to the 25th Centenary Celebration in
Shiraz, Iran, October 15, 1971, 2001Z¹

Iran, October 15, 1971, 2001Z

TELEGRAM

Department of State 189359

ACTION:

USDEL SHIRAZ FOR AMBASSADOR IMMEDIATE

INFO:

AmEmbassy TEHRAN IMMEDIATE

SUBJECT:

Bombing of Iranian ConGen in San Francisco

1. Iranian ConGen San Francisco was bombed October 14 at 11:30 p.m. Although no one was hurt, ConGen's wife and children were in building when bomb went off. Very large amount of plastic explosive was used (equiv. 120 sticks of dynamite, four times larger than Capitol bomb), causing extensive fire damage to building and totally wrecking garage and ConGen's car. Many windows in adjacent buildings shattered. Damage estimated at \$500,000-\$900,000, but could change in either direction. Mayor of San Francisco immediately made arrangements for all ConGen personnel to move into hotel.
2. Suspect was apprehended immediately after explosion; does not appear to be Iranian, however. Name: Kent Stephen Wells. FBI and Secret Service have no record of him as yet. SY is running name check; we will advise if anything further turns up.
3. Dept has arranged for additional protection for other Iranian official premises in US. This will include seven-man detail at Embassy where demonstration expected today and two-man detail over weekend. Embassy has received bomb threat by phone but EPS has so far found nothing.
4. In possibly related development, the Iran Student Association headquarters in Washington was subjected to very extensive fire damage ten p.m. October 14, or seven p.m. San Francisco time. The first presumption was that somebody was making a bomb and it went off prematurely. Although this is a possibility, the Metropolitan Police tend to discount it since no bodies or evidence of personal injuries

were found. Metropolitan Police are operating on hypothesis ISA fire could have been caused either by SAVAK or by local Organization of Arab Students, with whom ISA have apparently been feuding in recent weeks. Nevertheless, if ISA in San Francisco jumped to conclusion DC fire was SAVAK's work, they had four hours to organize riposte against ConGen.

5. Acting Assistant Secy Davies personally called Amb Afshar to express regrets. Ambassador is requested to convey the Secretary's profound regrets to FonMin KHALATBARI over this deplorable incident, along with assurances that protection other Iranian premises receiving priority attention. Local authorities have been asked to do their utmost to apprehend those responsible for San Francisco incident. Vice President may wish to make parallel representations to Shah.

END

Rogers

¹ Source: National Archives, RG 59, Central Files 1970-73, POL 17 IRAN-US. Confidential; Immediate. Repeated Immediate to Tehran. Drafted by Timothy W. Childs (NEA/IRN); cleared by Davies, Michael J. Tretola (SY), Robert T. Curran (S/S), Charles D. Maguire (A/OPR), and Hampton Davis (S/CPR); and approved by Miklos. As indicated by its round-up of dissidents, the Iranian Government had anticipated terrorist acts during the celebrations, which had been broadly condemned by many Iranians as "expensive, unnecessary and tasteless." (Stanley T. Escudero to Michael G. Michaud, Ibid., NEA/IRN, Office of Iran Affairs, Lot File 75D365, Box 7, POL 1, General Policy and Background, Iran 1972)

151. Memorandum From the Assistant Secretary of Defense for International Security Affairs (Nutter) to the Chairman, Joint Chiefs of Staff (Moorer), Washington, October 16, 1971¹

Washington, October 16, 1971

ASSISTANT SECRETARY OF DEFENSE

MEMORANDUM FOR THE CHAIRMAN, JOINT CHIEFS OF STAFF

SUBJECT:

SAM Defense and Aerial Refueling Briefing Team for Iran

Reference is made to our memorandum I-25,305/71, dated 12 July 1971, subject: SAM Defense Capability for the Imperial Iranian Air Force, and your memorandum DJSM-1007/71, dated 26 August 1971, same subject.

The USG has agreed to send a team to Iran to brief the Shah as well as representatives of the IIAF on the various aspects of the USAF study appended to the above referenced CJSM.

I therefore request that a team be assembled to brief the Shah and the IIAF on the SAM Defense Capability Study so that the Government of Iran may analyze the alternatives and arrive at the best course of action for the IIAF to acquire an anti-SAM capability. The ambassador recommends that the team chief be at least a full colonel. In addition to the team chief, I believe, as a minimum, that two other officers should be selected, one who has expertise in tactics and use of electronic countermeasures along with the necessary hardware and the radar homing and warning systems. The other member of the briefing team should be a fighter pilot with expertise in SHRIKE delivery and be able to answer technical questions from a fighter pilot's point of view. It would be helpful if the officers selected have knowledge of the SHRIKE programs in Israel.

In addition, we have agreed to augment this team with an officer who is highly qualified to brief the Shah and the IIAF on aerial refueling. We anticipate that the Vice President will tell the Shah we have approved in principle Iran's acquisition of an aerial refueling capability. We have also

made it clear that there are no refueling aircraft available from USAF inventory but that Iran could procure from US commercial sources a conversion of the Boeing 707 type to an aerial tanker.

The briefing team should be prepared to depart for Iran by mid-November. Specific guidance will be provided to the team by the Deputy Assistant Secretary for Near Eastern, African, and South Asian Affairs. I also want to meet with the team chief prior to his departure. Project officer in NESAs Region is LTC William A. Starker, extension 5-9856.

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[G. Warren Nutter]

¹ Source: Washington National Records Center, OASD/ISA Files, FRC 330-74-083, Iran 452.1, 1971, 74-083. Secret. The memorandum bears Nutter's typed signature with an indication that he signed the original.

152. Letter From the Under Secretary of State (Irwin) to the Deputy Secretary of Defense (Packard), Washington, November 11, 1971¹

Washington, November 11, 1971

THE UNDER SECRETARY OF STATE
WASHINGTON
November 11, 1971

Dear Dave:

General Williamson, Chief, ARMISH/MAAG, Iran, has recommended with the strong endorsement of Ambassador MacArthur that the USAF Technical Assistance Field Team (TAFT) in Iran be continued to July 1974, although at a level of 43, reduced from the present 80. We support this recommendation and urge that an early affirmative decision be made to this effect.

The purpose of continuing TAFT personnel in Iran until July 1974 is to enable the Imperial Iranian Air Force to activate efficiently and effectively two additional squadrons of F-4 aircraft it has purchased from the United States which will be delivered over the next three years. These additional aircraft will bring to a total of eight the number of F-4 squadrons Iran has acquired from the United States at a cost of nearly \$550 million. In our view the addition of these aircraft will enhance Iran's deterrent and defense capability and help assure peace and stability in the vitally important Persian Gulf and Indian Ocean areas, thus serving United States and free world interests directly. We feel our assistance in this respect is an excellent example of the Nixon Doctrine in operation. As you know the services of these personnel are financed by the Iranians. In addition, our support through TAFT will doubtless contribute to the maintenance of the excellent relations and good will we enjoy in Iran and permit us to continue to count on the many privileges, including overflight rights in the vitally important East-West Turkey-Iran corridor, we now have. The value of TAFT personnel in Iran in connection with the activation of previous F-4 purchases has been well established. We believe there is every reason to conclude that their continuation would assure the successful activation of Iran's additional purchases.

The Honorable David Packard,
Deputy Secretary of Defense.

With all best wishes,
Sincerely,
John N. Irwin

¹ Source: National Archives, RG 59, Central Files 1970-73, DEF 19-9 US-IRAN. Confidential. Drafted by Miklos; and cleared by Sisco, Davies, and Chapman.

153. Memorandum From Secretary of State Rogers to
President Nixon, Washington, December 16, 1971¹

Washington, December 16, 1971

THE SECRETARY OF STATE
WASHINGTON
December 16, 1971

MEMORANDUM FOR THE PRESIDENT

SUBJECT:
Persian Gulf

The British decision to terminate the protective treaty relationship with the lower Gulf shaykhdoms has now been fully implemented. While the Gulf will continue to present its share of problems, the statesmanship demonstrated to date by the principal parties concerned augurs well for the future evolution of that important region. The independent states of Bahrain, Qatar and the United Arab Emirates have emerged, enjoying United Nations and Arab League membership and the recognition of most countries interested in the area including the United States. Ras al-Khaimah has not yet joined the United Arab Emirates but is likely to do so in the near future.

Successful implementation of the British decision involved dealing with several longstanding and difficult territorial problems: Iran's claim to Bahrain, the dispute between Iran and two Trucial States over three small Gulf islands, and the Saudi boundary dispute with Abu Dhabi. Iran relinquished its claim to Bahrain in the spring of 1970. The dispute over the islands of Tunbs and Abu Musa was resolved as the Trucial States became independent, through

- a) agreement between Iran and Sharjah with respect to the largest island, Abu Musa, and
- b) Iranian occupation of the sparsely populated Tunbs, with the knowledge but not the acquiescence of the Ruler of Ras al-Khaimah.

Saudi Arabia is withholding recognition of the United Arab Emirates pending solution of its boundary dispute with Abu Dhabi, but there are indications this problem will be resolved in an atmosphere of friendship.

There has been considerable verbal Arab reaction to the Iranian occupation of the Tunbs. Iraq broke relations with Iran and the United Kingdom over this issue, and the Qadhafi regime used it as a pretext for nationalizing British Petroleum interests in Libya. On balance, however, the transition in the Gulf has taken place in a manner permitting a continuing British role in support of the security of the region and offering reasonably good prospects for the stability of the newly independent political entities.

In these developments we have played a supporting role in close consultation with the British, encouraging their efforts to resolve the problems of withdrawal while urging Iran and the Arab states concerned to approach these problems in a cooperative and flexible manner. As the difficult transitional period in the Gulf ends, Anglo-American cooperation in the area remains unimpaired as do our relations with the littoral states. We are proceeding to implement your decision to extend our diplomatic representation to the newly independent states. We are also negotiating with Bahrain stationing arrangements to permit the continued presence of the U.S. Navy's Middle East Force in the Persian Gulf and Indian Ocean.

William P. Rogers

¹ Source: National Archives, RG 59, Central Files 1970-73, DEF 1 NEAR E. Confidential. Drafted by Twinam; concurred in by Alfred L. Atherton, Jr., Robert H. Pelletreau (AF/N), and Miklos. On November 30, the Iraqi Government condemned the Iranian and British Governments in equal measure for what it termed "an open aggression on the people of the Arab Gulf [that] threatens the peace and safety of the area " (NEA/ARN, Office of Lebanon, Jordan, Syria and Iraq Affairs, Records Relating to Iraq, Jordan, Lebanon, and Syria, 1968-72, Lot 75D16, Box 11, POL 1, Iraq Political Relations, Iraq-Arab States, 1971)

154. Telegram 7283 From the Embassy in Iran to the
Department of State, December 22, 1971, 1400Z¹

December 22, 1971, 1400Z

TELEGRAM
Department of State
TEHRAN 7283

17

ACTION NEA-06

INFO OCT-01 SS-14 NSC-10 NSCE-00 PM-03 SA-01 L-02 INR-05 CIAF-00
NSAE-00 AID-10 MC-02 EUR-03 IO-03 ACDA-10 RSR-01 RSC-01 /082 W
129140

R 221400Z DEC 71

FM AMEMBASSY TEHRAN

TO SECSTATE WASHDC 6868

INFO CINCEUR

DOD

CINCEUR FOR GEN. BURCHINAL

SUBJ:
SHAH'S PLANS FOR LONG-TERM AIR FORCE BUILD-UP

1.

SUMMARY: DURING DECEMBER 21 MEETING WITH AMBASSADOR
AND GENERAL BURCHINAL OF EUCOM, SHAH REVIEWED NEW
STRATEGIC SITUATION DEVELOPING IN MIDDLE EAST AND
SOUTH ASIA, STATED THIS MAKES IMPERATIVE CONTINUED
MODERNIZATION AND BUILD-UP OF IRANIAN DEFENSE FORCES,
AND THEN OUTLINED PROJECTION OF LONG TERM IRANIAN
AIR-FORCE STRUCTURE AFTER 1975. HE AGAIN STATED DESIRE

PURCHASE 3 SQUADRONS OF F-15S (IF LATTER SELECTED FOR PRODUCTION BY USAF), RECALLING HIS PREFERENCE FOR COMPLETELY US-EQUIPPED AIR FORCE AND THAT THIS DESIRE FIRST DISCUSSED WITH SECRETARY LAIRD IN OCTOBER 1969. HE EXPRESSED HOPE THERE WOULD NO DIFFICULTIES IN ACQUIRING F-15S (IF AND WHEN AVAILABLE) BUT MADE CLEAR HE MUST HAVE NEXT GENERATION AIRCRAFT EVEN IF NECESSARY PURCHASE THEM ELSEWHERE (MENTIONING APPROACHES BY FRENCH AND BRITISH-GERMAN GROUP).

SHAH ALSO EXPRESSED HOPE, IN LIGHT PLANS FOR INCREASED AIR FORCE, USG COULD CONTINUE TRAIN 150 PILOTS EACH IN FY 75 AND 76, WITH GRADUAL PHASE-DOWN BEGINNING FY 77. RE TRAINING OF IRANIAN AIR FORCE, THERE WAS INFORMAL DISCUSSION OF POSSIBILITIES OF EXCHANGE OF F-4 PILOT VISITS BETWEEN IRAN AND EUCOM WITHIN A/M TRAINING FRAMEWORK; AND/OR JOINT US-IRANIAN (AND POSSIBLY TURKS) AERIAL EXERCISES UNDER CENTO RUBRIC. SHAH ALSO TOUCHED BRIEFLY ON PLANS FOR GROUND FORCES AND NAVY. END SUMMARY

2. ON DEC 21 AMBASSADOR PRESENTED TO SHAH GENERAL BURCHINAL (EUCOM), TO WHOSE COMMAND ARMISH/MAAG WILL BE RESPONSIBLE AFTER JANUARY 1, 1972: BRIG GEN PRICE, ACTING A/M CHIEF, WAS ALSO PRESENT. AUDIENCE LASTED ONE HOUR AND QUARTER, DURING WHICH SHAH GAVE IN DETAIL HIS ESTIMATE OF STRATEGIC SITUATION IN THIS PART OF WORLD AND INCREASING POTENTIAL THREAT WHICH IRAN AND OTHER NATIONS FRIENDLY TO WEST FACE AS RESULT OF EXPANSION OF SOVIET INFLUENCE OVER PAST SEVEN MONTHS. HE POINTED OUT THAT NOT ONLY HAD SOVIET UNION SUBSTANTIALLY INCREASED ITS PRESENCE AND INFLUENCE, IN MID-EAST -SOUTH ASIA AREA AS RESULT OF SOVIET- EGYPTIAN AND SOIVET-INDIAN PACTS, BUT THAT PARALLEL WITH THIS DISTURBING EXPANSION OF SOVIET INFLUENCE, IRAQ HAD RECEIVED VISIT OF EAST GERMAN DEFENSE MINISTER AND MOST RECENTLY SOVIET DEFENSE MINISTER GRECHKO, WHO HAD STATED PUBLICLY NOT ONLY THAT SOVIETS AND IRAQ HAD TOTAL IDENTITY OF VIEWS ON ALL SUBJECTS BUT ALSO THAT SOVIETS WOULD ASSIST IRAQ IN FURTHER STRENGTHENING ITS ARMED FORCES. "WHO ARE THEY STRENGTHENING THEM AGAINST?" HE ASKED, MENTIONING THE WEAKNESS OF SOME OF THE MODERATE GULF STATES AND THE VITAL IMPORTANCE TO

JAPAN AND THE WEST OF PERSIAN GULF OIL. SIMILARLY, EARLIER VISIT OF EAST GERMAN DEFENSE MINISTER HAD ALSO OBVIOUSLY BEEN DESIGNED TO FURTHER ASSIST IRAQI ARMED FORCES SINCE EAST GERMANY HAS MILITARY TRAINING MISSION IN IRAQ.

3. SHAH SAID THIS SITUATION, COUPLED WITH AFGHANISTAN'S UTTER WEAKNESS AND PAKISTAN DEFEAT WHICH MIGHT RESULT IN VERY UNSTABLE AND DANGEROUS SITUATION ON IRAN'S EASTERN FRONTIER, IN ADDITION TO IRAQI THREAT ON WEST, MADE IT IMPERATIVE THAT IRAN GO AHEAD WITH FURTHER BUILD-UP OF ITS FORCES SINCE IRAN'S GREATEST DETERRENT WAS TO HAVE FORCES OF SUCH STRENGTH THAT ANY UNFRIENDLY NEIGHBORS THAT MIGHT BE ENCOURAGED TO UNDERTAKE ADVENTURE AGAINST IRAN WOULD KNOW BEFOREHAND THAT THEY COULD BE SMASHED.

4.

IN FIRST INSTANCE SHAH GAVE HIGHEST PRIORITY TO HIS AIR FORCE AND ITS LONG TERM BUILD-UP, STRESSING HE WANTED IT TO CONTINUE TO BE AMERICAN EQUIPPED AND TRAINED. HE SAID DEVELOPMENT OF HIS AIR FORCE IS PROGRESSING VERY SATISFACTORILY AND EXPRESSED APPRECIATION FOR OUR COOPERATION, WHICH HAD MADE THIS POSSIBLE. AS TO LONG TERM FUTURE, HE WANTED TO LET US KNOW CONFIDENTIALLY THAT IN POST-1975 PERIOD, IIAF FIGHTER AIRCRAFT FORCE STRUCTURE IS TENTATIVELY BEING PROJECTED AS FOLLOWS:

8 SQDNS OF F-4D/E AIRCRAFT

2 SQDNS OF F-5E AIRCRAFT

6 SQDNS OF P-530 TYPE AIRCRAFT OR F-5E IF P-5J30 TYPE NOT DEVELOPED

3 SQDNS OF F-15 AIRCRAFT

HE ALSO SAID HE PLANNED TO DEVELOP AIR REFUELING CAPABILITY USING DC-8 OP 707 AIRCRAFT AND PLANNED ACQUIRE P-3C LONG RANGE NAVAL SURVEILLANCE AIRCRAFT.

5. SHAH REFERRED TO HIS DISCUSSIONS WITH DEFENSE SECRETARY AJAIRD IN WASHINGTON AT BLAIR HOUSE IN 1969 WHEN SHAH HAD FIRST DISCUSSED HIS DESIRE TO EVENTUALLY PURCHASE F-

15 AIRCRAFT FROM US. HE RECOGNIZED THIS AIRCRAFT IS STILL IN DEVELOPMENTAL STAGE BUT WANTED US TO KNOW THAT IF IT IS SELECTED FOR LARGE-SCALE PRODUCTION BY USAF, HE WANTS PLACE ORDER FOR THREE SQONS OF THIS NEXT GENERATION AIRCRAFT. HE HOPED MOST EARNESTLY THAT THERE WOULD BE NO DIFFICULTIES AND SAID THAT A) WHILE FRENCH HAD BEEN DISCUSSING WITH IRANIAN MILITARY DESIRABILITY OF PURCHASING THE PROPOSED MIRAGE G-8 AIRCRAFT WHICH WILL BE ABOUT MACH 2#31/2, AND B) THERE HAD ALSO BEEN DISCUSSIONS WITH BRITISH-GERMAN GROUP, WHICH IS TRYING TO DEVELOP A NEXT GENERATION AIRCRAFT, HE WANTED F-15 AS HE WISHED TO KEEP HIS AIR FORCE COMPLETELY US EQUIPPED. FURTHERMORE, IF HE COULD PLACE ORDER AT SAME TIME AS WE PLACED ORDERS FOR MASS PRODUCTION, IT SHOULD HELP IN KEEPING COST DOWN. HE ASSUMED THERE WOULD BE NO PROBLEM BUT DID WANT US TO KNOW THAT HE MUST HAVE NEXT GENERATION AIRCRAFT AND WOULD PURCHASE ONE COME WHAT MAY.

6. IN LIGHT OF ABOVE PLANS FOR POST-1975 AIRCRAFT INCREASES, HE ALSO HOPED WE WOULD CONTINUE TO BE ABLE TO TRAIN 150 PILOTS EACH IN FY-75 AND FY-76. IN FY-77 AND FOR SEVERAL YEARS THEREAFTER NUMBER OF TRAINING SLOTS COULD GRADUALLY BE PHASED DOWN AND OUT AS HE PLANNED EVENTUALLY TO HAVE HIS OWN AIR FORCE SCHOOL. SHAH HAD THOUGHT ABOUT TRYING TO ESTABLISH PILOT TRAINING SCHOOL IN NEXT YEAR OR SO BUT, GIVEN NATURE OF THREAT IN THIS AREA WHICH HAS SUBSTANTIALLY INCREASED AS RESULT OF RECENT DEVELOPMENTS WHICH HAD HAD EXPLAINED ABOVE, HE COULD NOT TRANSFER HIS BEST PILOTS FROM HIS F-4 SQDNS TO TRAINING AS INSTRUCTORS WITHOUT DESTROYING EFFECTIVENESS OF THE PRESENT AIR FORCE. HE REALIZED FROM DISCUSSION WITH AMBASSADOR THAT WE COULD NOT GIVE FIRM COMMITMENT FOR 150 PILOT TRAINING SLOTS FOR EACH YEAR THROUGH FY-7A, BUT HE DID WANT US TO KNOW THAT THIS WHAT HE HAS IN MIND AND WHAT HE WOULD REQUEST.
7. IN CONNECTION WITH PRESENT TRAINING AND DEVELOPMENT OF IRANIAN PILOTS, THERE WAS BRIEF INFORMAL DISCUSSION OF POSSIBILITY OF (A) FEW USAFF PILOTS VISITING IRAN FOR BRIEF PERIOD TO FLY WITH IRANIAN F-4 PILOTS FROM TIME TO TIME IN IRANIAN AIRCRAFT WITH STATUS AS SPECIAL TRAINING MISSION UNDER ARMISH/MAAG AND CONVERSELY, OF IRANIAN PILOTS VISITING USAFE SQDNS IN EUCOM, OR (B) SOME JOINT

US-IRAN (AND POSSIBLY TURK) JOINT AERIAL EXERCISES UNDER CENTO RUBRIC. GENERAL BURCHINAL UNDERTOOK TO LOOK INTO THESE POSSIBILITIES UPON HIS RETURN TO HIS HEADQUARTERS.

8. SHAH ALSO DISCUSSED BRIEFLY PLANS FOR DEVELOPMENT OF HIS GROUND AND NAVAL FORCES SAYING HIS OBJECTIVE IS MODERATE SIZED BUT HIGHLY EFFECTIVE MOBILE AND WELL EQUIPPED FORCES. AS CONTRASTED WITH AIR FORCE, WHICH IS VIRTUALLY ENTIRELY US EQUIPPED, HIS ARMY AND NAVY HAVE MIX OF EQUIPMENT FROM DIFFERENT SOURCES. HE PLANS TO HAVE MOBILE GROUND FORCES WITH STRONG ARMOR SUPPRTEED BY THEIR OWN HELICOPTER FORCE ARMED WITH TOW MISSILES FOR ANTI-TANK OPERATIONS. HIS NAVY WILL HAVE SOME CAPABILITY IN GULF OF OMAN AND ARABIAN SEA, AS WELL AS PERSIAN GULF, AND WILL RE EQUIPPED WITH SURFACE- TO SURFACE MISSILES. (HE MENTIONED INDIAN NAVY HAD DESTROYED PAKI VESSELS WITH NAVAL MISSILES).

MACARTHUR

¹ Source: National Archives, RG 59, Central Files 1970-73, DEF 6-3 IRAN. Secret. Repeated CINCEUR and Defense.

155. Telegram 7307 From the Embassy in Tehran to the
Department of State, December 23, 1971, 1300Z¹

December 23, 1971, 1300Z

TELEGRAM
Department of State
TEHRAN 7307

12

ACTION SS-25

INFO OCT-01 /026 W 007668

R 231300Z DEC 71

FM AMEMBASSY TEHRAN

TO SECSTATE WASHDC 6881

INFO USINT ALGIERS

AMCONSUL DHAHRAN

AMEMSASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY LONDON

AMEMBASSY TRIPOLI

SUBJ:

IRAN'S POST-1979 PLANS RE FOREIGN OIL COMPANIES OPERATING IN IRAN

1. SUMMARY: IN CONVERSATIONS WITH AMBASSADOR AND DAVID BARRAN OF SHELL, SHAH HAS DECLARED THAT CONSORTIUM MUST PREPARE NOW FOR EXTENSIVE CHANGES IN RELATIONSHIP WITH GOI BY 1979. OF SEVERAL OPTIONS HE PRESENTED, SHAH PREFERS JOINT GOI-CONSORTIUM

PARTICIPATION IN PRODUCTION IN IRAN AND DOWNSTREAM ACTIVITIES BOTH IN IRAN AND ABROAD. IN MEANTIME EXPORT AND PRODUCTION FACILITIES MUST BE EXPANDED. SHAH AND CONSORTIUM REPS WILL MEET TEHRAN OR ST. MORITZ EARLY FEBRUARY TO DISCUSS THESE ISSUES. END SUMMARY.

2. ON DEC 21 SHAH INFORMED ME IN CONFIDENCE THAT GOI IS INITIATING TALKS WITH OIL CONSORTIUM REGARDING CONSORTIUM SITUATION AFTER 1979 WHEN, HE SAID, THEIR RIGHTS WILL TERMINATE. HE SAID HE IS LETTING CONSORTIUM MEMBERS KNOW THAT IF THEY WISH TO CONTINUE ON ANYTHING APPROACHING PRESENT BASIS AFTER 1979. THEY MUST BEGIN NOW RPT NOW TO HAMMER OUT AGREEMENT AND NOT RPT NOT POSTPONE CONSIDERATION OF POST-1979 SITUATION TILL LATER.
3. SHAH SAID HE HAS CERTAIN REQUIREMENTS AND DEMANDS RE POST-1979 WHICH HE WILL PUT TO CONSORTIUM. HE INDICATED AMONG THE MOST IMPORTANT OF THESE WAS THAT AFTER THAT DATE IRAN WOULD NOT TOLERATE ANY MEMBER WITH A 13 1/2 PER CENT INTEREST BEING ABLE TO HAVE VETO OVER OTHER MEMBERS OF CONSORTIUM ON WHAT MUST BE DONE TO MEET IRAN'S LEGITIMATE REQUIREMENTS (THE IMPLICATION WAS THAT HE WAS REFERRING AMONG OTHER THINGS TO PRODUCTION, OFF-TAKE, ETC.). HE WENT ON TO SAY THAT IF ANY OF CONSORTIUM COMPANIES" HAVE A STRONGER LOVE AFFAIR ELSEWHERE" AND DON'T WANT TO DO WHAT IS REQUIRED FOR IRAN, THEN LET THEM GO ELSEWHERE AND BE REPLACED BY OTHER FOREIGN COMPANIES WHO WOULD BE DELIGHTED TO HAVE OPPORTUNITY TO COME IN AND OPERATE IN IRAN ON MUTUALLY SATSFACTORY TERMS.
4. WHILE NOT GOING INTO FURTHER DETAIL, WE SAID CONSORTIUM COMPANIES COULD NOT MEET HIS POST-1979 REQUIREMENTS, THEY WOULD APPEAR TO HAVE TWO OPTIONS OPEN TO THEM: (A) TO SHARE PARTICIPATION ON FIFTY-FIFTY BASIS WITH IRAN DISPOSING OF ITS SHARE AS IT SAW FIT: OR (B) SIMPLY BECOMING MARKETER OF OIL THAT IRAN WOULD SUPPLY. SHAH SAID HE PERSONALLY HOPED IT WOULD BE POSSIBLE TO REACH AGREEMENT WITH COMPANIES IN FORTHCOMING PERIOD AS HE FELT ARRANGEMENTS COULD BE WORKED OUT FOR POST-1979 PERIOD THAT WOULD BE MUTUALLY SATISFACTORY AND SERVE INTERESTS OF BOTH PARTIES AND WITH WHICH BOTH COMPANIES AND IRAN COULD LIVE.

5. I COMMENTED THAT IN VIEW OF MAJOR IMPORTANCE OF THIS PROBLEM AND COMPLEXITY INVOLVED, I HOPED IT WOULD BE HANDLED MOST CAREFULLY WITH LEGITIMATE INTERESTS OF ALL PARTIES TAKEN FULLY INTO CONSIDERATION. OTHERWISE IT OBVIOUSLY COULD CAUSE PROBLEMS WHICH WOULD AFFECT ADVERSELY INTERESTS OF OIL COMPANIES AND THEIR COUNTRIES OF ORIGIN AS WELL AS THOSE OF IRAN.
6. IN SEPARATE AND LATER CONVERSATION WITH ECONCOUSELOR, JAN VAN REEVEN, MANAGING DIRECTOR CONSORTIUM (PROTECT) DESCRIBED FAREWELL CALL PAID BY DAVID BARRAN ON SHAH BEFORE FORMER'S RETIREMENT AS CHAIRMAN OF SHELL. ACCOUNT PROVIDED GLOSS ON SEVERAL OF SHAH'S POINTS TO AMBASSADOR.
7. AFTER WIDE RANGING REVIEW OF POLITICAL AND ECONOMIC SITUATION IN AREA, SHAH MENTIONED THAT CONSORTIUM AGREEMENTS ENDS IN 1979 AND SAID NOW IS TIME FOR MEMBERS AND GOI WORK OUT FUTURE RELATIONS FOR POST 1979 PERIOD. SHAH REQUIRED CLEAR INDICATION OF CONSORTIUM PLANS FOR INCREASING EXPORT CAPACITY AND OFFTAKE OVER NEXT SIX YEARS I.E. FINAL YEAR FOURTH PLAN AND COMPLETE FIFTH PLAN. SHAH NOTED THAT COMPLETELY SATISFACTORY ARRANGEMENT NECESSARY IF MEMBERS EXPECTED TO MAINTAIN FUTURE POSITION IN IRAN. (VAN REEVEN COMMENTED THAT ALTHOUGH NO SPECIFIC EXPORT GOALS SET BY SHAH, THAT OTHER SOURCES HAVE INDICATED GOI EXPECTS EXPORT CAPACITY TO BE INCREASED TO 8 MILLION BPD BY 1977.)
8. CONCERNING POSSIBLE FUTURE JOINT ARRANGEMENTS, SHAH SAID HE NOT RPT NOT INTERESTED IN PARTICIPATION ON TERMS PROPOSED BY RECENT OPEC RESOLUTION BUT SUGGESTED THAT MEMBERS START THINKING, ABOUT POSSIBLE DOWNSTREAM JOINT VENTURES OUTSIDE AS WELL AS WITH IRAN. BARRAN REMINDED SHAH THAT OPERATIONS IN OTHER COUNTRIES ARE UNDERTAKEN NOT BY CONSORTIUM AS SUCH BUT RATHER BY ITS INDIVIDUAL MEMBERS. SHAH ADMITTED THIS BUT SAID HE ALSO INTERESTED IN A NEW EXPORT ORIENTED REFINERY WITHIN IRAN AT A LOCATION CONSIDERABLY REMOVED FROM THE PRESENT ABADAN REFINERY.
9. SHAH NOTED THAT AFTER 1979 SEVERAL OPTIONS ARE OPEN TO IRAN. AMONG THEM: (A) IRAN TO TAKE COMPLETE CONTROL OF ITS OIL PRODUCTION AND SIMPLY SELL IT TO THE COMPANIES AT PIER'S END. THIS APPROACH MIGHT WORK OUT

SATISFACTORILY IF COMPANIES DO NOT DISCRIMINATE AGAINST IRAN OR, ON THE OTHER HAND, IRAN DID NOT DISCRIMINATE AGAINST ONE OR ANOTHER COMPANY. THIS IS LEAST SATISFACTORY SOLUTION IN THE SHAH'S VIEW. (B) IRAN COULD TAKE OVER WP50 PER CENT SHARE IN THE CONSORTIUM. NIOC WOULD MARKET ITS SHARE OF CONSORTIUM OIL IN COMPETITION WITH CONSORTIUM MEMBERS. THIS TOO HAS ITS DRAWBACKS SINCE PROBABLY THE NIOC COULD NOT MARKET SUCH LARGE QUANTITIES SUCCESSFULLY AND CONSORTIUM WOULD HAVE TO SELL MOST OF IRAN'S SHARE. (C) COMPANIES COULD CONTINUE PRESENT ARRANGEMENTS IN A SLIGHTLY REVISED MANNER BY INCLUDING THE NIOC IN DOWNSTREAM OPERATIONS EITHER IN OR OUTSIDE THE COUNTRY, AND BY PROVIDING AN INCREASED SHARE OF THE REVENUES FOR THE GOVERNMENT OF IRAN. IN ANY CASE, THE SHAH ADDED, IRAN WOULD NO LONGER TOLERATE A SITUATION WHEREBY MEMBERS CONTROLLING LESS THAN 14 PER CENT OF THE CONSORTIUM CAN FRUSTRATE ACTIONS OF BENEFIT TO IRAN.

10. SHAH REQUESTED A SPECIFIED ANNUAL AMOUNT OF COST OIL TO MARKET ON ITS OWN. HE NOTED THAT IN THE IMMEDIATE FUTURE IRAN WOULD NEED OIL FOR POSSIBLE SALES AGREEMENTS CURRENTLY UNDER DISCUSSION WITH CITIES SERVICE AND ASHLAND OIL OF THE UNITED STATES. NO QUANTITIES MENTIONED.
11. LATER THE SHAH INSTRUCTED PARVIZ MINA TO CALL BARRAN TO TELL HIM SHAH HAD FORGOTTEN TO RAISE QUESTION RE-INJECTION OF ASSOCIATED GAS (NOW FLARED) INTO RESERVOIRS AS A CONSERVATION MEASURE. THIS IS A SUBJECT WHICH THE CONSORTIUM HAS MANAGED TO EVADE OVER THE YEARS AND VAN REEVEN REPORTED THAT BARRAN WAS SOMEWHAT SURPRISED THAT THE SHAH SHOULD RAISE IT. (WE DO NOT UNDERSTAND WHY HE WAS SURPRISED IN VIEW OF PUBLICITY RE RE-INJECTION AS ESSENTIAL CONSERVATION MEASURE.)
12. AS BACKGROUND TO ABOVE, SHAW'S WISHES CONCERNING POST 1979 ARRANGEMENTS WERE RAISED BY EGHBAI IN LAST OCTOBER LONDON TALKS. MEMBERS HAVE BEEN WORKING ON THEIR PROJECTIONS THROUGH 1976 ALMOST DAY AND NIGHT SINCE THAT TIME AND HAD PLANNED SEND HIGH-LEVEL TEAM TO IRAN IN MID-JANUARY TO INFORM SHAH OF RESULTS THESE DELIBERATIONS. SINCE OPEC WILL MEET IN GENEVA IN MID-JANUARY, SHAH HAS TOLD MEMBERS TO MEET HIM IN EARLY FEBRUARY EITHER IN TEHRAN OR SAN MORITZ, DEPENDING ON

WHETHER HE CAN DEPART FOR HIS ANNUAL WINTER HOLIDAY MORE OR LESS ON SCHEDULE. THE SHAH SPECIFICALLY MENTIONED THAT HE PREFERRED NOT TO MEET AT ZURICH BECAUSE OF THE UNHAPPY MEMORIES HE HAD AT THE PREVIOUS MEETING WITH MEMBERS THERE IN EARLY 1969.

MACARTHUR

¹ Source: National Archives, RG 59, Central Files 1970-73, PET 6 IRAN. Confidential; Exdis. Repeated to Algiers, Dhahran, Jidda, Kuwait, London, and Tripoli.

156. Memorandum From the President's Assistant for
National Security Affairs (Kissinger) to President Nixon,
Washington, December 28, 1971¹

Washington, December 28, 1971

THE WHITE HOUSE
WASHINGTON
December 28, 1971
INFORMATION

MEMORANDUM FOR: THE PRESIDENT

FROM:

HENRY KISSINGER

SUBJECT:

Your Foreign Travels—Possibility of Including Iran

Secretary Rogers (attached) strongly recommends you try to include Iran in your foreign travels—notably in connection with your trip to Moscow—or make some alternative arrangement to see the Shah. Ambassador MacArthur returned here last month with word that the Shah is still counting on your promise to visit him this term in office as you told him in 1969 and reaffirmed this year. Last week Ambassador Afshar approached me to express the Shah's hope you will be coming. I was sympathetic in expressing your deep interest in Iran but was noncommittal on the precise question of a visit or its timing.

There are two aspects of the Shah's interest. One, of course, is his special relationship with you and his great sensitivity and pride in not being overlooked, especially in view of the fact that you are meeting with other major leaders in connection with your Peking/Moscow travels. On the substantive side, he has overriding concerns about long-range Soviet objectives in the area, including the Persian Gulf and Indian subcontinent.

I am sending this to you just to inform you that the Shah has raised this question again. You will probably need to wait until nearer the time to see what competing invitations you have. While I had my doubts

previously I now believe that with the momentous developments in South Asia and the potential in the Mid East, a visit to Iran is a serious proposition.

[Attachment]

THE SECRETARY OF STATE
WASHINGTON
December 2, 1971

MEMORANDUM FOR THE PRESIDENT

SUBJECT:

Visit by You to Iran Either Just Before or Just After Your Visit to Moscow

Ambassador MacArthur has reported that the Shah of Iran is counting upon you to keep the commitment you made in 1969, and reaffirmed in 1971, to visit Iran during your present term in office. The Shah is a proud and sensitive man; in the light of your visits to Moscow and Peking, and of your upcoming meetings with at least five other heads of state and government, I believe we are headed for serious trouble if you do not also visit Iran or make some other arrangement to meet the Shah soon.

The Shah remains apprehensive of Soviet Union long-range designs upon Iran and the Persian Gulf. He feels encircled by the Soviet penetration of the Middle East and the Indian subcontinent. A visit by you to Tehran or at least a meeting with the Shah would help meet an outstanding commitment, and also serve to reaffirm the importance of our interest in a strong, friendly, and independent Iran. I therefore strongly recommend that you add Tehran to your travel itinerary, for example in connection with your Moscow trip, or make some other arrangement to meet with the Shah.

William P. Rogers

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 481, Presidential Trip Files, Iran Visit, [Cherokee] (Part 1). Confidential. Nixon wrote at the bottom of the memorandum: "H + K—I agree [that a visit to Iran is a serious proposition.] Right after Democratic Convention?"

Iran 1972

[157. Telegram 77 From the Embassy in Iran to Secretary of State Rogers and the Assistant Secretary for Near Eastern and South Asian Affairs \(Sisco\), January 5, 1972, 1235Z](#)

January 5, 1972, 1235Z

Ambassador MacArthur advised against a recently-drafted presidential message since it cast doubt that the long-awaited presidential visit to Tehran would take place.

Source: National Archives, RG 59, Central Files 1970–73, POL US/NIXON, Box 2697. Secret; Nodis. In Telegram 1238 to Tehran, January 4, the Department had sent a message from Nixon requesting the Shah's input on the President's upcoming trip to China but expressed uncertainty about one to Iran. (Ibid., Nixon Presidential Materials, NSC Files, Country Files, Middle East—Iran, Box 602, Volume IV 9/1/71-4/73) In Telegram 3152 to Tehran, January 6, Sisco agreed that the message should not be delivered yet. (Ibid.)

[158. Memorandum From the President's Assistant for National Security Affairs \(Kissinger\) to President Nixon, Washington, January 11, 1972](#)

Washington, January 11, 1972

Kissinger recommended that the President authorize \$942,000 in military grant funds for Iran, above the \$500,000 limit for countries designated "economically developed."

Source: National Archives, Nixon Presidential Materials, NSC Files, Saunders Files, Middle East Negotiations, Box 1282, Iran Economic 1/1/72-12/31/72. No classification marking. Tab A is not published. Nixon signed the Determination on January 12. (Ibid.)

[159. Telegram 249 From the Embassy in Iran to the Department of State, January 14, 1972, 1145Z](#)

January 14, 1972, 1145Z

The Shah emphasized that although it would be a “blessing” for the United States to maintain its port facilities in Bahrain, he wished to be informed in advance if Washington planned to withdraw, so as to style himself as head of the group advocating withdrawal.

Source: National Archives, RG 59, Central Files 1970–73, POL IRAN-US. Secret; Nodis.

[160. Telegram 279 From the Embassy in Iran to the Department of State, January 15, 1972, 1037Z](#)

January 15, 1972, 1037Z

Ambassador MacArthur reported that a prominent Tehran newspaper, under government instruction, had run a lengthy editorial objecting to the continued presence in the Gulf of the U.S. fleet.

Source: National Archives, Nixon Presidential Materials, NSC Files, Saunders Files, Middle East Negotiations, Box 1282, Iran 1/1/72-5/31/72. Confidential; Priority. Repeated to Dhahran, Jidda, Kuwait, London, CINCEUR, COMIDEASTFOR. The material submitted to Kissinger for the President’s Wednesday Briefing, January 18, included the fact that the Shah had told American journalists that Iran was opposed to any foreign presence in the Gulf. The comment was published in the New York Times on January 16. (Ibid.) In Telegram 302 from Tehran, January 15, MacArthur requested a moratorium on government-approved criticism of MIDEASTFOR’s presence in Bahrain, since the Gulf States might take Iran at its word that it desired U.S. withdrawal. (Ibid., RG 59, Central Files 1970–73, POL IRAN-US.)

[161. Telegram 331 From the Embassy in Iran to the Department of State, January 17, 1972, 1950Z](#)

January 17, 1972, 1950Z

Ambassador MacArthur reported that the U.S. mission premises in Tehran had been subjected to four bomb explosions but that damage was not serious.

Source: National Archives, RG 59, Central Files 1970-73, POL 23-8 IRAN. Confidential; Immediate. In Telegram 365 from Tehran, January 19, MacArthur related some local Iranian interpretations of the bombings, including the suggestions that they were motivated by anti-capitalism and opposition to U.S. policy in the Middle East, or designed to demonstrate the dissidents' power and contempt for SAVAK. (Ibid.) The day prior to the explosions, a SAVAK spokesman gave a public briefing announcing the arrest of 120 dissidents over the previous 10 months, including 60 members of the Iranian Liberation Organization (Siah Kal) jailed on charges of plotting to kidnap Iranian and foreign personalities during the 2500th Anniversary celebrations. The group was accused of having received training in Iraq and at Palestinian refugee camps in Lebanon. (Attachment to Donald Toussaint to Jack Miklos, February 11, 1972, NEA/IRN, Office of Iran Affairs, Lot File 75D410, Box 7, INT, Intelligence, General Iran, 1972.)

[162. Telegram 8819 From the Department of State to the Embassy in Iran, January 17, 1972, 1942Z](#)

January 17, 1972, 1942Z

Secretary Rogers asked Ambassador MacArthur to seek clarification of the Shah's views on the continued U.S. naval presence in the Gulf, which the United States had understood were favorable.

Source: National Archives, Nixon Presidential Materials, NSC Files, Box 1282, Saunders Files, Middle East Negotiations, Iran 1/1/72-5/31/72. Secret; Exdis. Repeated to Dhahran, Jidda, Kuwait, London, Manama, CINCEUR, COMIDEASTFOR.

[163. Telegram 446 From the Embassy in Iran to the Department of State, January 22, 1972, 710Z](#)

January 22, 1972, 710Z

In conversation with Ambassador MacArthur and Secretary of the Navy John H. Chafee, the Shah was dubious about the wisdom of maintaining MIDEASTFOR in Bahrain.

Source: National Archives, RG 59, Central Files 1970-73, POL IRAN-US. Secret; Nodis. Passed to SECDEF and SECNAV. This telegram was submitted for inclusion in the President's Wednesday Briefing for January 25. (Ibid., Nixon Presidential Materials, NSC Files, Saunders Files, Middle East Negotiations, Box 1282, Iran 1/1/72-5/31/72.)

[164. Research Study Prepared in the Bureau of Intelligence and Research, Washington, January 28, 1972](#)

Washington, January 28, 1972

In a study called "Iran: Arms and the Shah," the Bureau assessed the Shah's request for a firm agreement for high-technology American weapons to Iran through 1980.

Source: National Archives, Nixon Presidential Materials, NSC Files, Box 1282, Saunders Files, Middle East Negotiations, Iran Military 1/1/72-12/31/72. Secret; No Foreign Dissem; Controlled Dissem. Drafted by Peter S. Maher (INR/Near East and South Asia); and approved by Curtis F. Jones (INR/Near East and South Asia). An attached note wondered whether the summary would be useful in connection with the Presidential trip to Iran. Kissinger responded, "Yes—that is why I have included for file!"

[165. Intelligence Memorandum, ER IM 72-23, February, 1972](#)

February, 1972

The memorandum, entitled "Iran's Balance-of-Payments Prospects Look Up," analyzed the impact of recent oil consortium concessions on the Iranian economy.

Source: Central Intelligence Agency, ORR (OTI) Files, Job 79T00935A, Box 67, Project 45.6314, CIA/ER IM 72-23. Confidential; No Foreign Dissem.

Prepared by the Office of Current Research of CIA and coordinated within the Directorate of Intelligence.

[166. Memorandum From the Assistant Secretary of Defense for International Security Affairs \(Nutter\) to Secretary of Defense Laird, Washington, February 22, 1972](#)

Washington, February 22, 1972

Nutter endorsed the view of the Country Team in Iran, as well as that of USCINCEUR, that Defense should authorize the sale of the MAVERICK missile to Iran.

Sources: Washington National Records Center, OASD Files, ISA Files, FRC 330-75-125, Box 13, Iran 334-1972. Secret. Tabs A through F were not found. The last page of the document indicates that on February 26, Laird approved the release of promotional information on the missile to Iran, but qualified his approval of the sale of the missile pending MAVERICK's successful operational tests.

[167. Telegram 1164 From the Embassy in Tehran to the Department of State, February 25, 1972, 0930Z](#)

February 25, 1972, 0930Z

The Iranian Government, citing Soviet ambitions in the region, requested accelerated delivery in 1972 of one squadron of F-4Es.

Source: National Archives, RG 59, Central Files 1970-73, DEF 12-5 IRAN. Secret. Repeated to SECDEF, EUCOM, and CSAF.

[168. Situation Report, February 28, 1972](#)

February 28, 1972

The report indicated that mass rallies against a variety of sources of popular discontent were planned for the following day.

Source: National Archives, RG 59, NEA/IRN, Office of Iran Affairs, Lot File 75D365, Box 7, POL 23, Internal Security, Counter Insurgency, Iran 1972. Secret. A handwritten notation on the front page reads "Disturbing."

[169. Telegram 1218 From the Embassy in Iran to the Department of State, February 29, 1972, 1410Z](#)

February 29, 1972, 1410Z

In an apparent effort to offset criticism over the trials of dissidents, the Iranian Government staged a "spontaneous demonstration" in Tehran to show popular support.

Source: National Archives, RG 59, Central Files 1970-73, POL 23-8 IRAN. Limited Official Use. Repeated to Dhahran, Jidda, Kuwait, London, Khorramshahr, and Tabriz. In Telegram 1282, March 3, the Embassy reported that as the demonstrations ended, the government announced the executions of six anti-government dissidents. (Ibid.) At this time, the 120 Iranians accused of terrorism were facing military tribunals. Donald Toussaint of the Embassy noted to Jack Miklos on March 28 that "there is undoubtedly ambiguity in the charge that all those tried are 'terrorists.' All were, it seems, members of various subversive groups, and some members of each group apparently did engage in acts of terrorism. While, in general, the entire membership of a group is charged with the crimes of any of its members, the individual sentences appear to have been based on the severity of the crime each man personally committed. There are reliable reports that an additional number of people, mostly students, have been arrested for political reasons—but we have no information to indicate they are among those presently on trial." (NEA/IRN, Office of Iran Affairs, Lot File 75D365, Box 7, POL 29, Political Prisoners, Iran 1972)

[170. Letter From the Deputy Chief of Mission at the Embassy in Iran \(Heck\) to the Director for Iranian Affairs \(Miklos\), Tehran, March 1, 1972](#)

Tehran, March 1, 1972

Heck stressed to Miklos that the question of advance delivery of the F-4Es in 1972 was paramount to the Shah, and potentially could cause serious problems in U.S.-Iranian relations.

Source: National Archives, RG 59, Central Files 1970-73, DEF 12-5 IRAN. Official-Informal. Secret.

[171. Telegram 1261 From the Embassy in Iran to the Department of State, March 2, 1972, 1124Z](#)

March 2, 1972, 1124Z

Despite the opinion of ARMISH/MAAG that the Iranian air force could absorb no more than eight aircraft in 1972, the Iranian Minister of War pressed the Shah's demand for a full squadron of sixteen F-4Es, and the Country Team in Iran recommended approval.

Source: National Archives, RG 59, Central Files 1970-73, DEF 12-5 IRAN. Secret. Repeated to SECDEF, EUCOM and CSAF.

[172. Letter From the Assistant Secretary of State for Congressional Relations \(Abshire\) to the Chairman of the Senate Committee on Foreign Relations \(Fulbright\), Washington, March 3, 1972](#)

Washington, March 3, 1972

Abshire responded to Fulbright's demand for a justification for the \$942,000 allotted to Iran in grant military assistance.

Source: National Archives, RG 59, Central Files 1970-73, DEF 19-8 US-IRAN. No classification marking. Drafted by Felix Dorough (PM/MAS); cleared by Alexander Schnee (H), Davies, EX-IM Bank, DOD/ISA, Miklos, and Chapman. Fulbright requested the justification for the military assistance "in view of the recent ostentatious anniversary celebration in Persepolis." (Ibid.)

[173. Telegram 1379 From the Embassy in Iran to the Department of State, March 8, 1972, 1345Z](#)

March 8, 1972, 1345Z

The Embassy reported that the Shah had responded to the advice of ARMISH/MAAG and the IIAF, and had reduced his demand for accelerated 1972 delivery of F-4s to eight aircraft.

Source: National Archives, RG 59, Central Files 1970-73, DEF 12-5 IRAN. Secret. Repeated to SECDEF, CSAF, and EUCOM.

[174. Telegram 1381 From the Embassy in Iran to the Department of State, March 9, 1972, 540Z](#)

March 9, 1972, 5400Z

Protesting the trials and executions of anti-government dissidents, students at the University of Tehran staged 2 days of demonstrations, which were ultimately put down by the police.

Source: National Archives, RG 59, Central Files 1970-73, POL 23-9 IRAN. Limited Official Use. Repeated to Ankara, Bonn, Dhahran, Jidda, Kuwait, London, and Paris.

[175. Memorandum From the Assistant Secretary of Defense for International Security Affairs \(Nutter\) to Secretary of Defense Laird, Washington, March 11, 1972](#)

Washington, March 11, 1972

Nutter advised Laird of the Shah's insistence on the delivery of eight aircraft in 1972, suggesting that the required F-4Es be leased to Iran.

Source: Washington National Records Center, OASD Files, (C) (A), 330-77-0094, Iran 1972, Box 62. Secret. The attachment is not published. Laird wrote on the memo, "What does Warren recommend—these points don't impress me as the case made by others. MRL" He later added, "3/13/72 After our conversation today approval okay—M.R. Laird."

[176. Telegram 1665 From the Embassy in Iran to the Department of State, March 23, 1972, 0240Z](#)

March 23, 1972, 0240Z

Despite the need for a fifteen percent MAAG reduction world wide, the country team in Iran lobbied for a requested increase in the ARMISH/MAAG complement.

Source: National Archives, RG 59, Central Files 1970-73, DEF 19-9 US-IRAN. Confidential.

[177. Telegram 2080 From the Embassy in Iran to the Department of State, April 11, 1972, 0645Z](#)

April 11, 1972, 0645Z

The Embassy conveyed the request of the Shah's sister, Princess ASHRAF, for U.S. Government assistance in refuting the charge that the U.S. Federal Narcotics Bureau had once recommended that she be denied entry to the United States due to a heroin trafficking incident in 1961.

Source: National Archives, RG 59, Central Files 1970-73, POL 15-1 IRAN. Confidential; Exdis. In Telegram 35450 to Tehran, March 1, the Department inquired about a press story regarding a member of the Shah's entourage, Amir Hushang Davallou, who had been charged in Switzerland with narcotics trafficking. Invoking diplomatic immunity, DAVALLOU had departed the country on the private plane of the Shah, who allegedly cut short his vacation to get DAVALLOU out of the country. The scandal rekindled charges of narcotics trafficking within the Shah's inner circle. (Ibid, SOC 11-5 SWITZ)

[178. Telegram 64317 From the Department of State to the Embassy in Iran, April 14, 1972, 0235Z](#)

April 14, 1972, 0235Z

Davies replied that while in principle the Department would be pleased to help exonerate the Princess, official U.S. involvement was likely to draw more attention to the matter.

Source: National Archives, RG 59, Central Files 1970-73, POL 15-1 IRAN. Confidential. Drafted by Miklos; cleared by STEPHEN M. BOYD (L/NEA), John S. Brims (S/S); and approved by Davies.

[179. Memorandum From Harold Saunders of the National Security Council Staff for the Files, Washington, April 26, 1972](#)

Washington, April 26, 1972

Saunders summarized the correspondence received from a U.S.-based Iranian dissident, Nasser Afshar, who denounced the Shah's rule.

Source: National Archives, Nixon Presidential Materials, NSC Files, Saunders Files, Middle East Negotiations, Box 1282, Iran 1/1/72-5/31/72. No classification marking. In 1971, Congressman Graham Purcell inserted into the Congressional Record letters from Afshar's "Free Iran" movement, condemning the Shah's reign. In response, on August 18, 1971, Ambassador MacArthur wrote to Purcell, denouncing the character and activities of the organization and its chairman, on the basis of FBI information. The Department official assigned to deliver the letter to Purcell was advised to "reminisce about a number of other Congressmen who had taken up the anti-Shah banner in the 1960's, much to their subsequent embarrassment." On October 21, 1971, Purcell apologized for his action, agreeing that "Free Iran" was unworthy of his support. All of this correspondence was passed to Court Minister ALAM for the Shah's perusal on November 7, 1971. (NEA/IRN, Office of Iran Affairs, Lot File 75D351, Box 6, PS 7, Iran 1969-71, Assistance to Americans, Nasser Afshar 1971)

[180. Intelligence Report 2035-72, Washington, May 1972](#)

Washington, May 1972

The CIA's Directorate of Intelligence analyzed the current political structure of Iran.

Source: Central Intelligence Agency, OCI Files, Job 79T00832A, Box 9, 46. Secret; No Foreign Dissem. Prepared in the Office of Current Intelligence and coordinated within CIA.

[181. Intelligence Memorandum ER IM 72-79, Washington, May 1972](#)

Washington, May 1972

The CIA's Directorate of Intelligence examined the recent trends in Iranian arms procurement, particularly Tehran's sources of supply.

Source: Central Intelligence Agency, ORR Files (OTI), Job 79T00935A, Box 70, Project 35.6402, CIA/ER IM 72-79. Secret; No Foreign Dissem. The memorandum was prepared by the Office of Economic Research and coordinated within the Directorate of Intelligence.

[182. Telegram 2488 From the Embassy in Iran to the Department of State, May 1, 1972, 0907Z](#)

May 1, 1972, 0907Z

In preparation for the President's visit, the Embassy transmitted a summary of the current conditions in Iran.

Source: National Archives, RG 59, Central Files 1970-73, POL 7 US/NIXON. Secret; Exdis. The first message in the series on the Presidential visit, Telegram 2440 from Tehran, April 28, dealt with logistical issues and is not published. (Ibid.)

[183. Telegram 2603 From the Embassy in Iran to the Department of State, May 4, 1972, 1300Z](#)

May 4, 1972, 1300Z

The Embassy surveyed the state of U.S.-Iran relations and the significance of the relationship to the Shah.

Source: National Archives, RG 59, Central Files 1970-73, POL 7
US/NIXON. Secret; Exdis.

[184. Telegram 2604 From the Embassy in Iran to the Department of State, May 4, 1972, 1302Z](#)

May 4, 1972, 1302Z

The Embassy outlined the Shah's views on specific domestic and foreign issues which might arise during his meetings with the President.

Source: National Archives, RG 59, Central Files 1970-73, POL 7
US/NIXON. Secret; Exdis.

[185. Memorandum From the Director of Central Intelligence \(Helms\) to the President's Assistant for National Security Affairs \(Kissinger\), Washington, May 4, 1972](#)

Washington, May 4, 1972

Summarizing the Shah's regional foreign policy, Helms suggested topics for the President to broach in discussion.

Source: Central Intelligence Agency, Executive Registry Files, Job 80B01086A, Box 1, Executive Registry, Subject Files, I-13, Iran. Secret; Sensitive. The memorandum is a copy that bears Helms' typed signature with an indication that he signed the original.

[186. Telegram 78854 From the Department of State to the Embassy in Iran, May 5, 1972, 2123Z](#)

May 5, 1972, 2123Z

The Department dismissed the charges made in the Nation article against Princess ASHRAF, arguing that it was unnecessary for her representative to come to Washington to refute them.

Source: National Archives, RG 59, Central Files 1970-73, POL 15-1 IRAN. Secret. Drafted by Miklos; cleared by Robert M. Miller (S/S); approved by Davies.

[187. Telegram 2642 From the Embassy in Iran to the Department of State, May 6, 1972, 1415Z](#)

May 6, 1972, 1415Z

The Embassy highlighted topics that the Shah would be likely to raise during the Presidential visit.

Source: National Archives, RG 59, Central Files 1970-73, POL 7 US/NIXON. Secret; Exdis.

[188. Telegram 2641 From the Embassy in Iran to the Department of State, May 6, 1972, 1315Z](#)

May 6, 1972, 1315Z

In the last of a series of telegrams prior to the President's visit, the Embassy offered an assessment of Iran's importance to the United States.

Source: National Archives, RG 59, Central Files 1970-73, POL 7 US/NIXON. Secret; Exdis.

[189. Memorandum From the Presidents Assistant for National Security Affairs to President Nixon, Washington, May 6, 1972](#)

Washington, May 6, 1972

Source: National Archives, Nixon Presidential Materials, NSC Files, Country Files, Middle East, Iran, Box 602, Vol. IV, 9/1/71-4/73. Confidential. A note on the memorandum indicates that the President saw it. The attached memorandum, April 27, is not published.

[190. Memorandum From the Director of Central Intelligence \(Helms\) to the President's Assistant for National Security Affairs \(Kissinger\), Washington, May 8, 1972](#)

Washington, May 8, 1972

Helms forwarded to Kissinger the substance of Kermit Roosevelt's recent conversation with the Shah, which they had agreed would be passed only to the White House.

Source: Central Intelligence Agency, Executive Registry Files, Job 80B01086A, Box 1, Executive Registry Subject Files, I-13 Iran. Secret; Sensitive. The memorandum is a copy that bears Helms' typed signature with an indication that he signed the original.

[191. Telegram 2774 From the Embassy in Tehran to the Department of State,](#)

May 11, 1972, 1230Z

The Embassy offered guidance on whether the President should raise the issue of narcotics during his Iranian visit.

Source: National Archives, RG 59, Central Files 1970-73, SOC 11-5 IRAN. Confidential; Exdis.

[192. Memorandum From Secretary of State Rogers to President Nixon, Washington, May 12, 1972](#)

Washington, May 12, 1972

Rogers submitted to Nixon a summary of the Shah's concerns and recommended themes the President might wish to touch upon in Iran.

Source: National Archives, Nixon Presidential Materials, Presidential Trip Files, Box 479, Briefing Book, Visit of Nixon to Iran, May 1972. Secret. The attached briefing book is not published.

[193. Telegram 2890 From the Embassy in Tehran to the Department of State, May 17, 1972, 0720Z](#)

May 17, 1972, 0720Z

The new ambassador, Joseph S. Farland, provided the Department with a list of the SHAH's latest requests for his airforce.

Source: National Archives, RG 59, Central Files 1970-73, POL 7 US/NIXON. Secret; Limdis.

[194. Memorandum From Harold Saunders and Samuel Hoskinson of the National Security Council Staff to the Presidents Assistant for National Security Affairs \(Kissinger\), Washington, May 17, 1972](#)

Washington, May 17, 1972

Saunders and HOSKINSON supplied Kissinger with background material for the President's Iran visit.

Source: National Archives, Nixon Presidential Materials, NSC Files, Presidential Trip Files, Box 479, Briefing Book, Visit of Nixon to Iran, May 1972. Top Secret/Codeword/Talent-Keyhole. Tab A and Tab B (on Iraq only) are Documents. Tabs B (on Syria), C, D, and E were attached, but are not published.

[195. Memorandum From the Deputy Secretary of Defense \(Rush\) to the President's Assistant for National Security Affairs \(Kissinger\), Washington, May 18, 1972](#)

Washington, May 18, 1972

Rush provided Kissinger with talking papers on the Defense Department position on the Shah's military requests.

Source: Washington National Records Center, OASD Files, (C) (A), FRC 330-77-0094, Iran 1972, Iran 452. Confidential.

196. Memorandum From the President's Assistant for National Security Affairs (Kissinger) to President Nixon, Washington, May 18, 1972

Washington, May 18, 1972

Kissinger gave the President a briefing packet on his upcoming talks with the Shah.

Source: National Archives, Nixon Presidential Materials, NSC Files, Box 481, Presidential Trip Files, Iran Visit. Secret; Sensitive. Sent for Action. Tab B is published as Document 185. Tabs C and D were not published. A stamp on the document indicated "the President has seen." In the margin of page 3, tab A, next to a paragraph on the U.S. naval force in the Persian Gulf, the President wrote, "K—increase it."

197. Haktó 46 Message From Lord/Rodman to Haig, May 27, 1972, 1810Z

May 27, 1972, 1810Z

LORD and RODMAN attached a memo from Peter Flannigan describing the current state of oil discussions between the Shah and the oil consortium, and recommended talking points.

Source: National Archives, Nixon Presidential Materials, NSC Files, Box 481, Presidential Trip Files, Iran Visit (Cherokee) [pt. 1]. Secret; Flash.

198. Memorandum From Samuel Hoskinson of the National Security Council Staff and the President's Deputy Assistant for National Security Affairs (Haig) to Winston Lord and Peter Rodman of the National Security Council, Washington, May 27, 1972

Washington, May 27, 1972

HOSKINSON and Haig forwarded a memorandum from Peter Flannigan on Nixon's possible oil discussions with the Shah for Kissinger.

Source: National Archives, Nixon Presidential Materials, NSC Files, Box 481, Presidential Trip Files, Iran Visit (Cherokee) [pt. 1]. Secret. A note on the first page indicates that the document was sent to Kissinger in Moscow on May 27.

[199. Telegram 3166 From the Embassy in Iran to the Embassy in Moscow, May 28, 1972, 0915Z](#)

May 28, 1972, 0915Z

Ambassador Farland updated the President on the status of talks between the Iranian Government and the consortium on the issue of participation.

Source: National Archives, RG 59, Central Files 1970-73, PET 3 OPEC. Secret. Immediate. Repeated Immediate to the Department of State.

[200. Memorandum of Conversation, Tehran, May 30, 1972, 5:35 to 6:35 p.m.](#)

Tehran, May 30, 1972, 5:35 to 6:35 p.m.

The Shah, President Nixon, and his Assistant for National Security Affairs, Kissinger, discussed the Moscow Summit and its significance to the Middle East.

Source: Library of Congress, Kissinger Papers, Box TS-28, Kissinger Telcons, Geopolitical Files, Iran, Memcons, Notebook 30 May 72-15 September 73. Top Secret; Sensitive; Exclusively Eyes Only. The conversation took place in the Saadabad Palace in Tehran. According to Henry Kissinger's memoirs, the President during this visit also agreed that, "without American support, the existing Kurdish uprising against the Baghdad Government would collapse. American participation [in the effort to aid the Kurdish insurgency] in some form was needed to maintain the morale of such key allies as Iran and Jordan " (Kissinger, Years of Renewal, pp. 582-3.) No record of this conversation was found.

[201. Memorandum of Conversation, Tehran, May 31, 1972, 10:30 a.m. to 12:00 p.m.](#)

Tehran, May 31, 1972, 10:30 a.m. to 12:00 p.m.

The Shah, President Nixon, and his Assistant for National Security Affairs, Kissinger, talked about regional problems, notably the Arab-Israeli conflict, and concluded with Nixon's pledge to furnish Iran with laser bombs and F-14s and F-15s.

Source: Library of Congress, Kissinger Papers, Box TS-28, Kissinger Telcons, Geopolitical Files, Iran, Memcons, Notebook 30 May 72-15 September 73, Box TS-28. Top Secret; Sensitive; Exclusively Eyes Only. The conversation took place in the Saadabad Palace in Tehran.

[202. Telegram 3254 From the Embassy in Iran to the Department of State, May 31, 1972, 0837Z](#)

May 31, 1972, 0837Z

The Embassy transmitted a copy of the joint U.S.-Iranian communique released following the President's visit.

Source: National Archives, RG 59, Central Files 1970-73, POL US/NIXON. Unclassified. On June 6, Kissinger conveyed a message from President Nixon to the Shah, thanking him for Nixon's recent visit and informing him that former Treasury Secretary John Connally would be dispatched to Iran in early July to continue U.S.-Iranian discussions. (Ibid., Nixon Presidential Materials, NSC Files, Box 425, Backchannel, Backchannel Messages, Middle East, 1972.)

[203. Intelligence Note RNAN-18, Prepared by the Bureau of Intelligence and Research Washington, June 12, 1972](#)

Washington, June 12, 1972

The Bureau of Intelligence and Research's report on "Iran: Internal Dissidence—A Note of Warning" noted that the bombings in Tehran during Nixon's visit were part of a broader pattern.

Source: National Archives, RG 59, Central Files 1970-73, POL 23-8 IRAN. Secret; Controlled Dissem. Drafted by Maher; approved by Jones.

[204. Memorandum From Harold Saunders of the National Security Staff to the President's Assistant for National Security Affairs \(Kissinger\), Washington, June 12, 1972](#)

Washington, June 12, 1972

Saunders offered Kissinger a record of the specific commitments for military hardware that Nixon had made to the Shah while in Tehran, and the Shah's interpretation of those pledges.

Source: Library of Congress, Kissinger Papers, Box CL-152, Iran Chronological File. Secret. Sent for action. Tab A is published as Document 205.

[205. Memorandum From the President's Assistant for National Security Affairs \(Kissinger\) to Secretary of State Rogers and Secretary of Defense Laird, Washington, June 15, 1972](#)

Washington, June 15, 1972

Kissinger provided Rogers and Laird with a summary of the commitments the President had made to the Shah.

Source: Library of Congress, Kissinger Papers, Box CL-152, Iran Chronological File. Secret.

[206. Memorandum From Harold Saunders of the National Security Council Staff to the President's Assistant for National Security Affairs \(Kissinger\), Washington, June 23, 1972](#)

Washington, June 23, 1972

The Iranian Foreign Minister had been alarmed by reports that a Congressman was recommending that the executive agreements

governing the Azores and Bahrain naval facilities be replaced by treaties.

Source: National Archives, Nixon Presidential Materials, NSC Files, Box 1282, Saunders Files, Middle East Negotiations, Iran 6/1/72-9/30/72. Confidential. Saunders submitted the memorandum to Kissinger for possible submission in the President's Saturday Briefing of June 24. Attached, but not published, was telegram 3780 from Tehran, June 22.

[207. Intelligence Note RECN-15, Prepared by the Bureau of Intelligence and Research, Washington, June 27, 1972](#)

Washington, June 27, 1972

An INR report, "OPEC Opens Oil Ministers' Meeting in Atmosphere of Uncertainty," explained the settlement which Iran had reached with the consortium.

Source: National Archives, RG 59, Central Files 1970-73, PET 3 OPEC. Confidential; No Foreign Dissem. Drafted by Leo F. Cecchini, Jr. Approved by John F. L. Ghiardi.

[208. Memorandum From Harold Saunders of the National Security Council Staff to the President's Assistant for National Security Affairs \(Kissinger\), Washington, June 28, 1972](#)

Washington, June 28, 1972

Saunders submitted a recommended Presidential telegram for the Shah, congratulating him for the way he had conducted the recent negotiations with the oil consortium.

Source: National Archives, Nixon Presidential Materials, NSC Files, Box 1282, Saunders Files, Middle East Negotiations, Iran 6/1/72-9/30/72. Confidential. Sent for action. Tab B is not published. A handwritten note by Kissinger reads "I signed off for Pres. HK"

[209. Backchannel Message From the President's Assistant for National Security Affairs \(Kissinger\) to the Embassy in Singapore for Former Secretary of the Treasury \(Connally\), Washington, June 29, 1972](#)

Washington, June 29, 1972

Kissinger sent Connally a background paper and talking points for his upcoming meeting with the Shah of Iran.

Source: National Archives, Nixon Presidential Materials, NSC Files, Box 425, Backchannel, Backchannel Messages, Middle East, 1972. Secret. Haig signed the memo for Kissinger. The memorandum was sent to the Embassy in Singapore for Connally through HOSKINSON. The source text is the White House message as approved for transmission. The separate message on the Kurdish problem was not found, but it is clear from previous and subsequent documentation that Connally was instructed to confirm U.S. willingness to cooperate with the Shah in aiding the Kurds.

[210. Memorandum From the President's Assistant for National Security Affairs \(Kissinger\) to President Nixon, Washington, undated](#)

Washington, undated

Reminding the President of his promises to the Shah of military equipment, Kissinger forwarded the Defense Department's suggestions for fulfilling them.

Source: National Archives, Nixon Presidential Materials, NSC Files, Box 602, Country Files, Middle East, Iran, Vol. IV, 9/1/71-4/73. Secret. Sent for action. Kissinger approved for the President. The document date is either July 5 or after, since the Department of Defense memorandum to which Kissinger refers (not published) was sent on that date. The decision memorandum, which was approved by Kissinger for Nixon, is not published.

[211. Memorandum From Harold Saunders of the National Security Council Staff to President Nixon, Washington, July 12, 1972](#)

Washington, July 12, 1972

Saunders briefed the President for talks with former Treasury Secretary John B. Connally by summarizing Connally's recent discussions with the Shah.

Source: National Archives, Nixon Presidential Materials, NSC Files, Box 1282, Saunders Files, Middle East Negotiations, Iran 6/1/72-9/30/72. Secret. According to the President's Daily Diary, the President dined with Connally on July 13 at the San Clemente Compound residence. (Ibid., White House Central Files, Staff Members and Office Files, President's Daily Diary, June 1, 1972-July 31, 1972.) No other record of the meeting was found.

[212. Memorandum From Harold Saunders of the National Security Council Staff to the President's Assistant for National Security Affairs \(Kissinger\), Washington, July 14, 1972](#)

Washington, July 14, 1972

Saunders conveyed the recommendation from Ambassador Farland that the United States cease discouraging Iran from overspending on military items, to the detriment of U.S. arms suppliers.

Source: National Archives, Nixon Presidential Materials, NSC Files, Box 602, Country Files, Middle East, Iran, Vol. IV, 9/1/71-4/73. Top Secret; Sensitive. A handwritten note on the memorandum reads "Haig and HAK sent with addition of sentence pencilled on draft at Tab A. 7/17/72. No further action required." The additional pencilled sentence at the end of the first paragraph of Tab A reads, "In short, it is not repeat not our policy to discourage Iranian arms purchases." Next to the addition was a handwritten note, "Change added by HAK." Tab A is the backchannel message as submitted by the White House for transmission.

[213. Telegram 4274 From the Embassy in Iran to the Department of State, July 15, 1972, 1112Z](#)

July 15, 1972, 1112Z

The Ambassador transmitted a record of former Treasury Secretary Connally's conversation with the Shah during his visit as a special envoy to Iran.

Source: National Archives, RG 59, Central Files 1970-73, POL 7 US/CONNALLY. Confidential; Exdis. Repeated to Treasury and White House.

[214. Memorandum From the President's Assistant for National Security Affairs \(Kissinger\) to Secretary of State Rogers and Secretary of Defense Laird, Washington, July 25, 1972](#)

Washington, July 25, 1972

Kissinger advised the Secretaries of the President's decision as to how to implement his pledges to the Shah.

Source: Library of Congress, Henry Kissinger Papers, Box CL-152, Iran Chronological File, 28 May 1971-1 December 1972. Secret.

[215. Paper Prepared in the Department of State, Undated.](#)

Undated.

The paper made the case for approving the sale to Iran of the Redeye missile.

Source: National Archives, RG 59, Central Files 1970-73, DEF 12-5 IRAN. Secret; Noform.

[216. Memorandum From Harold Saunders of the National Security Council Staff to the President's Assistant for National Security Affairs \(Kissinger\), Washington, August 2, 1972](#)

Washington, August 2, 1972

Saunders put to Kissinger the questions which arose from the President's promise of U.S. military personnel to Iran.

Source: National Archives, Nixon Presidential Materials, NSC Files, Box 602, Country Files, Middle East, Iran, Vol. IV 9/1/71-4/73. Secret. Tab A is the White House backchannel message as sent for transmission. Tabs B and C are not published. At the top of this memorandum, Kissinger wrote, "Al—OK—but what do you think? HK." Haig responded "I agree." Kissinger initialed his approval. In Telegram 4467 from Tehran, July 24, the Embassy requested clarification as to the nature and extent of the U.S. military support to be provided to Iran. While recommending a forthcoming response, the Embassy also urged that Washington emphasize the non-operative role contemplated for U.S. personnel assisting the Iranian forces. (Ibid., RG 59, Central Files 1970-73, DEF 19-9 US-IRAN.) In Telegram 4639 from Tehran, August 1, Farland conveyed ALAM's assurance that Iran did not foresee an operational role for U.S. military technicians. (Ibid., Nixon Presidential Materials, NSC Files, Box 1282, Saunders Files, Middle East Negotiations, Iran Military 1/1/72-12/31/72.)

[217. Telegram 4789 From the Embassy in Iran to the Department of State, August 10, 1972, 0400Z](#)

August 10, 1972, 0400Z

Ambassador Farland reported that despite a government crack-down, the pace of terrorist activities in Iran had quickened, and that the government was unlikely to halt such activities without first addressing the basic question of political, social, and administrative reforms.

Source: National Archives, RG 59, Central Files 1970-73, POL 23-8 IRAN. Confidential.

[218. Telegram 5055 From the Embassy in Iran to the Department of State, August 22, 1972, 0927Z](#)

August 22, 1972, 0927Z

Ambassador Farland expressed skepticism regarding the efficacy of the Iranian anti-terrorist campaign.

Source: National Archives, RG 59, Central Files 1970-73, POL 23-8 IRAN. Confidential.

[219. Telegram 161337 From the Department of State to the Embassy in Tehran, September 5, 1972, 1644Z](#)

September 5, 1972, 1644Z

The Department forwarded the section dealing with Iran of a Washington Post article based on CIA narcotics reports.

Source: National Archives, RG 59, Central Files 1970-73, SOC 11-5 IRAN. Unclassified; Priority.

[220. Airgram 151 From the Embassy in Iran to the Department of State, September 9, 1972](#)

September 9, 1972

The Embassy conveyed the remarks of an Associated Press correspondent in Iran that SAVAK's abuses of power were fueling opposition to the Shah.

Source: National Archives, RG 59, Central Files 1970-73, POL IRAN. Confidential. Drafted by Andrew I. Killgore, and approved by Heck.

[221. Memorandum From the Vice Admiral of the Navy \(Peet\) to Secretary Laird, Washington, September 19, 1972](#)

Washington, September 19, 1972

Peet updated Laird on the status of the items promised to the Shah, including F-14/15s, laser-guided bombs, and uniformed technicians.

Source: Washington National Records Center, OASD Files, (C) (A), FRC 330-77-0094, Iran 1972. Secret. The enclosures are not published.

[222. Telegram 6127 From the Embassy in Iran to the Department of State, October 10, 1972, 1320Z](#)

October 10, 1972, 1320Z

Ambassador Farland observed that although rumors abounded that narcotics were being smuggled from Iran, the evidence needed to approach the Iranian Government was lacking.

Source: National Archives, RG 59, Central Files 1970-73, SOC 11-5 IRAN. Confidential. Repeated to Kabul, Islamabad, Manama, Kuwait, Jidda, Karachi, Dhahran, and BNDD.

[223. Telegram 6166 From the Embassy in Iran to the Department of State, October 12, 1972, 0750Z](#)

October 12, 1972, 0750Z

The Embassy relayed the Iranian Government's decision to reduce authorized 1973 poppy cultivation to ten per cent of the 1972 level.

Source: National Archives, RG 59, Central Files 1970-73, SOC 11-5 IRAN. Confidential. Repeated to BNDD, Kabul, Islamabad, and Ankara. One Department official, identified only as "MAGM", wrote to "JCM" on October 12: "I have reservations on this one. The Iranians are making no sacrifice and are taking no risk comparable to that taken by the Turks. This cutback is only for one year; there is nothing to suggest that Iran will not resume full cultivation once the surplus is used up. It could be useful to pat them on the back to remind them of our interest and encourage any inclination to hold down poppy cultivation in the future, but this cutback isn't worth a public announcement at the high levels of the USG comparable to the President's statement on the Turkish ban." (NEA/IRN, Office of Iran Affairs, Lot File 75D410, Box 8, SOC 11-5, Narcotics and Dangerous Drugs, Iran 1972)

[224. Telegram 192358 From the Department of State to the Embassy in Iran, October 20, 1972, 2246Z](#)

October 20, 1972, 2246Z

The Department instructed the Ambassador, on the President's behalf, to request that Iran turn over its entire force of 90 F-5As for immediate delivery to Vietnam.

Source: National Archives, RG 59, Central Files 1970-73, DEF 19-8 US-IRAN. Top Secret; Flash. Sent Immediate to Saigon.

[225. Memorandum From Harold Saunders of the National Security Council Staff for the Files, Washington, October 20, 1972](#)

Washington, October 20, 1972

Saunders recommended no reply to the most recent letter sent to the President by Nasser Afshar, editor of the Iran Free Press.

Source: National Archives, Nixon Presidential Materials, NSC Files, Box 1282, Saunders Files, Middle East Negotiations, Iran 10/1/72-12/31/72. The attached copy of the August/September Edition of the Iran Free Press is not published. Afshar sent copies of the Iran Free Press to the American Embassy in Tehran, which on October 12, 1971 sought unsuccessfully to get off the distribution list, fearing that Afshar hoped to get the publication into local circulation. (Douglas Heck to Jack Miklos, NEA/IRN, Office of Iran Affairs, Lot File 75D351, Box 6, PS 7 Iran 1969-71, Assistance to Americans, Nasser Afshar 1971.) On July 18, 1972, Douglas Heck of the Embassy argued against official replies to Afshar's publication, since "such letters give the publication recognition it does not deserve as well as a peg for further attacks on us and Iran. In addition [they] might be misinterpreted here as suggesting that arguments in this rag are worthy of official response even though what you are trying to do is correct some of the outrageous statements about Iran." (Heck to Miklos, NEA/IRN, Office of Iran Affairs, Lot File 75D365, Box 7, POL 23, Internal Security, Counter-Insurgency, Iran 1972). Miklos agreed.

[226. Telegram 6317 From the Embassy in Iran to the Department of State, October 21, 1972, 1520Z](#)

October 21, 1972, 1520Z

The Shah responded to the US plea for F-5As by agreeing to relinquish 32 aircraft for delivery to Vietnam, subject to early replacement.

Source: National Archives, RG 59, Central Files 1970-73, DEF 19-8 US-IRAN. Top Secret; Flash; Nodis. Passed Immediate to Saigon.

[227. Telegram 6346 From the Embassy in Iran to the Department of State, October 24, 1972, 0553Z](#)

October 24, 1972, 0553Z

The Shah set out his demands for the replacement of his aircraft, including accelerated delivery of equipment orders previously placed in the US.

Source: National Archives, RG 59, Central Files 1970-73, DEF 19-8 US-IRAN. Top Secret; Nodis; Cherokee. Passed to Saigon.

[228. Telegram 6417 From the Embassy in Iran to the Department of State, October 27, 1972, 1355Z](#)

October 27, 1972, 1355Z

The Ambassador sent suggestions for another approach to the Shah should more of his F-5As be needed in Vietnam.

Source: National Archives, RG 59, Central Files 1970-73, DEF 19-8 US-IRAN. Top Secret; Nodis; Flash; Cherokee. Passed to Saigon.

[229. Telegram 196855 From the Department of State to the Embassy in Iran, October 30, 1972, 2115Z](#)

October 30, 1972, 2115Z

The Department urgently requested an additional 16 F-5A aircraft from Iran, offering concessions on other equipment in return.

Source: National Archives, RG 59, Central Files 1970-73, DEF 19-8 US-IRAN. Top Secret; Nodis; Cherokee. Drafted by Thomas R. Pickering (PM) and approved by Johnson, Defense, and Harry G. Barnes, Jr (S/S). Repeated to the Ambassador in Saigon.

[230. Letter From the Embassy in Iran to the Country Director for Iran \(Miklos\), October 30, 1972](#)

October 30, 1972

Political officer Andrew Killgore discussed the likely future of Iranian politics, including the possibility that the Shah might introduce a one-party system.

Source: National Archives, RG 59, NEA/IRN, Office of Iran Affairs, Lot File 75D365, Box 7, POL 14, Elections. Confidential; Official—Informal. The referenced A-166 was not found. Adl was Yahya Adl, the leader of the opposition Mardom party. In a handwritten postscript, Killgore added, "Jack, your letter was particularly welcome because of the strong criticism of the Iranian regime implied in it. The Shah is a great man whose accomplishments are also great. But this gives no occasion for a worshipful attitude on our part. The Shah's interests and ours will be better served in the long run by our looking dispassionately at the failures as well as the success of the regime. That's what we are going to be doing. Cheers! Andy K." Miklos's letter was also not found. On October 13, as expected, the ruling Iran Novin party had won a sweeping victory over the Mardom party in local elections, taking 80% of the vote. In Telegram 6210, October 14, the Embassy had written that the importance of the election "lies not so much in Iran Novin victory, which observers already knew would be the result, but in their significance as a training vehicle in democratic forms." (Ibid., Central Files, POL 18-1 IRAN.)

[231. Telegram 6520 From the Embassy in Iran to the Department of State, October 31, 1972, 1345Z](#)

October 31, 1972, 1345Z

The Ambassador attempted to assuage the Shah's security concerns over the U.S. request for additional F-5A aircraft.

Source: National Archives, RG 59, Central Files 1970-73, DEF 19-8 US-IRAN. Top Secret; Flash; Nodis. Passed to Saigon.

[232. Telegram 6611 From the Embassy in Iran to the Department of State, November 4, 1972, 1405Z](#)

November 4, 1972, 1405Z

The Ambassador expressed the chagrin of both the Iranian Government and the Embassy that Iran's role in the mission to send F-5As to Vietnam had been divulged in a Department of Defense briefing.

Source: National Archives, RG 59, Central Files 1970-73, DEF 19-8 US-IRAN. Top Secret; Flash; Nodis. In Telegram 201483 to Tehran, November 5, the Department explained with regret that since the story had been leaked to the New York Times, the Defense spokesman had been forced to address it. (Ibid.)

[233. Telegram 6687 From the Embassy in Iran to the Department of State, November 7, 1972, 1315Z](#)

November 7, 1972, 1315Z

The Ambassador recommended a package of benefits that the Shah should receive as reward for his cooperation regarding the F-5As.

Source: National Archives, RG 59, Central Files 1970-73, DEF 19-8 US-IRAN. Top Secret; Immediate; Nodis; Cherokee.

[234. Telegram 210666 From the Department of State to the Embassy in Iran, November 18, 1972, 1948Z](#)

November 18, 1972, 1948Z

Under Secretary Johnson advised the Ambassador of the compensation the U.S. Government would provide to Iran, including deeply discounted title to previously leased aircraft.

Source: National Archives, RG 59, Central Files 1970-73, DEF 19-8 US-IRAN. Top Secret; Immediate; Eyes Only. Drafted by Pickering and approved by Defense; Miklos, George S. Newman (U), Eliot, Davies, Lowell B. Laingen (NEA/PAB), Curtis F. Jones (INR/ARR/RNA).

[235. Backchannel Message From the President's Assistant for National Security Affairs \(Kissinger\) to the Ambassador to Iran \(Farland\), Washington, November 21, 1972](#)

Washington, November 21, 1972

Kissinger inquired whether the compensation package described for the Shah was sufficient or whether more was required.

Source: National Archives, Nixon Presidential Materials, NSC Files, Box 1282, Saunders Files, Middle East Negotiations, Iran 10/1/72-12/31/72. Top Secret. The source text is the White House approved draft as sent for transmission.

[236. Telegram 7008 From the Ambassador in Iran \(Farland\) to the Undersecretary of State \(Johnson\), November 22, 1972, 1130Z](#)

Tehran, November 22, 1972

In strong terms, the Ambassador emphasized that the United States must abide by the condition to replace the Shah's aircraft rapidly.

Source: National Archives, RG 59, Central Files 1970-73, DEF 19-8 US-IRAN. Top Secret; Nodis.

[237. Memorandum From Harold Saunders of the National Security Staff to the President's Assistant for National Security Affairs \(Kissinger\), Washington, December 1, 1972](#)

Washington, December 1, 1972

Saunders submitted to Kissinger the revised compensation package for the Shah.

Source: National Archives, Nixon Presidential Materials, NSC Files, Country Files, Middle East, Iran, Box 602, Vol. IV, 9/1/71-4/73. Secret. Tabs A and B are not published. Haig approved the memorandum on Kissinger's behalf.

[238. Telegram 219119 From the Department of State to the Embassy in Iran, December 4, 1972, 1842Z](#)

December 4, 1972, 1842Z

The Department sent Farland an expanded copy of the proposed compensation package for the Shah.

Source: National Archives, RG 59, Central Files 1970-73, DEF 19-8 US-IRAN. Top Secret; Immediate; Eyes Only.

[239. Intelligence Note RECN-36, Prepared in the Bureau of Intelligence and Research, Washington, December 6, 1972](#)

Washington, December 6, 1972

The report on "Iranian Oil Negotiations" observed that the recent Saudi Arabian agreement on oil participation had inspired Iran to demand a revision of its Spring 1972 deal.

Source: National Archives, RG 59, Central Files 1970-73, PET 6 IRAN. Confidential. Drafted by Robert L. Dowell, Jr. (NEA); and approved by John F. Ghiardi (INR/Economic). Released by Leonard Weiss (INR).

[240. Telegram 7389 From the Embassy in Iran to the Department of State, December 9, 1972, 1237Z](#)

December 9, 1972, 1237Z

With some suggested revisions, the Shah approved of the U.S. compensation package for his F-5As.

Source: National Archives, RG 59, Central Files 1970-73, DEF 19-8 US-IRAN. Top Secret; Immediate; Nodis. This information was included in the material submitted to Kissinger on December 12 for the President's Wednesday Briefing. (Ibid., Nixon Presidential Materials, NSC Files, Box 1282, Saunders Files, Middle East Negotiations, Iran Military 1/1/72-12/31/72)

[241. Telegram 7769 From the Embassy in Iran to the Department of State, December 27, 1972, 1318Z](#)

December 27, 1972, 1318Z

The Embassy reported the local reaction to the appointment of former CIA director Richard Helms as Ambassador-Designate to Iran.

Source: National Archives, Nixon Presidential Materials, NSC Files, Box 1282, Saunders Files, Middle East Negotiations, Iran 10/1/72-12/31/72. Confidential. Repeated to Islamabad, Jidda, Kuwait, London, and EUCOM.

[242. Telegram 7770 From the Embassy in Iran to the Department of State, December 27, 1972, 1338Z](#)

December 27, 1972, 1338Z

Farland conveyed the Shah's increasing anxiety for progress on the President's promise for U.S. technicians to Iran.

Source: National Archives, Nixon Presidential Materials, NSC Files, Box 602, Country Files, Middle East, Iran, Vol. IV, 9/1/71-4/73. Secret; Exdis. Repeated to SECDEF, USCINCEUR, and JCS.

243. Memorandum From the Assistant Secretary of Defense for International Security Affairs (Nutter) to Secretary of Defense Laird, Washington, December 28, 1972

Washington, December 28, 1972

Nutter advised Laird of the status of planning for greater technical assistance support to Iran.

Source: Washington National Records Center, OASD/ISA Files, FRC 330-75-125, Iran 000.1-333, 1972. Secret. Of the first option, Laird wrote on the memorandum "This plan would never fly with Congress!!" Of the third, he wrote, "This would be best-but you may have gone too far." Of the second, which he approved on December 31, he wrote, "If this is the best you can work out and Services see no trouble, I'll approve." Laird added a last comment at the bottom of the memo: "Warren: We are under orders from a co-equal branch of our government to civilianize as many positions in all four services as possible—This applies equally but even more so in our technical help to our allies. We have many civilian employees out of work."

157. Telegram 77 From the Embassy in Iran to Secretary of State Rogers and the Assistant Secretary for Near Eastern and South Asian Affairs (Sisco), January 5, 1972, 1235Z¹

January 5, 1972, 1235Z

TELEGRAM
Department of State
TEHRAN 0077

0 051235Z JAN 72

FM AMEMBASSY TEHRAN

TO SECSTATE WASHDC IMMEDIATE 6985

BT

FOR THE SECRETARY AND ASST SECY SISCO

SUBJECT:
PRESIDENTIAL VISIT TO IRAN

REF:
(A) STATE 1238 (B) TEHRAN 7218

I HAVE JUST RECEIVED REFTEL A CONTAINING MESSAGE FOR SHAH. BEFORE DELIVERING IT, I THINK YOU SHOULD KNOW ABOUT THE FOLLOWING VERY RECENT DEVELOPMENTS THAT HAVE A DIRECT BEARING ON THE PROBABLE REACTION HERE TO THIS MESSAGE.

SEVERAL DAYS AGO HOVEYDA SPOKE TO ME WITH CONSIDERABLE FEELING TINGED WITH BITTERNESS ABOUT TENDENCY OF UNITED STATES TO TAKE IRAN COMPLETELY FOR GRANTED. HE SAID THIS IN CONTEXT OF REFERRING TO FACT THAT PRESIDENT IS SEEING GREAT MANY WORLD LEADERS BEFORE HIS VISIT TO PEKING AND MOSCOW BUT IS IGNORING SHAH, "WHO IS ONE OF BEST FRIENDS UNITED STATES HAS," AND THIS DESPITE FACT PRESIDENT HAD GIVEN SHAH FIRM COMMITMENT IN OCTOBER 1969 TO VISIT IRAN

AND HAD RE-AFFIRMED IT IN APRIL 1971. HOVEYDA ALSO MENTIONED AN ARTICLE HE SAID WAS IN NEW YORK TIMES THAT US WAS BUILDING BRIDGES TO NEW FRIENDS (CHINA) AND TEARING DOWN BRIDGES TO OLD FRIENDS AND REMARKED SARDONICALLY THAT THERE HAD BEEN NO WORD ABOUT HIS OWN VISIT TO WASHINGTON IN JANUARY (THIS WAS BEFORE HOVEYDA CANCELLED VISIT ALLEGEDLY BECAUSE OF IRAQ CRISIS).

YESTERDAY WHEN SENATOR SYMINGTON AND I WERE RECEIVED BY SHAH, SYMINGTON COMMENTED AT END OF MEETING THAT HE HOPED TO SEE SHAH IN US IN NOT DISTANT FUTURE. SHAH REPLIED STONILY THAT HE HAD VISITED US GREAT MANY TIMES AND HE THOUGHT IT WAS "PERHAPS TIME FOR SOMEONE FROM OVER THERE TO VISIT IRAN."

IN LIGHT OF THIS BACKGROUND, TEXT OF MESSAGE TO SHAH GIVES ME DEEP CONCERN, PARTICULARLY STATEMENT PRESIDENT REGRETS HE NOT ABLE TO INDICATE "WHETHER" A VISIT MIGHT BE POSSIBLE. THE WORD "WHETHER" RAISES FOR FIRST TIME DOUBT THAT PRESIDENT WILL FULFILL COMMITMENT HE GAVE SHAH MORE THAN TWO YEARS AGO WHICH WAS REAFFIRMED LAST APRIL. I THINK PROPOSED MESSAGE IN REFTTEL WILL BE INTERPRETED AS WALKING AWAY FROM THIS COMMITMENT AND WILL NOT ONLY BE RESENTED BUT WILL DEEPEN SUSPICIONS THAT ARE DEVELOPING IN MIND OF SHAH, WHO IS PROUD AND SENSITIVE MAN, THAT WE REALLY DO NOT REGARD HIM OR IRAN AS VERY IMPORTANT. IF THE PRESIDENT DOES NOT COME, I FEAR THAT THE BASIC STRUCTURE OF THE RELATIONSHIP OF CONFIDENCE AND COOPERATION WHICH WE HAVE BUILT UP SO PAINSTAKINGLY WITH IRAN AND WHICH SERVES OUR NATIONAL INTEREST SO WELL, COULD BEGIN TO ERODE AWAY. AND IRAN, AS WE ALL KNOW, IS THE ONE REALLY STABLE, DEPENDABLE AND AT SAME TIME FRIENDLY BUILDING BLOCK WE HAVE TO WORK WITH BETWEEN JAPAN AND NATO EUROPE. IT IS A KEYSTONE FOR US IN AN AREA WHERE NOT ONLY WE AND OUR ALLIES HAVE MOST VITAL INTEREST, BUT IN WHICH SOVIETS, IRAN'S GREAT NEIGHBOR TO NORTH, HAVE BEEN MAKING SERIOUS INROADS ABOUT WHICH SHAH IS MUCH CONCERNED AND WISHES TO DISCUSS WITH PRESIDENT.

I WILL SOON BE LEAVING IRAN AND WILL NOT HAVE TO TRY TO PICK UP THE PIECES, BUT AS PRESIDENT'S PERSONAL REPRESENTATIVE I FEEL HE SHOULD KNOW BEFORE I DELIVER

PROPOSED MESSAGE MY VIEWS AS TO (A) DAMAGE TO IRAN-US RELATIONS WHICH COULD RESULT IF PRESIDENTIAL VISIT IS NOT MADE AND (B) REASONS WHY MESSAGE IN ITS PRESENT FORM COULD BE VERY COUNTER-PRODUCTIVE. IF MESSAGE COULD BE REVISED SO AS TO RE-AFFIRM TO SHAH, AS I DID LAST APRIL AT PRESIDENT'S SPECIFIC INSTRUCTION, THAT PRESIDENT WILL VISIT IRAN DURING 1972 BUT IS NOT YET IN POSITION TO FIX SPECIFIC DATE, IT WOULD BE TREMENDOUSLY HELPFUL IN ALLAYING GROWING SUSPICIONS OF SHAH, PRIME MINISTER, ETC., AND MAINTAINING OUR POSITION AND INFLUENCE IN THIS KEY COUNTRY, AN AREA WHERE OUR INTERESTS ARE ENORMOUS AND YET WHERE OUR POSITION AND INFLUENCE HAVE IN GENERAL BEEN DETERIORATING OVER THE PAST SEVERAL YEARS. GP-3

MACARTHUR

¹ Source: National Archives, RG 59, Central Files 1970-73, POL US/NIXON, Box 2697. Secret; Nodis. In Telegram 1238 to Tehran, January 4, the Department had sent a message from Nixon requesting the Shah's input on the President's upcoming trip to China but expressed uncertainty about one to Iran. (Ibid., Nixon Presidential Materials, NSC Files, Country Files, Middle East—Iran, Box 602, Volume IV 9/1/71-4/73) In Telegram 3152 to Tehran, January 6, Sisco agreed that the message should not be delivered yet. (Ibid.)

158. Memorandum From the President's Assistant for
National Security Affairs (Kissinger) to President Nixon,
Washington, January 11, 1972¹

Washington, January 11, 1972

THE WHITE HOUSE
ACTION 34953
January 11, 1972

MEMORANDUM FOR:

THE PRESIDENT

FROM:

HENRY A. KISSINGER

SUBJECT:

Requirement for Your "Determination" to Provide Grant MAP to Iran, FY 72

By the terms of the Foreign Assistance Act for economically developed countries, Iran must buy its military purchases from the US on a cash or credits basis. As you know, they do so substantially every year. In FY 72 with EXIM financing, Iran's program will be \$140 million.

We have, however, provided some grant assistance to underwrite a training program complementing Iran's large sales program; it provides for the maintenance of our military advisors mission in Iran and training both there and in the US. The Shah attaches great importance to this program which gives his armed forces across the board advice on all aspects of their modernization and progress.

The Foreign Assistance Act, however, prohibits grant assistance in excess of \$500,000 to "any economically developed country capable of sustaining its own defense burden and economic growth" unless you sign a determination that such assistance is important to US security. Our FY 72 grant assistance program is \$942,000 and to permit us to go ahead with this, you will have to sign such a determination. Secretary Rogers and Mr. Shultz recommend you do so in the memoranda at Tab B. For FY 71

you signed a similar determination under which we provided grant MAP in the amount of \$2.4 million.

To put this in perspective, we have indicated that we would be reducing substantially grant assistance to Iran in line with worldwide reductions. As Secretary Rogers observes, Iran still has requirements for technical personnel and pilots which would justify our FY 72 expenditure. He also indicates that we will be revising our FY 73 and subsequent programs downward to approximately the permissible \$500,000.

RECOMMENDATION:

That you sign the Determination at Tab A authorizing the provision of grant MAP to Iran in FY 72 as in the interests of US security.

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Saunders Files, Middle East Negotiations, Box 1282, Iran Economic 1/1/72-12/31/72. No classification marking. Tab A is not published. Nixon signed the Determination on January 12. (Ibid.)

159. Telegram 249 From the Embassy in Iran to the
Department of State, January 14, 1972, 1145Z¹

January 14, 1972, 1145Z

TELEGRAM
Department of State
TEHRAN 249

R 131145Z JAN 72

FM AMEMBASSY TEHRAN

TO SECSTATE WASHDC 7078

3T

JAN 14, 1972, 4:15 AM

CORRECTED COPY

FOR THE SECRETARY AND ASST SECY SISCO

SUBJECT:

SHAH'S CONCERN RE POSSIBLE US WITHDRAWAL FROM BAHRAIN

1. COURT MINISTER ALAM ASKED ME TO CALL URGENTLY THIS MORNING (JAN 13) TO CONVEY IMPORTANT MESSAGE RE BAHRAIN WHICH SHAH WISHED PASSED TO PRESIDENT AND SECRETARY. MESSAGE IS TO EFFECT THAT EVEN THOUGH US UNDER FIRE FROM RADICAL ARABS AND THEIR COMMUNIST SUPPORTERS FOR MAINTAINING ITS PORT FACILITIES IN BAHRAIN, IF US STICKS FIRMLY TO ITS POSITION AND REMAINS THERE, IT WILL BE A BLESSING "FOR YOU AS WELL AS FOR US." HOWEVER, IF US SHOULD EVER CONTEMPLATE WITHDRAWING FROM BAHRAIN EITHER (A) BECAUSE BAHRAIN ASKS US TO GO OR (B) BECAUSE OF PRESSURES FOR US WITHDRAWAL FROM RADICAL ARABS AND POSSIBLY EGYPT ENCOURAGED BY SOVIET UNION, SHAH ASKS THAT WE LET HIM KNOW BEFORE WE ANNOUNCE ANY WITHDRAWAL DECISION SO THAT HE CAN LEAD CAMPAIGN FOR OUR WITHDRAWAL RATHER THAN LET IT

BE PORTRAYED AS A RESULT OF PRESSURE FROM RADICAL ARABS AND SOVIETS. THIS WOULD ENABLE SHAH "TO SHOUT LOUDER AND LONGER" AGAINST ANY SOVIET EFFORTS TO SUBSEQUENTLY OBTAIN ADDITIONAL NAVAL FACILITIES ON ARAB SIDE OF GULF.

2. I SAID TO ALAM THAT I WOULD OF COURSE CONVEY ABOVE MESSAGE BUT I KNEW PRESIDENT HAD WEIGHED VERY CAREFULLY DECISION FOR MIDEASTFOR TO REMAIN IN BAHRAIN AND I DID NOT THINK SHAH HAD CAUSE TO WORRY ABOUT A WITHDRAWAL BECAUSE OF CLAMOR OF RADICAL ARAB STATES AND OTHERS FOLLOWING UNFORTUNATE MANNER IN WHICH CONTINUATION OF MIDEASTFOR IN BAHRAIN HAD BEEN PRESENTED IN AMERICAN AND CERTAIN FOREIGN PRESS. ALAM REPLIED THAT HE HOPED OUR INTENTION TO STAY IN BAHRAIN WAS FIRM BUT SHAH WAS BASICALLY CONCERNED LEST (A) BAHRAIN RULER ASKS US TO LEAVE AS RESULT OF RADICAL ARAB PRESSURE OR (B) WE GIVE IN TO PRESSURE FROM RADICAL ARABS AND POSSIBLY EGYPT (IF WE DELIVER MORE PHANTOMS TO ISRAEL) AND OTHER MORE MODERATE ARAB STATES. IN EITHER CASE ARAB STATES DEMANDING OUR WITHDRAWAL AND SOVIETS WHO WERE BEHIND THEM SPURRING THEM ON WOULD ALONE GET CREDIT FOR FORCING US OUT AND THIS WOULD HAVE UNFORTUNATE IF NOT DANGEROUS REPERCUSSIONS IN THIS STRATEGICALLY IMPORTANT AREA.

3.

COMMENT: ABOVE MESSAGE IS STILL ANOTHER INDICATION OF SHAH'S DEEP CONCERN RE (A) INCREASING SOVIET ADVANCES, INFLUENCE AND PRESSURES IN SOUTH ASIAN-MID-EAST AREA AND (B) OUR CONSTANCY AND WILL TO COOPERATE WITH IRAN AND OTHER MODERATE STATES TO PREVENT FURTHER SOVIET ADVANCES IN MID-EAST AND SOUTH ASIAN AREA.

ANOTHER VERY RECENT EXAMPLE OF THIS CONCERN IS THAT SHAH YESTERDAY DECIDED TO TRY TO SPEED UP DELIVERIES FROM FY-74 TO LATE FY-72 AND FY73 OF ONE SQDN OF F-4-E AND ONE SQDN OF F-5-E AIRCRAFT BECAUSE OF UNCERTAINTIES OF WHAT FUTURE HOLDS AND RECENT SOVIET ACTION IN DELIVERING 25 ADDITIONAL MIG-21 AIRCRAFT TO IRAQ.

4. MY OWN STRONGLY HELD VIEW CONTINUES TO BE THAT ONLY DIRECT TALKS BETWEEN PRESIDENT AND SHAH CAN ALLAY SHAH'S OBVIOUSLY GROWING CONCERN AND DOUBTS AS TO OUR STEADFASTNESS VIS-A-VIS IRAN AND THIS PART OF WORLD. GP-3.

BT

MACARTHUR

¹ Source: National Archives, RG 59, Central Files 1970-73, POL IRAN-US. Secret; Nodis.

160. Telegram 279 From the Embassy in Iran to the
Department of State, January 15, 1972, 1037Z¹

January 15, 1972, 1037Z

Department of State
TELEGRAM

22

ACTION NEA-11

INFO OCT-01 EUR-20 CIAE-00 DODE-00 INR-06 NSAE-00 P-03 RSC-01
USIA-12 PRS-01 PM-01 PM-06 SA-03 RSR-01 NSCE-00 NSC-10 /W 025841

P R 151037Z JAN 72

FM AMEMBASSY TEHRAN

TO SECSTATE WASHDC PRIORITY 7096

INFO AMCONSUL DHAHRAN

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY LONDON

CINCEUR

COMIDEASTFOR

TEHRAN 0279

DEPT PLEASE PASS MANAMA

SUBJECT:
PRESS REACTION TO US/BAHRAIN NAVAL ARRANGEMENT

REF
A. TEHRAN 170 (B) TEHRAN 165

1. AFTER SEVERAL DAYS OF EDITORIAL SILENCE PRESTIGIOUS ETELA 'AT JANUARY 13 AND TEHRAN JOURNAL JANUARY 15 CARRIED LONG EDITORIAL EXPRESSING SURPRISE AT AND OBJECTION TO AGREEMENT "UNDER WHICH US MIDDLE EAST FLEET WILL BE ABLE TO USE PART OF OLD BRITISH NAVAL BASE IN PERSIAN GULF." EDITORIAL REVIEWS ARRANGEMENTS BY WHICH US NAVY ESTABLISHED PRESENCE IN GULF. QUESTIONS RIGHT BAHRAIN TO PERMIT FOREIGN MILITARY PRESENCE IN GULF AND URGES US TO RECONSIDER THIS ARRANGEMENT AND LEAVE THE GULF. FOLLOWING POINTS MADE IN EDITORIAL:
 - (A) IT "RATHER STRANGE" AFTER ALL EFFORT TO GET SOUTHERN COAST OF PERSIAN GULF FREE FROM BRITISH AND TO RESTORE NAVAL LEADERSHIP TO REGIONAL POWERS AND WHEN, AFTER CENTURIES COLONIALISM FINALLY ENDING, THAT ANOTHER OUTSIDE POWER SHOULD BE PERMITTED REPLACE BRITAIN."
 - (B) THIS MORE-SURPRISING IN VIEW IRAN'S OFT-REPEATED POSITION GULF STATES THEMSELVES MUST ASSUME RESPONSIBILITY FOR AREA WITH NO OUTSIDE COUNTRIES "PERMITTED" REPLACE BRITAIN.
 - (C) "UNDER AGREEMENT WITH BRITAIN" THREE US WARSHIPS ARRIVED IN BAHRAIN 12 YEARS AGO "ON PRETEXT OF REPAIRS AND REFUELING" AND HAVE REMAINED THERE SINCE. IT IS SURPRISING THAT DURING THIS NEW CHAPTER OF HISTORY AMERICANS STAY ON AND ONE MUST WONDER "TO WHAT PURPOSES THEY HAVE SIGNED AGREEMENT WITH BAHRAIN TO CONTINUE THEIR PRESENCE HERE." DESPITE BIFTMUBARAK'S STATEMENT THAT BAHRAIN HAS NO SECRET AGREEMENT WITH US, PRESENCE OF THREE WARSHIPS, EVEN FOR REPAIRS AND REFUELING, "CANNOT BUT BE ACCEPTED WITH MISGIVINGS."
 - (D) SINCE THIS DEVELOPMENT "RELATES TO SECURITY OF ALL PEOPLES OF THE REGION NO LITTORAL STATE HAS THE RIGHT TO GRANT PERMISSION TO FOREIGN COUNTRY, LARGE OR SMALL, TO MAINTAIN MILITARY PRESENCE IN GULF EVEN FOR REPAIRS AND REFUELING PURPOSES BECAUSE THERE IS ALWAYS THE POSSIBILITY THAT SUCH ACTION MAY LEAD TO ENDANGERING SECURITY OF OTHER NATIONS." CONDUCT OF US "WHICH HAS ALWAYS PROFESSED IT WAS SUPPORTER OF LIBERTY AND FREEDOM OF OTHERS IS SURPRISING," AND US SHOULD UNDERSTAND THIS ACTION IS LIKELY TO "CREATE MISUNDERSTANDINGS IN THE REGION." (E) SOVIETS AND OTHERS ARE FULLY JUSTIFIED IN PROTESTING STATIONING OF

THREE AMERICAN WARSHIPS IN THE REGION. IRAN HAS "EVEN GREATER RIGHT TO PROTEST THIS UNWISE ACTION WHICH CERTAINLY IS AGAINST INTERESTS OF REGIONAL SECURITY AND THAT US SHOULD REVIEW ITS WRONG POLICY, TO SAY THE LEAST, AND LEAVE THE PERSIAN GULF AS SOON AS POSSIBLE." ALL COUNTRIES SHOULD KNOW "THAT THE PERSIAN GULF IS' NOT OPEN TO IMPERIALIST DESIGNS BY OUTSIDE POWERS AND REGIONAL POWERS SHALL COMBAT WITH ALL MEANS AT THEIR DISPOSAL ATTEMPTS BY FOREIGN POWERS, IRRESPECTIVE OF SIZE, TO INFILTRATE GULF."

2. COMMENT: AS REPORTED IN REFTELS, GOI HAS UP UNTIL NOW REFRAINED FROM ADVERSE COMMENT ON COMIDEASTFOR ARRANGEMENTS WITH BAHRAIN, AND FONMIN KHALATBARI HAS ATTEMPTED DAMPEN DOWN PRESS INTEREST IN THIS MATTER. WE RELIABLY INFORMED THAT ETELAAT EDITORIAL WAS WRITTEN UNDER INSTRUCTION (WE DO NOT KNOW WHOSE) WITH PAPER TOLD EXPLICITLY WHAT POINTS TO MAKE BY MINISTRY OF INFORMATION. THIS MINISTRY WOULD NOT IN TURN HAVE TAKEN THIS LINE UNLESS IT HAD HIGH-LEVEL INSTRUCTIONS. AMBASSADOR IS SEEING ALAM LATER TODAY AND WILL SEEK CLARIFY APPARENT CHANGE IN IRANIAN ATTITUDE TOWARDS COMIDEASTFOR. OUR VERY TENTATIVE REACTION IS THIS EDITORIAL DOES NOT REPRESENT CHANGE IN GOI POSITION OF ACQUIESCENCE IN PRESENCE OF COMIDEASTFOR IN GULF BUT RATHER DESIRE (A) TO PLACE IRAN ON RECORD AGAINST EXTERNAL PRESENCE IN GULF AND THUS ASSOCIATE ITSELF WITH OTHER COUNTRIES OF REGION ON THIS ISSUE, AND (B) TO BE IN A POSITION TO CRITICIZE AND OBJECT TO ANY EFFORTS BY SOVIETS TO ESTABLISH PRESENCE IN GULF OR STEP UP THEIR ACTIVITIES THERE. GP-3.

NOTE BY OC/T: NOT PASSED MANAMA.

NOTE BY OC/T: #AS RECEIVED.

MACARTHUR

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Saunders Files, Middle East Negotiations, Box 1282, Iran 1/1/72-5/31/72. Confidential; Priority. Repeated to Dhahran, Jidda, Kuwait, London, CINCEUR, COMIDEASTFOR. The material submitted to Kissinger for the

President's Wednesday Briefing, January 18, included the fact that the Shah had told American journalists that Iran was opposed to any foreign presence in the Gulf. The comment was published in the New York Times on January 16. (Ibid.) In Telegram 302 from Tehran, January 15, MacArthur requested a moratorium on government-approved criticism of MIDEASTFOR's presence in Bahrain, since the Gulf States might take Iran at its word that it desired U.S. withdrawal. (Ibid., RG 59, Central Files 1970-73, POL IRAN-US.)

161. Telegram 331 From the Embassy in Iran to the
Department of State, January 17, 1972, 1950Z¹

January 17, 1972, 1950Z

DEPARTMENT OF STATE
TELEGRAM
TEHRAN 0331

17/51

ACTION NEA-11

INFO OCT-01 INRE-00 SSO-00 SOS-00 AID-20 CCO-00 PBO-01 PM-06 W-
02 INR-06 L-03 NIC-01 NSC-10 M-03 OC-06 DPR-02 P-03 SA-03 RSC-01
PRS-01 SCA-01 A-01 SS-14 SY-03 CU-04 CIAE-00 NSAE-00 DODE-00 NSCE-
00 RSR-01 /122 W 028650

O 171950Z JAN 72 ZFF-4

FM AMEMBASSY TEHRAN

TO SECSTATE WASHDC IMMEDIATE 7120

C O R R E C T E D C O P Y FOR MRN (0331 VICE 00000)
JOINT EMBASSY/USIS MESSAGE

1. FOLLOWING ON SAVAK DISCLOSURES JANUARY 16 RE TERRORIST ACTIVITIES IN IRAN, U.S. MISSION PREMISES SUBJECTED TO FOUR BOMB EXPLOSIONS DURING PERIOD 2035 TO 2110 HRS LOCAL TIME JANUARY 17. DAMAGE NOT RPT NOT SERIOUS: TWO LOCAL GUARDS SUFFERED MINOR INJURIES.
2. EXPLOSIONS OCCURRED AT (A) PARKING LOT OF COMMISSARY ADJACENT TO EMBASSY COMPOUND AT 2035 HRS, DAMAGE COMPRISING TWO GUARDS INJURED AND APPROX \$400 OF BROKEN WINDOWS: (B) TRUCK PARKED OUTSIDE COMMISSARY ADJACENT EMBASSY POWER PLANT ATO 02036 HRS, REAR OF TRUCK SUFFERED EXTENSIVE DAMAGE: (C) PEACE CORPS HEADQUARTERS INTO GARDEN OF WHICH BOMB LOBBED AT 2045 HRS, ONLY MINOR DAMAGE: (D) IAS CULTURAL CENTER

WHICH DAMAGED AT 2110 HRS BY BOMB PLACED IN SHRUBBERY, DAMAGE ESTIMATED AT \$400 COMPRISED 24 LARGE WINDOW PANES FACING STREET AND FOUR INTERIOR PANES.

3. POLICE ARE INVESTIGATING AND PROVIDING OVERNIGHT PROTECTION [*text not declassified*] HAS INFORMED SAVAK. MFA HAS CALLED TO EXPRESS REGRETS OVER INCIDENT.

GP-1

MACARTHUR.

¹ Source: National Archives, RG 59, Central Files 1970-73, POL 23-8 IRAN. Confidential; Immediate. In Telegram 365 from Tehran, January 19, MacArthur related some local Iranian interpretations of the bombings, including the suggestions that they were motivated by anti-capitalism and opposition to U.S. policy in the Middle East, or designed to demonstrate the dissidents' power and contempt for SAVAK. (Ibid.) The day prior to the explosions, a SAVAK spokesman gave a public briefing announcing the arrest of 120 dissidents over the previous 10 months, including 60 members of the Iranian Liberation Organization (Siah Kal) jailed on charges of plotting to kidnap Iranian and foreign personalities during the 2500th Anniversary celebrations. The group was accused of having received training in Iraq and at Palestinian refugee camps in Lebanon. (Attachment to Donald Toussaint to Jack Miklos, February 11, 1972, NEA/IRN, Office of Iran Affairs, Lot File 75D410, Box 7, INT, Intelligence, General Iran, 1972.)

162. Telegram 8819 From the Department of State to the
Embassy in Iran, January 17, 1972, 1942Z¹

January 17, 1972, 1942Z

TELEGRAM

Department of State 008819

51

ORGIN SS-25

INFO OCT-01 /226 R

66604

DRAFTED BY:NEA/RN:M:KLOS

APPROVED BY:NEA:SISCO

NEA/ARPITWINAM

S/S:MILLER

R 171942Z JAN 72

FM SECSTATE WASHDC

TO AMEMBASSY TEHRAN

INFO AMCONSUL DHAHRAN

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY LONDON

AMEMBASSY MANAMA

CINCEUR

COMIDEASTFOR

REF:

TEHRAN 249 (NOTAL); TEHRAN 279

WE THINK CLARIFICATION OF GOI'S ATTITUDE TOWARD COMIDEASTFOR IS CERTAINLY IN ORDER AND SUGGEST THAT IN ADDITION TO TAKING QUESTION UP WITH ALAM (TEHRAN 279), AMBASSADOR CONSIDER BROACHING SUBJECT DIRECTLY WITH SHAH IN FORTHCOMING JAN 20 MEETING. POINTS THAT MIGHT BE MADE ARE (A) WE HAVE NO INTENTION OF GIVING IN TO RADICAL ARAB PRESSURES TO WITHDRAW COMIDEASTFOR FROM AREA; (B) PRESSURES THEMSELVES APPEAR TO HAVE SUBSIDED AFTER INITIAL OUTBURST; (C) BAHRAIN WHICH IS MAKING ARRANGEMENT CLEARLY ANTICIPATED POSSIBILITY SOME ADVERSE ARAB REACTION, HAS MADE NO REQUEST OF US TO WITHDRAW AND WE DO NOT EXPECT IT WILL; (D) AGREEMENT WITH BAHRAIN PROVIDES EITHER PARTY CAN TERMINATE IT AT ANY TIME BUT WE ARE GIVEN UP TO ONE YEAR TO WITHDRAW; THUS IN UNFORESEEN SITUATION IN WHICH WE FOR WHATEVER REASONS DECIDE TO GIVE UP BAHRAIN FACILITIES, WE WOULD HAVE AMPLE TIME TO CONSIDER WITH OUR FRIENDS WHAT ALTERNATIVE ARRANGEMENTS MIGHT BE DESIRABLE; (E) WE FELT IRAN HAD BEEN CLEAR IN ITS DESIRE THAT COMIDEASTFOR PRESENCE BE CONTINUED (TEHRAN 249) AND THAT IT FELT AS WE DO THAT IT IS A STABILIZING FORCE IN AREA WHERE FRAGILE, NEWLY INDEPENDENT STATES JUST COMING INTO BEING, AND WHERE SOVIETS CAN BE EXPECTED TO TRY AND TAKE ADVANTAGE OF ANY WEAKNESSES THEY CAN UNCOVER; (F) WE DO NOT THEREFORE UNDERSTAND ETELA-AT EDITORIAL WHICH ASKS US TO RECONSIDER COMIDEASTFOR ARRANGEMENT AND LEAVE GULF; INDEED WE WOULD EXPECT IRAN WOULD BE QUIETLY WORKING BEHIND THE SCENES TO DAMPEN CRITICISM IN NEIGHBORING STATES.

ROGERS

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 1282, Saunders Files, Middle East Negotiations, Iran 1/1/72-5/31/72. Secret;

Exdis. Repeated to Dhahran, Jidda, Kuwait, London, Manama, CINCEUR,
COMIDEASTFOR.

163. Telegram 446 From the Embassy in Iran to the
Department of State, January 22, 1972, 710Z¹

January 22, 1972, 710Z

DEPARTMENT OF STATE
BUREAU OF INTELLIGENCE AND RESEARCH
RESEARCH STUDY RNAS-2
January 28, 1972

IRAN: ARMS AND THE SHAH

The Shah of Iran has expressed interest in reaching an understanding with the United States to assure the supply of sophisticated American arms to Iran until 1980. He is, among other things, looking forward to receiving a newer generation of fighter aircraft than the F-4 Phantoms he is now getting. It is therefore timely to examine Iran's current strategic posture and concomitant military needs, and to attempt to relate U.S. interests to possible future developments in the Shah's "independent national policy."

ABSTRACT

The celebration last October of 2,500 years of the Iranian monarchy serves as a useful reference point in assessing the emergence of Iran as an independent political and military power in the Persian Gulf, especially as it affects Iran's relations with the United States and has intensified the perennial Iranian feud with Iraq.

The Shah has made clear the purpose of Iran's "independent national policy." The buildup in Iranian military strength in anticipation of British military withdrawal from the Gulf means that Iran intends to play a predominant role in the Persian Gulf area, free of great-power restraints, now that the British military presence has departed.

The Shah wants Iran to be a leading force in the protection of the Gulf against subversion or military attack by radical Arab regimes. To this end, he has built up a substantial military establishment equipped with late-model American, British, and Soviet weapons. He has plans for even more elaborate military forces.

While he is immediately concerned with the threat posed by Iraq, the Shah's strategic interests center on the Persian Gulf and extend into the Indian Ocean. He has seized upon that part of the Nixon Doctrine which emphasizes the responsibility of regional powers for the defense and security of specific areas, and believes Iran can fulfill this role in its region.

The Shah's effort to assume that role may introduce strains into the long-standing U.S.-Iran military supply relationship, as he increasingly judges U.S. support for Iran by its willingness to supply the arms he wants. Moreover, the increasingly assertive role of Iran in the region may to some extent diverge from U.S. interests in the Gulf. While no sharp estrangement is likely between the U.S. and Iran, the ties between the two countries may eventually become looser. The possibility of Iran-Iraq hostilities and of growing political tension in Iran are factors which could also complicate U.S. policy in the Gulf.

INR/Near East and South Asia

Director : Curtis F. Jones

Analyst : Peter S. Maher

Ext. : 21430

Released by :

"We appreciate friendship but are not affected in the slightest way by what is said about us by biased people. By the grace of God, with or without outsiders, we shall reap the benefit of our own effort. We will regain our past prestige.

"It is quite natural that now when imperialism is leaving this region, those areas which historically belonged to us should come back to us. I can assure you that we intend to play a positive role in the stability of the region so that the liberty and independence of all countries is protected. We will certainly respect their rights. By the grace of God, we have a sufficiently large country and are not looking for more, but we intend to defend our historical rights.

" Iran's military force will be one of the most powerful and effective powers in this region our aim is to implement a policy that would safeguard stability in this region and prevent any aggressive designs

anyone who has aggressive designs in this region should know what kind of force he would have to deal with."

(Shah of Iran's post-Persepolis press conference, Tehran, October 18, 1971)

The celebration last October of the 2,500th anniversary of the Persian monarchy marked for Shah Mohammed Reza Pahlevi a new stage in the development of Iran's "independent national policy," as the quoted statements demonstrate. Nor were these remarks intended merely as brave words, for the Shah conveyed much the same message in private to visiting foreign statesmen. To put it succinctly, Iran intends to play a prominent role in the Persian Gulf, and even in the Indian Ocean, now that British military forces have left the area; if necessary, Iran is also prepared to deal militarily with Iraq, which the Shah considers the region's arch-troublemaker. To support its policy, Iran has created an impressive modern military force which will continue to receive the best modern non-nuclear equipment the Shah can procure.

The Challenge

The termination of Britain's military role in the Persian Gulf has compelled the Shah to focus on Iran's future role, which he sees as that of a strong, independent power capable of protecting its interests and insuring stability throughout the Gulf. In the Shah's view, the changed situation in the Gulf will provide new opportunities for radical Arab regimes and movements to step up their attempts to subvert the Arab states on the western and southern shores of the Gulf. He fears the spread of radical military adventures similar to the guerrilla war troubling western Oman.

The Shah perceives the radical threat as a direct concern to Iran. All of Iran's vital petroleum exports must transit the Gulf, and all its major ports are located on the Gulf, or on the Shatt al 'Arab which empties into the Gulf. Access to the Gulf is thus central to Iran's economic well-being and security. It was this fact that underlay the Shah's insistence on obtaining control of the lower Gulf islands of the Tunbs and Abu Musa, near the Strait of Hormuz. The same concern also explains Iran's recent rapprochement with Egypt after a ten-year break in relations. While the Shah distrusted NASSER as the source of all evil in the radical Arab World, he regards Sadat as a possible counterweight to radical, unpredictable Iraq.

Iran's differences with Iraq are of long standing and center on the location of the boundary and control over shipping in the Shatt al 'Arab. More recently, Iraq has emerged as a threat to the stability and security of the Persian Gulf through its sponsorship of subversion and discord in the coastal sheikhdoms.

In talking to U.S. officials, the Shah has also stressed his fears of increased Soviet penetration of the Gulf. As a practical matter of policy he probably continues to believe that the Soviets attach major value to good bilateral relations with Iran and that a direct Soviet military move against Iran is unlikely. He is more concerned about Soviet support of radical Arab regimes such as those in Iraq and South Yemen or those that might emerge in the Gulf. His fears of "Soviet encirclement," most recently expressed in connection with the USSR's support for India in the Indo-Pakistani war, are very real and intensify his sense of need for continued U.S. support.

For the long term, however, he envisages the development of regional power centers (Iran, Saudi Arabia, India, Pakistan) capable of excluding undue great-power influence from the Gulf and the Indian Ocean without reliance on any foreign alliance.

Iran's Response: Strength

For most of the past decade the Shah justified his need to build up his armed forces by pointing to the lavish amounts of equipment the Soviets were supplying to Iraq, Syria, and Egypt. Now Iran is strong enough to meet a direct military threat from Iraq. Military support for Iraq from Egypt and Syria is very unlikely under present circumstances. However, now that the British have withdrawn from the Gulf, the Shah sees a need for an Iranian deterrent to radical Arab action in the Gulf and the Arabian Peninsula. To fulfill this more ambitious mission, the Shah wants to further enhance Iran's military power. Iran has the necessary funds, since its oil revenues have grown to over \$1.8 billion annually in the past fifteen years. The Iranian military budget for FY 1972 totalled \$1,023 million, 22 percent of the total budget and 10 percent of the Iranian GNP. Its expenditures for military purchases abroad now total more than \$600 million annually.

Iraq-Iran Armed Forces: Comparison

The 8,500-man Iraqi air force, which Iran views as its most immediate threat, has in its inventory 91 MIG-21 aircraft, of which perhaps two-

thirds are operational. In addition, it has 33 MIG-17's, 46 Hawker Hunters, and 62 SU-7 Fitters, virtually all operationally assigned. It has some potential strategic capability, with 9 TU-16 bombers. In 1971, 150 of the 260 Iraqi pilots were jet-qualified, and 90 were listed as combat-ready. Additional pilots are being trained, primarily in the Soviet Union. The air force suffers from a generally low level of education, training, morale, and discipline, and has been further reduced in effectiveness by repeated political purges.

The Iranian air force inventory now includes 56 F-4 Phantom jet fighters and 109 F-5's. Present plans call for Iran's F-4 strength to be increased to 128 or more by 1975. The 26,000-man Iranian air force in 1971 included 312 pilots, of whom 220 were jet-qualified and 115 were listed as combat-ready. Ongoing pilot training, in Iran and the United States, is constantly adding to that total. While qualitative comparisons are risky, the Iranian air force is clearly superior to the Iraqi in motivation, training, organization, and mastery of technical maintenance, although Iran still depends on U.S. personnel for some aspects of advanced maintenance of its F-4 aircraft.

On the ground, the Iraqi army boasts an inventory of good Soviet equipment, including 784 tanks (700 of them T-54/55), 1,080 APC's, and 705 artillery pieces. However, the low morale and poor standard of training of its 90,000 men, compounded by a weak logistics system, limit severely the army's offensive capabilities.

The Iranian army's present equipment inventory is not markedly superior to Iraq's, with 862 tanks (402 M-47, 460 M-60), 881 APC's, and 1,254 artillery pieces, but the training, organization, morale, and technical effectiveness of Iran's 152,000 troops are clearly superior. Since 1967 the mobility of Iran's ground forces has been enhanced by large purchases of Soviet military trucks and APC's, and by the acquisition of U.S.-built C-130's (34 on hand, with a total of 50 planned).

The Iraqi navy has no combat capability. The Soviet Union has failed to deliver Komar missile boats promised under an old contract. In contrast, the Iranian navy has one newly-refitted ex-UK destroyer, twelve patrol craft, and eight British-built hovercraft. Four more new British-built frigates are now being delivered, and by late 1972 two more reconditioned ex-USN destroyers should arrive in Iran.

The bulk of the Iranian army and air force and all of the navy are disposed along or within reach of the border with Iraq or in the Persian

Gulf. As there are no reserves, this force in being constitutes the entire existing deterrent capability of Iran. The Shah's future plans, to the extent they are known, are designed to add formidable dimensions to this deterrent.

More Equipment To Come

A pilot himself, the Shah is adamant that Iran must have next-generation fighter aircraft such as the F-15. He is periodically lobbied by the French, the Soviets, and most recently the British and Germans jointly, and he follows closely developments in aircraft design outside the United States. However, he says he wants to keep his air force American-equipped. He recently proposed that firm assurances be offered to extend U.S. military sales to Iran up to 1980.

In addition to wanting more sophisticated aircraft, the Shah has indicated for some time that he desires an aerial refuelling capability to extend the range of his F-4's across the Gulf and out into the Indian Ocean. (He thought about an aircraft carrier but decided it would be too expensive.) He has considered the idea of a major new Iranian naval base at Chah Bahar on the Gulf of Oman near the Pakistan border. Should this idea be carried out, Iran would have a base well beyond the Strait of Hormuz. The Shah would also like a deepwater navy for Indian Ocean operations, which would require bigger ships than he now has. In the missile field, Iran is asking for more Hawk missiles, and the Shah has inquired about sophisticated anti-SAM missiles. His navy has British naval missiles, and the U.S. has undertaken to provide other naval missiles.

Iran has ordered some 300 British Chieftain tanks and apparently has options on about 400 more. In addition to Soviet 130 mm artillery, the Iranians intend to purchase 52 U.S.-built 175 mm/8" self-propelled guns. Iran's retrofit facility to modernize and up-gun its M-47 tanks should get into production late this year. Iran now has over 165 helicopters; and the airmobile infantry concept, which requires a large helicopter fleet, has attracted the Iranian ruler's interest.

Implications for the United States

Much of this interest is no doubt due to prudent forward planning in an era when leadtimes for new weapons stretch out to years. However, with the departure of the British, the Shah sees Iran as the major Gulf power and in need of a truly credible deterrent. He is thus already

looking beyond the immediate post-1971 period and seeks to prepare Iran for the pivotal role which, in his view, it should play in the region. He believes that only he and his government can determine Iran's present and future military requirements commensurate to its new role.

Thus, outsiders' estimates of what Iran needs will not necessarily determine what Iran will seek to acquire. Iran will try to fill its self-determined military needs, even if a principal supplier should balk. Doubtless, other sources will be available. The Shah has also been mindful of the hazards inherent in reliance on a single outside supplier, particularly since the U.S. cut off military supplies to Pakistan in 1965.

The Shah still values highly his relationship with the U.S., but he sees it increasingly in terms of American willingness to assist in the upgrading of his forces. Today, this means primarily the provision of sales credits and expert advice in dealing with commercial U.S. arms suppliers.

The U.S. military mission in Iran has evolved into a high-level joint planning body providing expertise in setting force goals and developing plans for efficient use of Iranian manpower. The Shah views ARMISH/MAAG primarily as a servicing agency to monitor and facilitate U.S. military sales to Iran and stateside training of Iranian pilots and specialists. There is little evidence that he pays much heed to any efforts on the part of ARMISH/MAAG to influence the scope of his armament efforts or his concept of what Iran needs. Rather, as the Shah has developed confidence in Iranian capabilities in military matters as well as in other fields, he has moved from a position of some dependence on his American advisers to one which sees them largely as a reliable and helpful channel to his American suppliers.

In the evolution of his military relationship with the United States, the Shah has seized on that part of the Nixon Doctrine which recognizes the primary responsibility of regional powers for protecting the security and stability of specific areas. Consequently, in his mind the United States should be willing to provide Iran with the equipment and know-how required to play this role.

In negotiating future arms supply agreements with the U.S., the Shah possesses at least one concrete advantage. In a more relaxed international security environment the overall strategic value of Iran to the U.S. may become debatable. However, the United States retains facilities in Iran which are considered vital to U.S. national security interests. Substitutes may be available by about 1975, but as long as they remain of major

importance to the U.S., the Shah can utilize this U.S. need in bargaining for arms supplies.

Diverging U.S. and Iranian Interests

For some years now Iran has followed a more assertive foreign policy, taking advantage of the dissipating cold-war atmosphere and Soviet desire to improve relations with its neighbors. This "independent foreign policy" has received a new impetus with the end of the British military presence in the Gulf. Iranian "condemnation" of the continued MIDEASTFOR presence in Bahrain, which they tell us is for public consumption only, is indicative of the Shah's desire to assert Iran's role as the Gulf's leading power. In principle, he wants no permanent foreign military presence in the Gulf and would prefer that no great-power competition between the U.S. and U.S.S.R. develop either in the Gulf or in the Indian Ocean.

This attitude is consistent with the Shah's long-time effort to restore Iran to a position of greater prominence. He has succeeded, at least for the time being, in his internal reforms and has muted the once-vocal opposition. Now the opportunity offers itself for a significantly expanded Iranian role in regional affairs. There can be no doubt that the Shah will exploit this opportunity as energetically as he can. He will wish to assert Iranian influence in the small amirates on the newly independent Arabian side of the Gulf. He will seek to exclude, or at least to limit, the influence of Iraq or other radical Arab regimes. In broad outline such a policy is likely to coincide with U.S. goals, but in specifics there will probably be divergences. The Shah and his government will certainly not wish to weaken seriously their ties with the U.S., but they may well object, at least in public, to any sign of U.S. interest in playing a proprietary role in Gulf affairs. The U.S. on its part may come to view some of the Iranian moves in Gulf affairs as adventurous and detrimental to overall Arab-Iranian relations and Gulf stability.

Strains thus could develop which over time may contribute to a loosening of the close ties between the two countries without, however, leading to a serious estrangement. It is most unlikely that Iran will decide that it can dispense with U.S. support, no matter how much it may stress an independent foreign policy and an independent role in the Gulf.

In the shorter term, the greatest challenge to the harmony of the US-Iranian relationship lies in the three-way rivalry among Iran, Iraq, and

Saudi Arabia for influence in the Persian Gulf area. As the friend of both Iran and Saudi Arabia, the U.S. would obviously be embarrassed by any dispute that arose between them.

It is probable that U.S.-Iranian relations would also be complicated by open hostilities between Iran and Iraq. In these circumstances, Iraqi propaganda would undoubtedly play up Iranian supply of petroleum to Israel and proclaim Iranian complicity in the U.S.-backed "Zionist conspiracy." Even the conservative Arab regimes like that in Saudi Arabia would have to pay some deference to the cause of Arab solidarity, and the U.S. effort to preserve a meaningful dialogue with Egypt would become even more difficult than it is today.

The Shah would undoubtedly seek to project the image of close American support for Iran against Iraq, but he might not be very responsive to U.S. counsels of moderation. However, U.S. success in dealing with the problems postulated here would be fundamentally conditioned by the status of the international effort to promote a political settlement of the Arab-Israel dispute.

A factor hard to evaluate in terms of U.S.-Iranian relations is the internal situation in Iran. While there is little doubt that the Shah's "White Revolution" has fragmented the former opposition, leftist revolutionary youth groups have become active in the country. The dimensions of the dissidence are difficult to assess. As long as the Shah controls the security apparatus of the state, chances for a successful movement against his rule are probably small. Should he depart from the scene, whether through violence or natural causes, the position of the Pahlevi regime is likely to become much more precarious. Even if there is an orderly transfer of power, the new ruler will lack the Shah's prestige and experience, and the direction Iran may take under new leadership is impossible to foresee.

¹ Source: National Archives, RG 59, Central Files 1970-73, POL IRAN-US. Secret; Nodis. Passed to SECDEF and SECNAV. This telegram was submitted for inclusion in the President's Wednesday Briefing for January 25. (Ibid., Nixon Presidential Materials, NSC Files, Saunders Files, Middle East Negotiations, Box 1282, Iran 1/1/72-5/31/72.)

164. Research Study Prepared in the Bureau of
Intelligence and Research, Washington, January 28, 1972¹

Washington, January 28, 1972

DEPARTMENT OF STATE
BUREAU OF INTELLIGENCE AND RESEARCH
RESEARCH STUDY RNAS-2
January 28, 1972

IRAN: ARMS AND THE SHAH

The Shah of Iran has expressed interest in reaching an understanding with the United States to assure the supply of sophisticated American arms to Iran until 1980. He is, among other things, looking forward to receiving a newer generation of fighter aircraft than the F-4 Phantoms he is now getting. It is therefore timely to examine Iran's current strategic posture and concomitant military needs, and to attempt to relate U.S. interests to possible future developments in the Shah's "independent national policy."

ABSTRACT

The celebration last October of 2,500 years of the Iranian monarchy serves as a useful reference point in assessing the emergence of Iran as an independent political and military power in the Persian Gulf, especially as it affects Iran's relations with the United States and has intensified the perennial Iranian feud with Iraq.

The Shah has made clear the purpose of Iran's "independent national policy." The buildup in Iranian military strength in anticipation of British military withdrawal from the Gulf means that Iran intends to play a predominant role in the Persian Gulf area, free of great-power restraints, now that the British military presence has departed.

The Shah wants Iran to be a leading force in the protection of the Gulf against subversion or military attack by radical Arab regimes. To this end, he has built up a substantial military establishment equipped with late-model American, British, and Soviet weapons. He has plans for even more elaborate military forces.

While he is immediately concerned with the threat posed by Iraq, the Shah's strategic interests center on the Persian Gulf and extend into the Indian Ocean. He has seized upon that part of the Nixon Doctrine which emphasizes the responsibility of regional powers for the defense and security of specific areas, and believes Iran can fulfill this role in its region.

The Shah's effort to assume that role may introduce strains into the long-standing U.S.-Iran military supply relationship, as he increasingly judges U.S. support for Iran by its willingness to supply the arms he wants. Moreover, the increasingly assertive role of Iran in the region may to some extent diverge from U.S. interests in the Gulf. While no sharp estrangement is likely between the U.S. and Iran, the ties between the two countries may eventually become looser. The possibility of Iran-Iraq hostilities and of growing political tension in Iran are factors which could also complicate U.S. policy in the Gulf.

INR/Near East and South Asia

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Released by :

"We appreciate friendship but are not affected in the slightest way by what is said about us by biased people. By the grace of God, with or without outsiders, we shall reap the benefit of our own effort. We will regain our past prestige.

"It is quite natural that now when imperialism is leaving this region, those areas which historically belonged to us should come back to us. I can assure you that we intend to play a positive role in the stability of the region so that the liberty and independence of all countries is protected. We will certainly respect their rights. By the grace of God, we have a sufficiently large country and are not looking for more, but we intend to defend our historical rights.

" Iran's military force will be one of the most powerful and effective powers in this region our aim is to implement a policy that would safeguard stability in this region and prevent any aggressive designs

anyone who has aggressive designs in this region should know what kind of force he would have to deal with."

(Shah of Iran's post-Persepolis press conference, Tehran, October 18, 1971)

The celebration last October of the 2,500th anniversary of the Persian monarchy marked for Shah Mohammed Reza Pahlevi a new stage in the development of Iran's "independent national policy," as the quoted statements demonstrate. Nor were these remarks intended merely as brave words, for the Shah conveyed much the same message in private to visiting foreign statesmen. To put it succinctly, Iran intends to play a prominent role in the Persian Gulf, and even in the Indian Ocean, now that British military forces have left the area; if necessary, Iran is also prepared to deal militarily with Iraq, which the Shah considers the region's arch-troublemaker. To support its policy, Iran has created an impressive modern military force which will continue to receive the best modern non-nuclear equipment the Shah can procure.

The Challenge

The termination of Britain's military role in the Persian Gulf has compelled the Shah to focus on Iran's future role, which he sees as that of a strong, independent power capable of protecting its interests and insuring stability throughout the Gulf. In the Shah's view, the changed situation in the Gulf will provide new opportunities for radical Arab regimes and movements to step up their attempts to subvert the Arab states on the western and southern shores of the Gulf. He fears the spread of radical military adventures similar to the guerrilla war troubling western Oman.

The Shah perceives the radical threat as a direct concern to Iran. All of Iran's vital petroleum exports must transit the Gulf, and all its major ports are located on the Gulf, or on the Shatt al 'Arab which empties into the Gulf. Access to the Gulf is thus central to Iran's economic well-being and security. It was this fact that underlay the Shah's insistence on obtaining control of the lower Gulf islands of the Tunbs and Abu Musa, near the Strait of Hormuz. The same concern also explains Iran's recent rapprochement with Egypt after a ten-year break in relations. While the Shah distrusted NASSER as the source of all evil in the radical Arab World, he regards Sadat as a possible counterweight to radical, unpredictable Iraq.

Iran's differences with Iraq are of long standing and center on the location of the boundary and control over shipping in the Shatt al 'Arab. More recently, Iraq has emerged as a threat to the stability and security of the Persian Gulf through its sponsorship of subversion and discord in the coastal sheikhdoms.

In talking to U.S. officials, the Shah has also stressed his fears of increased Soviet penetration of the Gulf. As a practical matter of policy he probably continues to believe that the Soviets attach major value to good bilateral relations with Iran and that a direct Soviet military move against Iran is unlikely. He is more concerned about Soviet support of radical Arab regimes such as those in Iraq and South Yemen or those that might emerge in the Gulf. His fears of "Soviet encirclement," most recently expressed in connection with the USSR's support for India in the Indo-Pakistani war, are very real and intensify his sense of need for continued U.S. support.

For the long term, however, he envisages the development of regional power centers (Iran, Saudi Arabia, India, Pakistan) capable of excluding undue great-power influence from the Gulf and the Indian Ocean without reliance on any foreign alliance.

Iran's Response: Strength

For most of the past decade the Shah justified his need to build up his armed forces by pointing to the lavish amounts of equipment the Soviets were supplying to Iraq, Syria, and Egypt. Now Iran is strong enough to meet a direct military threat from Iraq. Military support for Iraq from Egypt and Syria is very unlikely under present circumstances. However, now that the British have withdrawn from the Gulf, the Shah sees a need for an Iranian deterrent to radical Arab action in the Gulf and the Arabian Peninsula. To fulfill this more ambitious mission, the Shah wants to further enhance Iran's military power. Iran has the necessary funds, since its oil revenues have grown to over \$1.8 billion annually in the past fifteen years. The Iranian military budget for FY 1972 totalled \$1,023 million, 22 percent of the total budget and 10 percent of the Iranian GNP. Its expenditures for military purchases abroad now total more than \$600 million annually.

Iraq-Iran Armed Forces: Comparison

The 8,500-man Iraqi air force, which Iran views as its most immediate threat, has in its inventory 91 MIG-21 aircraft, of which perhaps two-

thirds are operational. In addition, it has 33 MIG-17's, 46 Hawker Hunters, and 62 SU-7 Fitters, virtually all operationally assigned. It has some potential strategic capability, with 9 TU-16 bombers. In 1971, 150 of the 260 Iraqi pilots were jet-qualified, and 90 were listed as combat-ready. Additional pilots are being trained, primarily in the Soviet Union. The air force suffers from a generally low level of education, training, morale, and discipline, and has been further reduced in effectiveness by repeated political purges.

The Iranian air force inventory now includes 56 F-4 Phantom jet fighters and 109 F-5's. Present plans call for Iran's F-4 strength to be increased to 128 or more by 1975. The 26,000-man Iranian air force in 1971 included 312 pilots, of whom 220 were jet-qualified and 115 were listed as combat-ready. Ongoing pilot training, in Iran and the United States, is constantly adding to that total. While qualitative comparisons are risky, the Iranian air force is clearly superior to the Iraqi in motivation, training, organization, and mastery of technical maintenance, although Iran still depends on U.S. personnel for some aspects of advanced maintenance of its F-4 aircraft.

On the ground, the Iraqi army boasts an inventory of good Soviet equipment, including 784 tanks (700 of them T-54/55), 1,080 APC's, and 705 artillery pieces. However, the low morale and poor standard of training of its 90,000 men, compounded by a weak logistics system, limit severely the army's offensive capabilities.

The Iranian army's present equipment inventory is not markedly superior to Iraq's, with 862 tanks (402 M-47, 460 M-60), 881 APC's, and 1,254 artillery pieces, but the training, organization, morale, and technical effectiveness of Iran's 152,000 troops are clearly superior. Since 1967 the mobility of Iran's ground forces has been enhanced by large purchases of Soviet military trucks and APC's, and by the acquisition of U.S.-built C-130's (34 on hand, with a total of 50 planned).

The Iraqi navy has no combat capability. The Soviet Union has failed to deliver Komar missile boats promised under an old contract. In contrast, the Iranian navy has one newly-refitted ex-UK destroyer, twelve patrol craft, and eight British-built hovercraft. Four more new British-built frigates are now being delivered, and by late 1972 two more reconditioned ex-USN destroyers should arrive in Iran.

The bulk of the Iranian army and air force and all of the navy are disposed along or within reach of the border with Iraq or in the Persian

Gulf. As there are no reserves, this force in being constitutes the entire existing deterrent capability of Iran. The Shah's future plans, to the extent they are known, are designed to add formidable dimensions to this deterrent.

More Equipment To Come

A pilot himself, the Shah is adamant that Iran must have next-generation fighter aircraft such as the F-15. He is periodically lobbied by the French, the Soviets, and most recently the British and Germans jointly, and he follows closely developments in aircraft design outside the United States. However, he says he wants to keep his air force American-equipped. He recently proposed that firm assurances be offered to extend U.S. military sales to Iran up to 1980.

In addition to wanting more sophisticated aircraft, the Shah has indicated for some time that he desires an aerial refuelling capability to extend the range of his F-4's across the Gulf and out into the Indian Ocean. (He thought about an aircraft carrier but decided it would be too expensive.) He has considered the idea of a major new Iranian naval base at Chah Bahar on the Gulf of Oman near the Pakistan border. Should this idea be carried out, Iran would have a base well beyond the Strait of Hormuz. The Shah would also like a deepwater navy for Indian Ocean operations, which would require bigger ships than he now has. In the missile field, Iran is asking for more Hawk missiles, and the Shah has inquired about sophisticated anti-SAM missiles. His navy has British naval missiles, and the U.S. has undertaken to provide other naval missiles.

Iran has ordered some 300 British Chieftain tanks and apparently has options on about 400 more. In addition to Soviet 130 mm artillery, the Iranians intend to purchase 52 U.S.-built 175 mm/8" self-propelled guns. Iran's retrofit facility to modernize and up-gun its M-47 tanks should get into production late this year. Iran now has over 165 helicopters; and the airmobile infantry concept, which requires a large helicopter fleet, has attracted the Iranian ruler's interest.

Implications for the United States

Much of this interest is no doubt due to prudent forward planning in an era when leadtimes for new weapons stretch out to years. However, with the departure of the British, the Shah sees Iran as the major Gulf power and in need of a truly credible deterrent. He is thus already

looking beyond the immediate post-1971 period and seeks to prepare Iran for the pivotal role which, in his view, it should play in the region. He believes that only he and his government can determine Iran's present and future military requirements commensurate to its new role.

Thus, outsiders' estimates of what Iran needs will not necessarily determine what Iran will seek to acquire. Iran will try to fill its self-determined military needs, even if a principal supplier should balk. Doubtless, other sources will be available. The Shah has also been mindful of the hazards inherent in reliance on a single outside supplier, particularly since the U.S. cut off military supplies to Pakistan in 1965.

The Shah still values highly his relationship with the U.S., but he sees it increasingly in terms of American willingness to assist in the upgrading of his forces. Today, this means primarily the provision of sales credits and expert advice in dealing with commercial U.S. arms suppliers.

The U.S. military mission in Iran has evolved into a high-level joint planning body providing expertise in setting force goals and developing plans for efficient use of Iranian manpower. The Shah views ARMISH/MAAG primarily as a servicing agency to monitor and facilitate U.S. military sales to Iran and stateside training of Iranian pilots and specialists. There is little evidence that he pays much heed to any efforts on the part of ARMISH/MAAG to influence the scope of his armament efforts or his concept of what Iran needs. Rather, as the Shah has developed confidence in Iranian capabilities in military matters as well as in other fields, he has moved from a position of some dependence on his American advisers to one which sees them largely as a reliable and helpful channel to his American suppliers.

In the evolution of his military relationship with the United States, the Shah has seized on that part of the Nixon Doctrine which recognizes the primary responsibility of regional powers for protecting the security and stability of specific areas. Consequently, in his mind the United States should be willing to provide Iran with the equipment and know-how required to play this role.

In negotiating future arms supply agreements with the U.S., the Shah possesses at least one concrete advantage. In a more relaxed international security environment the overall strategic value of Iran to the U.S. may become debatable. However, the United States retains facilities in Iran which are considered vital to U.S. national security interests. Substitutes may be available by about 1975, but as long as they remain of major

importance to the U.S., the Shah can utilize this U.S. need in bargaining for arms supplies.

Diverging U.S. and Iranian Interests

For some years now Iran has followed a more assertive foreign policy, taking advantage of the dissipating cold-war atmosphere and Soviet desire to improve relations with its neighbors. This "independent foreign policy" has received a new impetus with the end of the British military presence in the Gulf. Iranian "condemnation" of the continued MIDEASTFOR presence in Bahrain, which they tell us is for public consumption only, is indicative of the Shah's desire to assert Iran's role as the Gulf's leading power. In principle, he wants no permanent foreign military presence in the Gulf and would prefer that no great-power competition between the U.S. and U.S.S.R. develop either in the Gulf or in the Indian Ocean.

This attitude is consistent with the Shah's long-time effort to restore Iran to a position of greater prominence. He has succeeded, at least for the time being, in his internal reforms and has muted the once-vocal opposition. Now the opportunity offers itself for a significantly expanded Iranian role in regional affairs. There can be no doubt that the Shah will exploit this opportunity as energetically as he can. He will wish to assert Iranian influence in the small amirates on the newly independent Arabian side of the Gulf. He will seek to exclude, or at least to limit, the influence of Iraq or other radical Arab regimes. In broad outline such a policy is likely to coincide with U.S. goals, but in specifics there will probably be divergences. The Shah and his government will certainly not wish to weaken seriously their ties with the U.S., but they may well object, at least in public, to any sign of U.S. interest in playing a proprietary role in Gulf affairs. The U.S. on its part may come to view some of the Iranian moves in Gulf affairs as adventurous and detrimental to overall Arab-Iranian relations and Gulf stability.

Strains thus could develop which over time may contribute to a loosening of the close ties between the two countries without, however, leading to a serious estrangement. It is most unlikely that Iran will decide that it can dispense with U.S. support, no matter how much it may stress an independent foreign policy and an independent role in the Gulf.

In the shorter term, the greatest challenge to the harmony of the US-Iranian relationship lies in the three-way rivalry among Iran, Iraq, and

Saudi Arabia for influence in the Persian Gulf area. As the friend of both Iran and Saudi Arabia, the U.S. would obviously be embarrassed by any dispute that arose between them.

It is probable that U.S.-Iranian relations would also be complicated by open hostilities between Iran and Iraq. In these circumstances, Iraqi propaganda would undoubtedly play up Iranian supply of petroleum to Israel and proclaim Iranian complicity in the U.S.-backed "Zionist conspiracy." Even the conservative Arab regimes like that in Saudi Arabia would have to pay some deference to the cause of Arab solidarity, and the U.S. effort to preserve a meaningful dialogue with Egypt would become even more difficult than it is today.

The Shah would undoubtedly seek to project the image of close American support for Iran against Iraq, but he might not be very responsive to U.S. counsels of moderation. However, U.S. success in dealing with the problems postulated here would be fundamentally conditioned by the status of the international effort to promote a political settlement of the Arab-Israel dispute.

A factor hard to evaluate in terms of U.S.-Iranian relations is the internal situation in Iran. While there is little doubt that the Shah's "White Revolution" has fragmented the former opposition, leftist revolutionary youth groups have become active in the country. The dimensions of the dissidence are difficult to assess. As long as the Shah controls the security apparatus of the state, chances for a successful movement against his rule are probably small. Should he depart from the scene, whether through violence or natural causes, the position of the Pahlavi regime is likely to become much more precarious. Even if there is an orderly transfer of power, the new ruler will lack the Shah's prestige and experience, and the direction Iran may take under new leadership is impossible to foresee.

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 1282, Saunders Files, Middle East Negotiations, Iran Military 1/1/72-12/31/72. Secret; No Foreign Dissem; Controlled Dissem. Drafted by Peter S. Maher (INR/Near East and South Asia); and approved by Curtis F. Jones (INR/Near East and South Asia). An attached note wondered whether the summary would be useful in connection with the Presidential trip to Iran. Kissinger responded, "Yes—that is why I have included for file!"

165. Intelligence Memorandum, ER IM 72-23, February, 1972¹

February, 1972

CENTRAL INTELLIGENCE AGENCY
DIRECTORATE OF INTELLIGENCE

INTELLIGENCE MEMORANDUM

IRAN'S BALANCE-OF-PAYMENTS PROSPECTS LOOK UP

ER IM 72-23
February 1972
Copy No. 7

Summary.

1. On 14 February 1971, Iran and other Persian Gulf members of the Organization of Petroleum Exporting Countries (OPEC) won an agreement from the private oil companies to pay substantially larger revenues through 1975. The agreement came at a time when Iran's foreign reserves had fallen dangerously low and when the balance of payments was under severe pressure because of heavy imports and costly debt repayments associated with the Shah's military and economic development programs. While these programs had greatly enlarged Iran's military capabilities and sparked an impressive 10% average annual growth of the economy, this continued expansion was threatened by inadequate foreign exchange receipts.

2. Largely as an outgrowth of the February agreement, however, Iran's balance-of-payments outlook has brightened considerably. Oil revenues—some 80% of export earnings—probably will triple during fiscal years 1971-75¹ in comparison with those of the previous five years. With these and other export earnings—plus expected foreign loans—Iran should be able simultaneously to continue its 10% growth rate, to expand its military establishment, and generally to increase its foreign reserves.

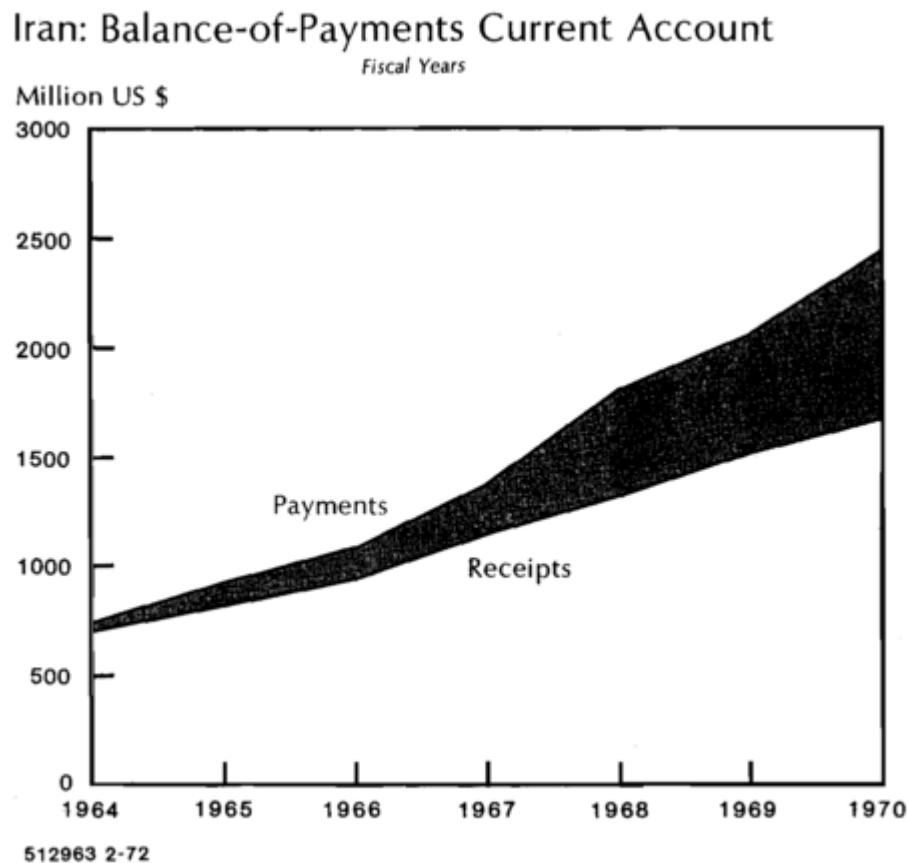
Note: This memorandum was prepared by the Office of Economic Research and coordinated within the Directorate of Intelligence.

Discussion

Balance-of-Payments Trends

3. Since the mid-1960s, Iran has incurred generally increasing current account deficits. Although receipts rose from some \$700 million in FY 1964 to \$1.7 billion in FY 1970, imports increased even faster and the current account deficit mounted from \$45 million to \$762 million (see the chart and Table 1). Since foreign reserves were not large to begin with, these deficits were covered mainly by long-term foreign borrowing.

[Chart: Iran: Balance-of-Payments Current Account]



Import and Export Developments

4. Imports grew rapidly as a result of the Shah's forced-draft programs of economic and military development. Dissatisfied with the economy's 4%

growth rate during the early 1960s, the Shah sharply increased public investment and encouraged private investment. In response, government investment nearly quadrupled between FY 1964 and FY 1969, reaching an estimated \$1.1 billion, while private investment almost doubled, to about \$1 billion. Investment rose from 15% to 23% of gross national product (GNP) in only five years, and real economic growth increased to an average of about 10% annually.

Table 1

Iran: Balance of Payments

	Million US \$						
	FY 1964	FY 1965	FY 1966	FY 1967	FY 1968	FY 1969	FY 1970
Current account							
Receipts	714	817	986	1,175	1,325	1,519	1,692
Oil sector (net receipts) ^a	568	608	761	857	958	1,099	1,268
Other goods exports, services, and transfers	146	209	225	318	367	420	424
Payments	759	932	1,090	1,388	1,805	2,072	2,454
Imports	643	791	952	1,205	1,527	1,723	2,069
Private sector	542	574	677	756	868	967	1,037
Public sector	101	217	275	449	659	756	1,032
“Other government ageincies” (probably largely defense and defense-related goods)	74	140	171	216	296	355	504
Services and transfers ^b	116	141	138	183	278	349	385
Balance	-45	-115	-104	-213	-480	-553	-762
Capital account	140	60	84	308	401	594	741
Long-term loans and credits	28	80	147	257	475	671	806
Short-term loans	0	36	0	94	17	83	146
Loan repayments (principal)	-73	-61	-77	-55	-103	-178	-249
Private investment (net)	185 ^c	5 ^c	14	12	12	18	38
Errors and Omissions	0	3	-4	-5	-4	0	0
Surplus or deficit	+95	-52	-24	+90	-83	+41	-21
Changes in foreign assets (-	-95	+52	+24	-90	+83	-41	+21

indicates increase in assets)

Monetary gold Negl.	9	-21	7	-1	27		
	-14						
Foreign exchange	-113	60	38	-86	76	-40	-46
IMF account	18	-17	0	17	0	0	40

5. Because of the country's limited production capabilities, imports increased an average of 21% annually. About one-third of economic development spending went for imports in FYs 1968-70. Defense and defense-related imports (which are believed to make up much or all of the balance-of- payments item "other government agencies") accounted for an even larger share of defense spending. Arms imports alone have amounted to about 30% of defense spending in recent years, while other defense and defense-related imports (construction materials, equipment, and supplies for military bases, factories, and other military installations) possibly increased the share to 50%. As a result, public sector imports increased ninefold, while private sector imports doubled. By FY 1970, the public sector accounted for about half of total imports, contrasted with less than one-sixth in FY 1964.

6. Imports of machinery, component parts, and raw materials have increased in line with Iran's rapid industrial growth, much of which has taken the form of simple processing and assembly-type operations. The import content of final products is more than 80% for such industries as motor vehicles, tires, pharmaceuticals, and synthetic fibers, and it is also fairly high in some other industries. Much of the industrial expansion had the aim of import-substitution in the consumer goods field. The value of finished consumer goods imports remained relatively constant, and its share of estimated non-defense imports declined from about 23% in FY 1964 to roughly 10% in FY 1970. However, when account is taken of the import content of locally produced consumer goods it seems clear that total consumer-related imports have increased.

7. Export earnings grew by an average of 16% yearly from FY 1964 to FY 1970—an impressive expansion, although decidedly slower than for imports. Oil export revenues(2) increased from \$479 million to \$1,148 million—mainly because of a 15% average annual rise in volume (see Table 2)—but oil's share of total exports dropped slightly. The rapid growth of Iran's oil exports—almost double the rate for other Middle Eastern countries—reflects both the increased output that Tehran persuaded the producers' consortium to undertake and the greatly expanded market for Iranian oil, notably in Japan. Meanwhile Iran's non-

oil exports also grew at a brisk rate. Although exports still are dominated by three traditional product categories—carpets, cotton, and fruits and nuts—there have been growing sales of industrial goods such as vehicles, tires, footwear, chemicals, textiles, knitwear, and soap. Most of these products have gone to the USSR and other bilateral trading partners where quality and price are not the major considerations.

2. Throughout this memorandum, only net values are given for oil export earnings. These net earnings are equated with the government's share of total oil export revenues.

Table 2

Iran: Oil Exports

Fiscal Year	Average Volume ^a (Thousand Barrels per Day)	Value of Oil Exports ^b (Million US \$)	Oil Exports as a Share of Total Exports (Percent)
1964	1,589	479	84
1965	1,764	514	80
1966	1,997	653	81
1967	2,446	752	79
1968	2,674	854	80
1969	3,230	955	80
1970	3,614	1,148	81

Capital Inflows and Foreign Reserves

8. To finance its rapidly growing current account deficits, Iran relied mainly on foreign loans. Credit drawdowns mounted from a scant \$28 million in FY 1964 to \$952 million in FY 1970, when they equaled 56% of current account receipts. Repayment obligations consequently increased sharply. Debt servicing payments rose from 9% of current account receipts in FY 1966 to 20% in FY 1970, when principal and interest totaled \$346 million. Although net foreign private investment has increased in recent years, it was only 5% of the net capital inflow in FY 1970.

9. Despite growing recourse to foreign credits, Iran's foreign reserves have been under periodic pressure since the mid-1960s, at times equaling as little as one month's imports. Even greater borrowing abroad—or a

disastrous drop in reserves—was avoided only by obtaining special payments from the oil companies in the mid-1960s and again in recent years. In the first case, the companies made special payments of nearly \$200 million for concessions granted in 1965, and in FY 1969 and FY 1970 they were prevailed on to make advance payments (in effect, forced short-term loans) of some \$100 million. Immediately prior to the February 1971 oil settlement, reserves were only \$222 million—the equivalent of slightly over one month's imports.

The February 1971 and January 1972 Oil Settlements

10. The outlook for Iran's foreign exchange earnings improved considerably in early 1971, when the private oil producers agreed to make substantially larger payments to Iran and other Persian Gulf members of OPEC. The terms of the 14 February agreement were largely an outgrowth of Tehran's forceful role in the negotiations. As it applied to Iran, the agreement affirmed the tax-rate increase on net income (from 50% to 55%) that had been agreed to temporarily in November 1970, provided an immediate increase of 21% (or 38 cents per barrel) in the posted price on which taxes are based, and stipulated regular increases in the posted price during 1971-75 to offset worldwide inflation. The inflation adjustment provided for increases of 2.5% annually plus an additional 5 cents per barrel effective 1 June 1971 and on the first of the year in 1973 through 1975. In all, the February 1971 agreement called for Iran's revenue per barrel of exported oil to increase by an average of 9.5% yearly, from 87 cents in FY 1970 to \$1.37 in FY 1975. Because the volume of oil exports was expected to double, oil export earnings during the period were expected to increase from \$1.1 billion to \$3.6 billion.

11. Prospective oil revenues during the next several years were boosted another 8.5% by the 20 January 1972 agreement that Persian Gulf members of OPEC negotiated with the oil companies.³ The countries demanded a revenue adjustment to offset the higher costs of imports caused by the recent changes in world currency values. Because its oil revenues are computed in US dollars and paid in sterling at the official exchange rate, Iran faced increased costs for imports from countries that revalued their currencies against the dollar—notably Japan and most West European nations. For Iran's imports, the weighted average increase in cost is estimated to be 8%. The devaluation adjustment of 20 January further raises Iran's expected average revenue per barrel and total oil earnings during the several years to the levels shown in Table 3. Total oil revenues during FYs 1971-75 will amount to an estimated \$14 billion—triple those of the preceding five years.

Table 3

Iran: Projected Oil Exports^a

Fiscal Year	Average Revenue per Barrel (US \$)	Average Volume (Thousand Barrels per Day)	Value of Exports ^b (Million US \$)
1970	0.87	3,614	1,148
1971	1.21	4,518	1,995
1972	1.31	4,737	2,265
1973	1.38	5,425	2,732
1974	1.44	6,211	3,264
1975	1.49	7,112	3,868

Balance of Payments in FY 1971

12. A decided improvement in Iran's balance of payments is occurring in the current fiscal year, largely because of the sharply increased oil earnings. The oil sector is expected to contribute about \$2.2 billion—including returns from sales of local currency to oil companies—to current account receipts in FY 1971 (see Table 4). This is approximately \$900 million more than last year and \$200 million more than Iran initially anticipated from the February 1971 agreement. The additional \$200 million reflects mainly a fortuitous decline in shipping costs, brought on by a surplus of charter oil carriers. This cost reduction made Persian Gulf oil cheaper than that produced in the Mediterranean area and resulted in greater-than-expected gains in Iranian oil exports. Iran, moreover, is getting an additional \$24 million this fiscal year from increased port dues on oil carriers and from other provisions that the Shah exacted from the oil companies in July 1971.

Table 4

Iran: Balance-of—Payments Projections

	FY 1971	FY 1972	FY 1973	FY 1974	Million US \$ FY 1975
Current account					

Receipts	2,670	3,015	3,600	4,245	4,985
Oil sector (net receipts) ^a	2,170	2,440	2,930	3,475	4,100
Other exports and services	500	575	670	770	885
Payments	3,000	3,610	3,975	4,395	4,840
Non-defense imports ^b	1,895	2,280	2,585	2,930	3,300
Other imports (largely defense and defense-related items)	620	750	750	750	750
Services ^c	485	580	640	715	790
Balance	-330	-595	-375	-150	+145
Capital account	475	440	400	350	305
Credit drawdowns	750	750	750	750	750
Repayments (principal) ^d	-315	-360	-410	-470	-525
Private investment (net)	40	50	60	70	80
Surplus or deficit	+145	-155	+25	+200	+450

13. In addition to the estimated \$2.2 billion from the oil sector, Iran is expected to earn about \$300 million in FY 1971 from non-oil exports, compared with \$261 million the previous year. During the first five months, non-oil exports were running at an annual level of about \$274 million, exclusive of gas shipments which should amount to at least \$30 million. Freight, insurance, and other service earnings probably will provide about \$200 million. Total current account receipts, therefore, will probably amount to about \$2.7 billion.

14. Iran's current account payments in FY 1971 are estimated to be \$3.0 billion. This assumes a 19% rise in non-defense imports (which Iran's recent experience suggests would attend a 10% gain in real GNP) plus a small upward adjustment to reflect the impact during the last part of the year of the international currency adjustments. Imports of defense-related commodities and other items are estimated at some \$600 million—up from \$500 million in FY 1970—on the basis of the defense budget. Service payments are projected at \$485 million, about \$100 million more than in FY 1970.

15. If the foregoing projections are realized, Iran will have a current account deficit in FY 1971 of \$330 million—less than in any year since FY 1967. The World Bank has estimated credit drawdowns of about \$750 million and repayments of about \$315 million, which—with expected net private investment of \$40 million—indicates net capital receipts of \$475

million. Although the net capital inflow thus is expected to be well below the FY 1970 level of about \$740 million, Tehran has a good chance of covering the current account deficit and raising reserves substantially. This conclusion is supported by the upward trend of reserves through December 1971.

Outlook Through FY 1975

16. Projection of Iran's balance of payments through FY 1975 suggests that the country's foreign exchange position will probably improve even though very rapid import growth is in prospect. We estimate that Iran's net receipts from the oil sector will increase by about 90% between FY 1971 and FY 1975. Non-oil exports should continue to grow by at least 15% yearly, and earnings from services can be expected to expand at about the same rate. Total current account receipts accordingly are projected to rise from \$2.7 billion in FY 1971 to about \$5.0 billion in FY 1975—an average annual gain of 17%.

17. Current account payments during the period are expected to increase by an average of about 13% yearly. It is assumed that imports of non-defense items will bear the same relationship as in the past to GNP, which is projected to expand about 10% yearly as planned. The estimated imports have been adjusted by the average weighted percentage increase in cost of 8% resulting from currency revisions by Iran's trading partners. The increase in costs during FYs 1971-75, estimated at nearly \$1 billion, essentially washes out the projected gains in oil revenue resulting from the January 1972 agreement.

18. Although some increase in defense imports is anticipated in FY 1972, it is assumed that they subsequently will level off and probably not exceed about \$750 million annually. This assumption does not appear unwarranted, given the already large military buildup and the further enlargement and upgrading of the arms inventory that could be accomplished at this projected import level. Although Iran appears concerned over the high cost of defense⁴ and has called for more balance in defense and development spending, our assumption regarding defense imports could be vitiated by policy changes or by military hostilities involving Iran.

19. Should current account receipts and payments rise as projected, Iran would gradually eliminate its deficit and have a surplus in FY 1975. Credit drawdowns are estimated at \$750 million annually—the upper level of a \$700-\$750 million range cited by the World Bank as attainable

on reasonable credit terms. Debt repayments (principal and interest) consistent with such drawdowns and existing debt are expected to rise gradually and by FY 1975 should approximate the credit inflows. The net inflow of private investment is expected to continue to increase by roughly \$10 million annually, reaching \$80 million in FY 1975. Although net capital inflows are expected to decline somewhat, the amount probably will remain substantial. These receipts, coupled with gradual improvements in the current account balance, should enable Iran to have a surplus in its balance of payments and increasing foreign exchange holdings in FY 1973 through FY 1975.

¹ Source: Central Intelligence Agency, ORR (OTI) Files, Job 79T00935A, Box 67, Project 45.6314, CIA/ER IM 72-23. Confidential; No Foreign Dissem. Prepared by the Office of Current Research of CIA and coordinated within the Directorate of Intelligence.

¹ The Iranian fiscal year (FY) begins on or about 21 March of the year stated, in conformity with the vernal equinox.

^a Equals government receipts from oil companies plus foreign exchange received from the sale of domestic currency to oil companies.

^b Including small purchases of non-monetary gold.

^c The oil companies made special one-time payments of \$185 million in FY 1964 and \$5 million in FY 1965 for concessions granted in 1965.

^c The oil companies made special one-time payments of \$185 million in FY 1964 and \$5 million in FY 1965 for concessions granted in 1965.

^a Crude oil and refined products. Except for 1969 and 1970, the data are for calendar years.

^b Equals government's share of total oil export earnings.

³ For full details of the agreement, see ER IM 72-15, Oil Companies Compensate for Dollar Devaluation: The Geneva Agreement, February 1972, CONFIDENTIAL.

^a Crude oil and refined products.

^b Equals government's share of total oil export earnings.

^a Equals government receipts from oil companies plus foreign exchange received from the sale of domestic currency to oil companies.

^b Projected to increase in accordance with an assumed 10% annual growth in gross national product.

^c Non-factor services estimated at 14% of imports. Interest on debt is estimated on the basis of projections by the World Bank.

^d Estimate, based on projections by the World Bank.

⁴ Defense obviously has held back economic development efforts in the past. If allowed to grow at recent rates, it could absorb at least a quarter of Iran's GNP by 1975.

166. Memorandum From the Assistant Secretary of Defense for International Security Affairs (Nutter) to Secretary of Defense Laird, Washington, February 22, 1972¹

Washington, February 22, 1972

ASSISTANT SECRETARY OF DEFENSE
22 FEB 1972

MEMORANDUM FOR THE SECRETARY OF DEFENSE

SUBJECT:

Release of MAVERICK to Iran

For the past year, the Shah has been interested in obtaining some sort of sophisticated missile for his F-4s. He first sought the SHRIKE and a study on developing an Anti-SAM capability for the IIAF was prepared by the USAF and briefed to him on 17 November 1971. As a result of the briefing, he decided not to buy SHRIKE, but indicated a high interest in MAVERICK (see Tab A). The Country Team strongly supports this request pointing out that Shah is aware of our decision to equip NATO forces with MAVERICK and refusal to release MAVERICK to GOI would undoubtedly create serious adverse reaction and injure our military relationship which is key to US-Iran relations and vital interests in Iran and Persian Gulf. The Country Team further points out that the Shah, as a result of the SHRIKE briefing, is most anxious to develop military planning rationally and in consideration of all relevant factors. Therefore our full cooperation, as in the case of the SHRIKE, not only reinforces our rapport and strengthens ties, but also permits a careful evaluation of the system and the integration of the system into the overall military development effort.

USCINCEUR strongly indorses the GOI request (see Tab B). He points out that the IIAF has the capability to absorb, maintain and employ the MAVERICK, and believes it to be in the best interest of the USG to provide GOI with the requested data on MAVERICK and thereby contribute to the capability of a most important military force which seeks to preserve the stability and protect free world interests in the important Persian Gulf oil producing area.

On 5 October 1971, you requested JCS to prepare an evaluation of the advisability of extending a US offer of both ROCK EYE and MAVERICK missiles to our allies. The Director, Defense Research and Engineering, was also requested to make an evaluation of the advisability of this action from the viewpoint of promoting the military strength of the US and its allies (see Tab C).

On 3 November 1971, the Director of Defense Research and Engineering recommended that consideration of offering MAVERICK to our allies be deferred until further operational testing in a realistic battlefield environment had been conducted and results analyzed (see Tab D).

The JCS in answering your memorandum on 26 November 1971 stated they consider it in the best interest of the USG to offer the MAVERICK to all NATO nations which have tactical air units committed to NATO. They suggested that separate requests by other NATO nations be considered on a case-by-case basis (see Tab E).

The USAF has estimated that if the missile is offered for sale outside the US, the first 50 missiles could be delivered by January 1974; 200 missiles per month would be available by January 1975 and 1,000 missiles per month by January 1976. These quantities would be for export and are over and above present USAF requirements. (USN has indicated they are not interested in this missile at this time). Under present planning Iran would probably not be in line for initial equipping until sometime in late 1974 or early 1975. There are at least two factors which would bear on this time table. The first is the number of missiles bought by the USAF. We understand that the Air Force has ordered 9,000 missiles but the buy could go as high as 15-17,000. The second factor is the production capacity by Hughes or other contractors who could be brought into the production picture at a later date. If the policy decision to release the weapon to countries outside NATO is made soon, indications are that foreign requirements for 30-35,000 missiles could be filled by 1977.

In assessing all the information available on the MAVERICK, I have concluded that the economic and political factors outweigh the disadvantage of compromise of the missile in the 3-4 year future time frame. The foreign market is estimated at 33,000 missiles or \$660 million in military sales. There is favorable advantage to US international balance of payments deficit and larger production would lower the unit cost to USAF and amortize RDT&E costs. In addition, the release of the MAVERICK would make significant contribution to the Nixon Doctrine. Moreover, in keeping with our spirit of full cooperation with Iran, it

would seem that to be forthcoming this matter would go a long way in showing the Shah our real intent to provide him first-rate military equipment along with our other allies.

Notwithstanding the logic of world-wide release, there is also logic in your policy as enunciated to NATO on 9 December 1971. That policy was aimed at determining conclusively that the MAVERICK would perform according to its specifications. However, that policy is also being construed as inhibiting any further dialogue with potential foreign customers until successful completion of these tests. The effect of this has been to deter many nations from developing an interest in purchasing the missile once the decision to release it has been made by the US. Further delay in providing information to Iran could very well result in the loss of military sales worth many millions of dollars. Another consideration is the long lead time required by a foreign government to evaluate and place the order which would dictate that the earlier the information is released the more probable we could place the missile in the field to meet the tactical requirements extant in 1975.

Therefore, the problem of immediate concern is the release of non-sensitive (confidential, promotional) data not only to NATO countries but to other selected allied nations. The Air Force and Hughes have prepared a brochure (draft attached at Tab F). It would seem appropriate that this brochure, once cleared by Air Force disclosure authorities, could be distributed to various potential customers on a case-by-case basis with the clearly stated caveat that availability of the missile for sale would depend on the final outcome of the operational testing. These data, properly caveated, would accelerate decision-making process of several interested nations if released now but would not unduly commit the USG to the sale of the missile. If you agree with this I will advise the Air Force to proceed with the release.

APPROVE [MSL]

DISAPPROVE

I believe a good case has been made for sale of this missile to Iran, and could be made for many other non-NATO countries. I, therefore, recommend that you expand your policy to approve the release of MAVERICK for sale to Iran as well as to other allied countries on a case-by-case basis. This, of course, is contingent upon the successful operational testing; no commitment on availability of the missiles would

be made until USAF needs are fulfilled as well as those NATO nations with committed tactical air forces.

If you approve this policy as recommended, then MAVERICK would be authorized for sale to NATO countries, Iran, and, within the scope of the National Disclosure Policy, to other non-NATO countries which are strategically important to US defense planning and formally allied with the US.

APPROVE [Would hope to give favorable consideration to such a sale after the missile passes successful operational tests. MSL]

DISAPPROVE

[G. Warren Nutter]

Attachments

a/s

¹ Sources: Washington National Records Center, OASD Files, ISA Files, FRC 330-75-125, Box 13, Iran 334-1972. Secret. Tabs A through F were not found. The last page of the document indicates that on February 26, Laird approved the release of promotional information on the missile to Iran, but qualified his approval of the sale of the missile pending MAVERICK's successful operational tests.

167. Telegram 1164 From the Embassy in Tehran to the
Department of State, February 25, 1972, 0930Z¹

February 25, 1972, 0930Z

TELEGRAM
Department of State
TEHRAN 1164

19-L

ACTION NEA-11

INFO OCT-01 PM-06 SS-14 RSC-01 SA-03 CACE-00 INR-06 NSAE-00 MC-
02 EUR-20 RSR-01 L-03 E-11 AID-20 IGA-02 /111 W 047824

R 250930Z FEB 72

FM AMEMBASSY TEHRAN

TO SECSTATE WASHDC 7561

INFO SECDEF

EUCOM

CSAF

SUBJECT:
ACCELERATION OF F-4Es FOR IRAN

REF:
TEHRAN 1091: TEHRAN 263: MOSCOW 1603

COUNTRY TEAM. MESSAGE

BEGIN SUMMARY

GENERAL AZIMI, MINISTER OF WAR, ON INSTRUCTION OF SHAH
ASKS THAT WE TAKE ANOTHER HARD LOOK AT F-4E
PRODUCTION LINE IN ORDER ACCELERATE DELIVERY OF ONE
SQUADRON OF F-4Es TO IRAN IN 1972. REQUEST REFLECTS SHAH'S

INCREASING CONCERN OVER SOVIET AMBITIONS IN AREA AND ESPECIALLY THREAT SHAH SEES TO IRAN OF FRIENDSHIP TREATY UNDER CONSIDERATION BY IRAQ AND USSR. SHAH RECOGNIZES PROBLEMS THIS POSES FOR US BUT IS TURNING TO USG WITH THIS REQUEST TO GIVE IRAN HIGHER PRIORITY ON FA-4E PRODUCTION SCHEDULE BECAUSE HE REGARDS US AS MOST DEPENDABLE FRIEND. END SUMMARY

ACTION REQUESTED: COUNTRY TEAM RECOMMENDS US REVIEW F-4E PRODUCTION LINE AND RESPOND FAVORABLY TO SHAH'S REQUEST FOR 16 F-4Es IN 1972 FROM WHATEVER SOURCE MAY BE AVAILABLE.

1. ON FEB 24 CHARGE WAS CONVOKED BY MINISTER OF WAR, GEN. REZANUZIMI, ON INSTRUCTIONS FROM SHAH. AZIMI SAID SHAH MOST DEEPLY CONCERNED AT TRENDS IN SECURITY SITUATION IN MIDDLE EAST AND EXPECIALLY ON HIS WESTERN BORDERS. US OFFICALS ALREADY AWARE OF SHAH'S CONCERN THROUGH DISCUSSIONS WITH FOREIGN MINISTER AND OTHER GOI OFFICIALS (SEE REFTELS), BUT RECENT DEVELOPMENTS IN IRAQ SOVIET RELATIONS INCLUDING AGREEMENT TO DELIVER MORE MIGS AND OTHER MILITARY EQUIPMENT PLUS INDICATION THAT RECENT IRAQI-SOVIET TALKS IN MOSCOW INCLUDED CONSIDERATION OF FRIENDSHIP TREATY AS WELL AS INCREASED MILITARY COOPERATION INJECT NEW SENSE OF URGENCY IN SHAH'S TIMETABLE FOR MODERNINZING AND STRENGTHENING HIS ARMED FORCES. MOST SPECIFICALLY, SITUATION REQUIRED IRAN ACCELERATE ITS MILITARY PROCUREMENT AND HOST PARTICULARLY DELIVERY OF F-4E AIRCRAFT.
2. AZIMI RECALLED THAT GOI HAD REQUESTED DELIVERY OF 16 OF F-4E AIRCRAFT NOW ON ORDER BY IRAN (FIRST OF WHICH WAS NOT SCHEDULED FOR DELIVERY UNTIL AUGUST 1973) BE ADVANCED TO CY 1972. HOWEVER, GOI HAD RECENTLY BEEN INFORMED BY USG AND MCDONNELL-DOUGLAS THAT PRODUCTION LINE FOR IRAN COULD NOT RPT NOT BE ADVANCED TO MEET 1972 DELIVERY DATES DESIRED. SHAH WAS MOST DISTURBED, AS ADDITION OF F-4Es IN 1972 WAS VITAL TO IRAN'S SECURITY AT THIS TIME. SHAH HAD DIRECTED THAT USG BE ASKED, IF PRODUCTION FOR IRAN COULD NOT IN FACT BE ADVANCED, TO MAKE REQUESTED F-4Es AVAILABLE FROM OTHER SOURCES. SHAH'S DESIRE IS FOR DELIIVERY OF F-4FS IN LOTS OF FOUR DURING JUNE TO DECEMBER TIME-FRAME.

3. CHARGE REVIEWED RECENT DEVELOPMENTS IN US-IRAN MILITARY COOPERATION, INCLUDING EQUIPMENT AND CREDIT, AND STRESSED THAT RECORD INDICATED WE UNDERSTOOD AND APPRECIATED SHAH'S CONCERNS AND DESIRES AND HAD BEEN EXCEPTIONALLY RESPONSIVE TO SHAH'S WISHES. CURRENTLY, AZIMI'S DEPUTY GEN. TOUFANS, WAS IN US DISCUSSING VERY QUESTION OF ACCELERATED EQUIPMENT ACQUISITION INCLUDING F-4E. ACCELERATION OF F-4E DELIVERY RAISED DIFFICULT TECHNICAL AND COST PROBLEMS AS WELL AS QUESTIONS OF OTHER COMMITMENTS AND PRIORITIES. UNDOUBTEDLY THESE ISSUES WERE BEING DISCUSSED IN FULL WITH GEN. TOUFANIAN TO ENSURE THAT HE WAS COMPLETELY INFORMED OF POSSIBILITIES AND PROBLEMS AND REASONS FOR ANY LIMITATIONS ON MEETING GOI REQUEST THAT MIGHT EXIST. GEN. TOUFANIAN PROBABLY WOULD HAVE FULLER PICTURE OF SITUATION THAN WE NOW HAD IN IRAN.
4. AZIMI RESPONDED THAT GOI WAS BEING KEPT INFORMED OF TOUFANIAN DISCUSSIONS, BUT DECISION ON F-4E COULD NOT BE DELAYED. AZIMI MADE CLEAR SHAH FELT ACQUISITION OF 16 F-4E AIRCRAFT IN 1972 WAS MOST IMPORTANT IMMEDIATE MILITARY PROBLEM OUTSTANDING. HE STRESSED SHAH BELIEVED THAT NUMBER REQUIRED WAS SMALL IN RELATION TO US INVENTORY, AND THAT UNSETTLED SITUATION CONFRONTING IRAN WARRANTED ACCELERATED DELIVERY TO IRAN AS AGAINST OTHER POSSIBLE DISPOSITIONS (AS TO EUROPE OR EVEN USAF) IN SAME TIME FRAME.
5. CHARGE NOTED WE WOULD TRANSMIT SHAH'S REQUEST TO, WASHINGTON AND THAT USG IN SPIRIT OF FRIENDSHIP WHICH MARKED OUR RELATIONS WOULD MAKE EVERY EFFORT TO BE RESPONSIVE. CHARGE SAID THIS SAME FRIENDSHIP REQUIRED HIM TO SAY, HOWEVER, THAT ALTHOUGH WE WOULD DO EVERYTHING POSSIBLE TO MEET SHAH'S NEEDS AS SHAH SAW THEM, OUR MILITARY ADVISERS, AS GOI KNEW, WERE CONCERNED THAT ACCELERATION OF AIRCRAFT ACQUISITION WOULD STRAIN SUPPORT AND OPERATIONAL MANPOWER OF IIAF AND COULD LEAD TO DECREASE RATHER THAN INCREASE IN IIAF EFFECTIVENESS. AZIMI REPLIED THAT NUMBER OF AIRCRAFT TO BE DELIVERED HAD BEEN, CLOSELY STUDIED BY IIAF WITH MAAG ASSISTANCE, AND IIAF WAS SATISFIED THAT SIXTEEN AIRCRAFT REQUESTED COULD BE EFFECTIVELY INTEGRATED INTO PRESENT FORCE STRUCTURE. AZIMI CLOSED MEETING BY ASKING THAT USG ANSWER SHAH'S REQUEST AS RAPIDLY AS POSSIBLE.

6. COMMENT. SHAH IS DEEPLY CONCERN AT DEVELOPMENTS OVER PAST YEARS STRENGTHENING SOVIET INFLUENCE AND PRESENCE IN MIDEAST AND INDIAN OCEAN AND APPEARING TO INDICATE SUBSTANTIALLY ENLARGED SOVIET COMMITMENT, ECONOMIC AND MILITARY, TO IRAQ. HE HAS CONCLUDED THAT INCREASED PRESENT DANGER REQUIRES IRAN'S FIRST LINE AIR DEFENSE TO BE BEEFED-UP NOW RATHER THAN IN PREVIOUSLY PROGRAMMED SCHEDULE STARTING IN EIGHTEEN MONTHS. THE NUMBER, FREQUENCY AND TONE OF DEMARCHES ON SUBJECT WE HAVE RECEIVED IS VIRTUALLY UNPARALLELED, AND CAN LEAVE NO DOUBT THAT HIM CONSIDERS ISSUE OF VITAL IMPORTANCE.
7. WHETHER WE FULLY AGREE WITH SHAH'S CONCERN, WE MUST TAKE INTO ACCOUNT THAT REQUEST—LIKE USG DECISION IN 1970 ON SALE TO IRAN OF SEVENTH AND EIGHTH SQUADRONS OF F-4E—HAS BECOME ANOTHER GUT ISSUE IN SHAH'S MIND. SHAH IS AGAIN TURNING TO USG BECAUSE IN PERIODS OF ANXIETY SHAH FEELS HE CAN LOOK TO US FOR COOPERATION AND HE HOPES THAT US AS RELIABLE FRIEND WILL FIND CHANCE BE RESPONSIVE ON MATTER HE CONSIDERS IMPORTANT AND VITAL TO IRAN'S SECURITY. THUS USG CONSIDERATION OF REQUEST MUST RECOGNIZE THAT DECISION INVOLVES UNUSUAL DEGREE OF POLITICAL IMPORTANCE RELATED TO FABRIC OF USG-GOI RELATIONS. DECISION SHOULD ALSO NOT OVERLOOK OR UNDERESTIMATE IMPORTANCE OF IRAN FOR VITAL US NATIONAL INTERESTS.
8. ACTION REQUESTED. COUNTRY TEAM URGES THAT USG GIVE PROMPT AND SYMPATHETIC ATTENTION TO SHAH'S REQUEST FOR 1972 DELIVERY OF F-4E AIRCRAFT, FROM WHATEVER SOURCES MAY BE AVAILABLE TO BE TAPPED (INCLUDING DELIVERIES TO USAF). WE RECOGNIZE THAT REQUEST MAY RAISE DIFFICULT PROBLEMS, BUT URGE THAT EVERY AVENUE BE EXPLORED TO REACH POSITIVE RESPONSE. IT IS ALSO MOST IMPORTANT THAT COUNTRY TEAM BE KEPT FULLY INFORMED OF PROGRESS AND PROSPECTS TO ENABLE US CONTINUE TO MEET AND TEMPER SENSE OF URGENCY ON SUBJECT WHICH PREVAILS WITHIN GOI. IF DELAYS OR BARRIERS TO FULLY FAVORABLE RESPONSE MATERIALIZE, WE TRUST THAT EVERY EFFORT WILL BE MADE TO BE AS FORTHCOMING AS POSSIBLE (E.G. PARTIAL DELIVERY IN 1972) AND THAT PERSUASIVE RATIONALE CAN BE DEVELOPED TO FULLY EXPLAIN TO SHAH REASONS FOR ANY SHORTCOMING. IN ORDER TO DIMINISH AS MUCH AS POSSIBLE NEGATIVE IMPACT.

HECK

¹ Source: National Archives, RG 59, Central Files 1970-73, DEF 12-5
IRAN. Secret. Repeated to SECDEF, EUCOM, and CSAF.

168. Situation Report, February 28, 1972¹

February 28, 1972

28 February 1972

[*text not declassified*]

1. The local press of 27 and 28 February carry front page articles announcing mass rallies and demonstrations organized by the National Defense Committee, composed of all groups, parties, and guilds, to be held in Tehran and provinces Tuesday, February 29, to answer all foreign enemies, provocators and agents of imperialists. The press is careful in mentioning imperialists and refers to regimes such as the Baathist Government in Baghdad.
2. All shops, private businesses, industries, universities and schools will be closed Tuesday until mid-day to allow people to join mass protest rallies and demonstrations. Government offices will remain open. The Majlis cancelled the Tuesday session so that the members can participate in the rallies.
3. The major rally, an all day affair, is to be held in Tehran Sepah Square in the bazaar area, about one and one-half miles south of the Embassy. (We also learn another big rally is scheduled to be held in the sports stadium one block east of the Embassy Compound.)
4. Over the past several months a number of more or less chronic causes of popular dissatisfaction have taken on a considerably sharper edge. The likelihood of a change in Prime Ministers—which until now [*text not declassified*] has consistently assessed as scant—appears at this point to be a real possibility—if only as a sop to public discontent. As a guess, Jamahid Amuzagar would be a good bet as Hoveyda's successor.
5. The following factors lead to this conclusion:
 - A. The cost of food—food which provides the diet of the poor and medium income group—has about doubled in the past year. Many who could afford meat or fish once a week last year cannot afford it at all this year. Wages have increased, but not proportionately. Thus there is a real squeeze on a large proportion of the population. Last week the Minister of Agriculture—without consulting the Prime Minister—announced large increases in meat prices. Public disapproval was immediately manifested to a degree which [*text not declassified*] alarmed the Prime Minister enough to impel him to telephone the Shah to request and obtain the Shah's approval to

reverse the Minister of Agriculture's announcement. [*text not declassified*], meat prices, which shot up of owing the first announcement, have not returned to their previous levels despite the reversal and there is still serious discontent. [*text not declassified*] distribution of meat and most other foods is controlled and exploited by men in responsible positions in government. This is known to the consumers who therefore not only hold the government responsible for the price rises but also for corruption in this area which is a vital part of their lives.

- B. The clergy, which is always antigovernment, is much more so today than in the past three years. There are two specific current issues; the government effort to establish a religious corps and recent government arrest of a very prominent Ayatollah followed by the distribution of photographs which show him in rather strenuous sexual activity with a young woman. The result of all this has been to engender widespread antigovernment feeling coupled with a sympathy toward the clergy even among those who normally care very little.
- C. Public disapproval of corruption in government has also become more widespread as it affects increasing numbers of people in their daily lives. While there have always been chronic complainers, [*text not declassified*] hear of more and more specific examples from persons who cite what we feel reasonably certain are accurate incidents. For example, a senior military officer who certainly represents the loyal government employee recently expressed incredulity at the extent of disorder and impersonal inefficiency in the Ministry of Justice which can be overcome only by the use of bribes.
- D. Urban guerrilla activity has attracted some public sympathy and even admiration because it provides for many a vicarious expression of the resentments which they have but do not dare express. Recent trials have resulted in convictions which include some death sentences. (It is very difficult to determine the exact number from press accounts—probably 5 or 6.) While many arrests have been made, we doubt that anything like a total wrap up has been achieved. It is not possible to put this factor into the equation with any precision, but it seems reasonable to estimate that if the executions are carried out while the present situation prevails, this will contribute to the general anti-government disposition of the people.
- E. Government foreign policy is subject to widespread criticism because it is believed to result in a continuing tension between Iran and its Arab neighbors. Many people believe that this tension is used by the

government as the excuse to procure expensive military equipment using funds which could better be spent to remedy fundamental domestic ills.

6. Today's press carries announcements of a mass rally to be held on 29 February. If our estimate is correct, there will be little enthusiasm for it. There will also be groups—the clergy, bazaar, and possibly urban guerrilla—which may seek to turn the assembled mass toward issues for which it would have enthusiasm. We cannot predict the upshot for there are aspects about which we know too little. [*text not declassified*]

¹ Source: National Archives, RG 59, NEA/IRN, Office of Iran Affairs, Lot File 75D365, Box 7, POL 23, Internal Security, Counter Insurgence, Iran 1972. Secret. A handwritten notation on the front page reads "Disturbing."

169. Telegram 1218 From the Embassy in Iran to the
Department of State, February 29, 1972, 1410Z¹

February 29, 1972, 1410Z

TELEGRAM
Department of State
TEHRAN 1218

21

ACTION NEA-11

INFO OCT-01 EUR-20 NIC-01 SA-03 CU-04 E-11 CIAE-00 DODE-00 PM-06
H-02 INR-06 L-03 NSAE-00 NSC-10 P-03 RSC-01 PRS-01 SS-14 USIA-12 SY-
03 OPR-02 RSR-01 /115 W 082253

P R 291410Z FEB 72

FM AMEMBASSY TEHRAN

TO SECSTATE WASHDC PRIORITY 7587

INFO AMCONSUL DHAHRAN

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY LONDON

AMCONSUL KHORRAMSHAHR

AMCONSUL TABRIZ

DEPARTMENT PASS MANAMA

SUBJ:
PRO-GOVERNMENT DEMONSTRATION FEBRUARY 29

REF:
TEHRAN 364

1. SUMMARY: IN APPARENT EFFORT TO COUNTER CURRENT AND FUTURE CRITICISM (MAINLY OVERSEAS BUT SOME INTERNAL) OF GOI RE TRIALS AND PUNISHMENT OF SUBVERSIVE/ANTI-GOVERNMENT ELEMENTS WHOSE ARREST ANNOUNCED MID-JANUARY (REFTEL), GOVERNMENT STAGED "SPONTANEOUS DEMONSTRATION" IN TEHRAN FEBRUARY 29 TO DEMONSTRATE PUBLIC SUPPORT FOR GOI DETERMINATION TO DEAL WITH ENEMIES OF IRAN. SMALL BOMBS EXPLODED AS DEMONSTRATION GOT UNDERWAY, KILLING AT LEAST ONE AND INJURING FIVE, BUT OTHERWISE DEMONSTRATION WITHOUT INCIDENT. END SUMMARY.
2. USING MACHINERY OF IRAN NOVIN AND LABOR UNIONS GOVERNMENT ASSEMBLED CROWD OF ESTIMATED 20,000 TO 30,000 AT SEPAH SQUARE DURING MORNING FEBRUARY 29 (RADIO AND PRESS CLAIMING CROWD OF OVER 200,000 PARTICIPANTS (GROUPS OF WORKERS, FARMERS, STUDENTS, ETC.) CARRIED PLACARDS SUPPORTING GOVERNMENT AND COMDEMNING FOREIGN AND DOMESTIC ELEMENTS—WITH BAATHISTS ONLY ONES NAMED—WHICH WISH TO DESTROY ACCOMPLISHMENTS OF WHITE REVOLUTION: CROWD HEARD SPEAKERS STRESSING SAME THEMES: AND RALLY CONCLUDED WITH ADOPTION OF RESOLUTION PLEDGING ALL OUT SUPPORT FOR GOI, BLASTING ALL ENEMIES OF IRAN, PARTICULARLY BAATHISTS AND THEIR AGENTS IN IRAN, AND SIGNIFICANTLY DEMANDING THAT "FOREIGN AGENTS BE SEVERELY PUNISHED." (GOI MINISTERS AND OFFICIALS WERE CONSPICUOUS BY COMPLETE ABSENCE AT DEMONSTRATION), WHICH DESIGNED TO STRESS PUBLIC-POLITICAL NATURE OF RALLY).
3. THOUGH CROWD ASSEMBLED AND DISPERSED, IN PRESENCE SIZEABLE POLICE CONTINGENTS, WITHOUT ANY DISORDERS, THREE AND PERHAPS FOUR SMALL BOMBS WERE EXPLODED IN OR NEAR SEPAH SQUARE AS DEMONSTRATION GOT UNDERWAY, AND SMALL BOMB EXPLODED IN STREET OUTSIDE UK EMBASSY. RADIO TEHRAN ANNOUNCED EXPLOSIONS KILLED ONE PERSON AND WOUNDED FIVE AND THAT BOMBS WERE FURNISHED BY BAATHIST GOVERNMENT TO UNPATRIOTIC ELEMENTS.
4. ORIGINAL PLANS CALLED FOR SIMILAR DEMONSTRATIONS IN PROVINCIAL TOWNS MARCH 1, BUT THERE IS RUMOR THAT HIM (WHO RETURNS TO TEHRAN THIS AFTERNOON) NOT ENTIRELY PLEASED WITH DECISION HOLD ANY DEMONSTRATIONS, AND IT REMAINS TO BE SEEN WHETHER PROVINCIAL ONES WILL TAKE PLACE.

5. COMMENT: WHILE WE HAVE NO FIRM INFO RE MOTIVES BEHIND GOVERNMENT DECISION MOUNT TODAY'S DEMONSTRATION, BOTH (A) TIMING (SOME DEATH SENTENCES GIVEN AT RECENT TRIALS OF SUBVERSIVES SOON TO BE CARRIED OUT), AND (B) THEMES STRESSED DURING DEMONSTRATION STRONGLY SUGGEST DEMONSTRATION INTENDED PRIMARILY TO COUNTER CRITICS OF TRIALS/PUNISHMENT OF SUBVERSIVES—BOTH FROM ABROAD (E.G. FOREIGN PRESS AND PROTESTS BY CONFEDERATION OF IRANIAN STUDENTS IN EUROPE) AND SOME WITHIN IRAN. ANTI-IRAQ THEME IN DEMONSTRATION NOT DOMINANT BUT WAS STRONG ENOUGH TO AROUSE SPECULATION THAT ADDITIONAL MOTIVE WAS EITHER: (A) DESIRE COUNTER CRITICS WHO CHARGE GOI SIMPLY "TURNING OTHER CHEEK" IN FACE OF IRAQ PROVOCATIONS SUCH AS MASS EXPLOSIONS IN JANUARY OR (B) PREPARE PUBLIC FOR STRONGER STANCE/ACTIONS AGAINST SUCH PROVOCATIONS.
6. FINALLY, IT CANNOT BE RULED OUT THAT PM HOVEYDA, CONSCIOUS OF GRUMBLING/CRITICISM RE RISING PRICES (ACCENTUATED BY DISRUPTIONS DUE TO UNUSUALLY SEVERE WINTER AND BY MINISTRY OF AGRICULTURE BOO-BOO LAST WEEK IN ANNOUNCING DOUBLED OFFICIAL PRICE OF MEAT—ANNOUNCEMENT WHICH RESCINDED WITHIN 24 HOURS) AND OF GROWING TALK ABOUT "NEED FOR CHANGE," DECIDED DEMONSTRATION WOULD BE USEFUL WAY TO BOLSTER HIS POSITION AND COUNTER CRITICISM.
7. WHATEVER MOTIVES BEHIND DEMONSTRATION, IT IS BEING WIDELY CRITICIZED BY IRANIAN AND FOREIGN OBSERVERS AS SOMEWHAT CHILDISH AND PATENTLY UNSPONTANEOUS DEMONSTRATION OF SUPPORT FOR GOVERNMENT.

EXEMPT.

NOTE BY OC/T: NOT PASSED MANAMA.

HECK

¹ Source: National Archives, RG 59, Central Files 1970-73, POL 23-8 IRAN. Limited Official Use. Repeated to Dhahran, Jidda, Kuwait, London, Khorramshahr, and Tabriz. In Telegram 1282, March 3, the Embassy reported that as the demonstrations ended, the government announced the executions of six anti-government dissidents. (Ibid.) At

this time, the 120 Iranians accused of terrorism were facing military tribunals. Donald Toussaint of the Embassy noted to Jack Miklos on March 28 that "there is undoubtedly ambiguity in the charge that all those tried are 'terrorists.' All were, it seems, members of various subversive groups, and some members of each group apparently did engage in acts of terrorism. While, in general, the entire membership of a group is charged with the crimes of any of its members, the individual sentences appear to have been based on the severity of the crime each man personally committed. There are reliable reports that an additional number of people, mostly students, have been arrested for political reasons—but we have no information to indicate they are among those presently on trial." (NEA/IRN, Office of Iran Affairs, Lot File 75D365, Box 7, POL 29, Political Prisoners, Iran 1972)

170. Letter From the Deputy Chief of Mission at the Embassy in Iran (Heck) to the Director for Iranian Affairs (Miklos), Tehran, March 1, 1972¹

Tehran, March 1, 1972

EMBASSY OF THE UNITED STATES OF AMERICA
Tehran, Iran
OFFICIAL-INFORMAL
March 1, 1972

Jack C. Miklos, Esquire
Director for Iranian Affairs
Department of State
Washington, D.C.

Dear Jack:

As I mentioned to you on the phone last night (or was it this morning) I was summoned back this morning by General Azimi, the Minister of War, for a report on the status of HIM's request for a squadron of F-4Es in 1972. Believe it or not, I think the General probably hoped to have an answer to the request, put to us most recently last week. A telegram will be on its way to you today reporting on the conversation. The purpose of this is to give you some of the atmospheric.

Clearly, this question of F-4Es in 1972 is now uppermost in the Shah's mind and has become Problem No. 1 with us. He sees this as an article of faith in his concept of his relationship with the US, feeling that when the chips are down and his need is great we will cooperate with him and be responsive—even though we may disagree with his assumptions, conclusions and needs.

In the absence of any clear state of play on the F-4E production line in 1972 and future years, i.e., how many are going to the USAF and to other countries, the line I have taken with the General is that since Iran's own production schedule can't be speeded up and the company can only find 11 F-4Es out of its own production for delivery in early 1973 but not before, the only way we can respond to the Shah's request is to take these planes from some other country or out of our own hide.

This raises many problems regarding priorities, relations with other countries, etc. Therefore, in order to strengthen the case it is of vital importance that there be no professional doubt about Iran's capacity to absorb this squadron in 1972, and as of now both Armish/Maag and General Khatemi of the IIAF have such doubts.

This has gotten pretty bloody because General Azimi stated flatly last week to me and repeated again today that it was his professional judgment that this could be done, and he was unaware of any reservations by Armish/Maag or General Khatemi. Unfortunately, the good General has not been clued in and is out on a limb, but as a result of this morning's meeting at which I persuaded him to review the matter I hope this can be straightened out.

Whatever the result of this review, the fact remains that the Shah has officially asked us for a squadron in 1972 and that is the reality we must address. I suspect that because of his concerns about production lines and other delays the Shah would prefer to have a squadron here in storage than promised later on.

Incidentally, and as an indication of how closely the Shah is following this—as he always does—he picked up a comment I had made last week which was in a report to him to the effect that the recent loss of two F-4s and one F-5 because of reported pilot error indicated what could happen if the Air Force was pushed too hard, and this morning the General said the Shah had directed him to tell me that the IIAF's record was outstanding and a lot better than both the USAF and the German Air Force, and in effect to knock it off.

One occasionally picks up a bruise or two around here representing our interests.

There is little doubt in my mind that if matters are delayed that long the Shah will get a favorable response in May, but I would hope that we could avoid all the bruises, bitterness and anguish that such a delay would entail. At a minimum I would hope that I could be instructed very soon to tell the GOI that in principle we accept the Shah's request for a squadron in 1972, and we are actively engaged in seeing how we can be responsive.

Good luck.

Sincerely,
Douglas Heck

¹ Source: National Archives, RG 59, Central Files 1970-73, DEF 12-5
IRAN. Official-Informal. Secret.

171. Telegram 1261 From the Embassy in Iran to the
Department of State, March 2, 1972, 1124Z¹

March 2, 1972, 1124Z

TELEGRAM
Department of State
TEHRAN 1261

18

ACTION NEA-11

INFO OCT-01 PM-06 NSC-10 SS-14 RSC-01 SA-03 CIAE-00 INR-06 NSAE-
00 MC-02 EUR-20 L-03 AID-20 IGA-00 RSR-01 /111 W 093957

R 021124Z MAR 72

FM AMEMBASSY TEHRAN

TO SECSTATE WASHDC 7611

INFO SECDEF

EUCOM

CSAF

SUBJECT:
ACCELERATION OF F-4Es FOR IRAN

REF:
TEHRAN 1164

COUNTRY TEAM MESSAGE

SUMMARY. WITHIN HOURS OF SHAH'S RETURN TO IRAN, MINISTER OF WAR CALLED IN CHARGE FOR STATUS REPORT ON SHAH'S REQUEST FOR 1972 DELIVERY OF SIXTEEN F-4E AIRCRAFT. CHARGE NOTED USG DECISION NECESSARILY WOULD TAKE SOME TIME. AS F-4E PRODUCTION LINE FOR IRAN COULD NOT APPARENTLY BE ADVANCED.

ONLY ALTERNATIVES FOR GOI APPEARED TO BE (1) MCDONNELL DOUGLAS OFFER TO SELL ELEVEN ADD-ON AIRCRAFT FOR DELIVERY IN 1973: OR POSSIBLY (2) DIVERSION OF AIRCRAFT SLATED FOR OTHER COUNTRIES, DECISION WHICH WOULD INVOLVE DIFFICULT NEGOTIATIONS AND DETERMINATION: OR (3) DIVERSION FROM USAF. SINCE USAF DID NOT HAVE EXCESS F-4Es IT WOULD BE DIFFICULT TO ASK AGREEMENT ON TRANSFER UNLESS IT COULD BE SHOWN AIRCRAFT WERE NEEDED AND COULD BE EFFECTIVELY UTILIZED. CONTRARY TO IMPRESSION MINISTER APPEARED TO HAVE, ARMISH/ MAAG CONSIDERED IIAF COULD NOT ABSORB MORE THAN EIGHT F-4Es IN 1972 AT MAXIMUM AND COULD LOSE COMBAT EFFECTIVENESS IF MORE AIRCRAFT WERE RECEIVED AND HAD SO INFORMED IIAF. WHILE DECISION ON EQUIPMENT ACQUISITION WAS, OF COURSE, PREROGATIVE FOR GOI, WE SHARED COMMON INTEREST IN SEEING THAT IIAF REMAIN AT OPTIMUM EFFECTIVENESS. GOI REQUEST WOULD BE STRENGTHENED IF ANY DOUBTS AS TO EFFECT OF ACCELERATION COULD BE RESOLVED. MINISTER EXPRESSED SURPRISE MAAG VIEW AND SAID HE WOULD DIRECT JOINT IIAF/MAG REVIEW EFFECTS AND LET CHARGE KNOW RESULTS. MEANWHILE, HE RECONFIRMED THAT OFFICIAL GOI REQUEST FOR ONE F-4E SQUADRON IN 1972 STILL STOOD.

COMMENT AND ACTION REQUESTED. WE WOULD APPRECIATE AS FULL A PICTURE AS POSSIBLE OF CURRENT STATE OF PLAY RE AIRCRAFT AVAILABILITY, USG CONSIDERATIONS, DISCUSSIONS WITH TOUFANIAN, ETC., AS EXPECT TO BE BRACED AGAIN IN NEXT FEW DAYS. WHILE WE HAVE MADE CLEAR TO GOI RESERVATIONS WE HAVE RE ACCELERATION, IT IS SHAH'S SOVEREIGN PREROGATIVE TO DISAGREE. COUNTRY TEAM RECOMMENDS POSITIVE RESPONSE TO SHAH'S REQUEST BECAUSE OF BROADER POLITICAL CONSIDERATIONS INVOLVED AND, WHILE MATTER IS BEING EXAMINED, THAT CHARGE BE AUTHORIZED INFORM GOI USG ACCEPTS REQUEST IN PRINCIPLE AND IS URGENTLY STUDYING MATTER. END SUMMARY.

1. VIRTUALLY AS FIRST ORDER OF BUSINESS AFTER SHAH RETURNED TO IRAN FEB 29, CHARGE WAS CALLED TO MINISTRY OF WAR MORNING MARCH 1 AND ASKED BY MINISTER FOR STATUS REPORT ON SHAH'S REQUEST FOR DELIVERY OF SIXTEEN F-4E AIRCRAFT IN CY 1972. IN ABSENCE RESPONSE FROM DEPARTMENT TO PREVIOUS MESSAGES OR REPORT ON STATUS

DISCUSSIONS WITH GEN TOUFANIAN, CHARGE RESPONDED AS FOLLOWS.

2. SHAH'S REQUEST HAD BEEN TRANSMITTED TO WASHINGTON BUT CONSIDERATION AND DECISION WOULD OBVIOUSLY TAKE SOME TIME. USG OFFICIALS WOULD BE ABLE TO SHARE OUR THINKING WITH AND GIVE CURRENT REPORT TO GEN TOUFANIAN WHEN HE RETURNED TO WASHINGTON AROUND MARCH 12.
3. WE UNDERSTOOD THAT FOR TECHNICAL AND OTHER REASONS PRODUCTION LINE FOR IRAN COULD NOT BE ADVANCED TO MAKE DELIVERIES IN 1972. IF CORRECT, THIS MEANT OPTIONS FOR GOI WERE LIMITED TO:
 - A. OFFER WE WERE INFORMED WAS MADE TO GOI BY MCDONNELL DOUGLAS TO FURNISH ELEVEN F-4E BEYOND PRESENT GOI ORDER AT COST IN EXCESS OF \$40 MILLION AND WITH DELIVERY IN EARLY AND MID 1973. GEN AZIMI SAID HE HAD NOT PREVIOUSLY BEEN INFORMED OF OFFER BUT WOULD LOOK INTO IT.
 - B. DIVERSION TO IRAN OF AIRCRAFT SLATED FOR OTHER COUNTRIES. EMBASSY HAD NO INFO AS TO AVAILABILITY. BUT THIS WOULD BE DIFFICULT TO DO AT BEST, AND CONSIDERATION AND DECISION, REQUIRING NEGOTIATIONS, ETC WOULD TAKE TIME. IRAN FOR INSTANCE, WOULD NOT LOOK FAVORABLY ON USG DIVERSION OF AIRCRAFT SLATED FOR IT TO THIRD-COUNTRY. GEN AZIMI COMMENTED THAT IN VIEW OF REGIONAL SITUATION HE WAS OPTIMISTIC IRAN'S PRIORITY COULD BE ESTABLISHED.
 - C. SUPPLY TO IRAN FROM AIRCRAFT DESTINED FOR OR IN HANDS OF USAF. AGAIN WE HAD NO INFO AS TO AVAILABILITY, COMPATABILITY, ETC AND SUCH DECISION WOULD REQUIRE HARD REVIEW AS USAF DID NOT HAVE F-4Es IN EXCESS OF ITS REQUIREMENTS.
4. CHARGE ADDED THAT IN ANY CONSIDERAION OF WITHDRAWING AIRCRAFT FROM USAF, IT WOULD BE EXTREMELY DIFFICULT TO GET AGREEMENT ON WITHDRAWAL UNLESS IT COULD BE SHOWN THAT AIRCRAFT TRANSFERRED WERE NEEDED AND WOULD BE EFFECTIVELY UTILIZED IN THIS CONNECTION, CHARGE COMMENTED ON REMARK GEN AZIM HAD MADE AT PREVIOUS MEETING (REFTEL) INDICATING ARMISH/MAAG AGREED THAT IIAF COULD EFFECTIVELY ABSORB SIXTEEN F-4Es IN 1972. CHARGE'S RECENT DISCUSSIONS WITH MAAG INDICATED THAT US MILITARY ADVISORY VIEW WAS THAT EIGHT F-4Es WERE MAXIMUM IIAF COULD EFFECTIVELY PUT TO USE IN 1972

AND THEN ONLY IF DELIVERIES DID NOT PRECEDED SEPT/ OCT. CHARGE NOTED THAT PRESENT GROWTH PLANS OF IIAF WHICH INCLUDED ACTIVATION IN 1972 OF TWO SQUADRONS OF F-130 (SOME OF WHICH WOULD HAVE TO BE STORED) AND ONE SQUADRON F-27 AIRCRAFT AS WELL AS PEACE RUBY MANNING WOULD PUT SERIOUS STRAIN ON IIAF TECHNICAL PERSONNEL. GREATER ACCELERATION, IN MAAG VIEW, RISKED DEGRADING RATHER THAN IMPROVING IIAF COMBAT EFFECTIVENESS. MAAG HAD MADE THESE VIEWS CLEAR TO IIAF.

5. GEN AZIMI COMMENTED THAT SHAH, IN ANSWER TO REPORT ON PREVIOUS MEETING WITH CHARGE HAD NOTED THAT IIAF FLIGHT RECORD. IN THREE YEARS IT HAD F-4s WAS 'EXCELLENT AND PERHAPS EVEN BETTER THAN USAF. AZIMI SAID HE WAS SURPRISED AT MAAG VIEW AS HE HAD BEEN INFORMED MAAG AGREED WITH PREVIOUS ACCELERATION PROPOSALS. HE SAID HE WOULD DIRECT THAT IIAF GET TOGETHER WITH MAAG TO REVIEW QUESTION. AT SAME TIME, HOWEVER, HE WANTED CHARGE TO KNOW HE WAS FULLY CONFIDENT IIAF COULD EFFECTIVELY ABSORB ALL AIRCRAFT HE REQUESTED.
6. CHARGE SAID EMBASSY AND UG SHARED IRANIAN VIEW THAT IIAF WAS HIGH PERFORMANCE OUTFIT. WE ALSO RECOGNIZED THAT DECISIONS ON EQUIPMENT ACQUISITIONS WERE PREROGATIVE OF GOI, WHICH LIKEWISE HAD RESPONSIBILITY TO DETERMINE EFFECTS OF ACQUISITION, DRAWING ON US MILITARY ADVICE OR NOT AS IT SAW FIT. HE WANTED TO STRESS, HOWEVER, THAT USG SHARED COMMON DESIRE WITH SHAH AND GOI TO SEE THAT IIAF REMAINED BEST POSSIBLE FORCE, AND THUS WE WERE CONCERNED AT EFFECTS OF ACCELERATION. IRAN'S REQUEST FOR ACCELERATED ACQUISITION WOULD BE STRENGTHENED BY HAVING ANY DOUBTS AS TO CONSEQUENCES OF ACCELERATION RESOLVED. IN COSING MEETING, GEN AZIMI REITERATED HE WOULD DIRECT THAT REVIEW BE MADE IMMEDIATELY HE SAID HE WOULD LET CHARGE KNOW RESULTS OF REVIEW ASAP. HE MEANWHILE WENT ON RECORD AGAIN WITH REQUEST FOR DELIVERY OF ONE F-4E SQUADRON IN 1972.
7. COMMENT. WE HAVE TRIED TO GIVE AZIMI—FOR SHAH—AS CLEAR A PICTURE AS WE COULD BASED ON LIMITED INFO WE NOW HAVE, OF POSSIBILITIES AND PROBLEMS SHAH'S REQUEST RAISES. UNDOUBTEDLY, WE WILL BE HAVING GO-AROUND AGAIN IN NEXT FEW DAYS FOR WHICH WE WOULD FIND ANY INFO USG COULD PROVIDE ON AIRCRAFT AVAILABILITY, CURRENT

STATUS OF CONSIDERATIONS, DISCUSSIONS WITH GEN TOUFANIAN, ETC., HIGHLY USEFUL.

8. WHILE WE AND A/M IN OTHER MEETINGS HAVE TRIED TO STRESS WITH GOI OUR CONCLUSIONS RE NEGATIVE CONSEQUENCES OF ACCLERATION, WE MUST NOT OVERLOOK SHAH'S SOVERIGN RIGHT TO DISAGREE AND TO MAKE DECISION HE DEEMS BEST SERVE IRAN'S NATIONAL INTERESTS (NOR SHOULD WE OVERLOOK MAAG CONCLUSION THAT IIAF CAN IN FACT EFFECTIVELY PUT EIGHT AIRCRAFT TO USE IN 1972). GEN AZIMI'S PROMPT WILLINGNESS TO REVIEW WITH MAAG CONSEQUENCES OF ACCELERATION REFLECTS CONFIDENCE AND VALUE GOI AND SHAH PLACE ON US PROFESSIONAL MILITARY ADVICE. HOWEVER, WE CANNOT EXPECT GOI TO FEEL BOUND BY THAT ADVICE, AND IF SHAH SHOULD DISAGREE IN SPECIFIC INSTANCE CURRENTLY UNDER CONSIDERATION COUNTRY TEAM BELIEVES ANY RESERVATIONS POL MAY HAVE ARE OUTWEIGHED BY MORE IMPORTANT POLITICAL ISSUES ON WHICH USG DECISION MUST ULTIMATELY BE BASED.
9. COUNTRY TEAM THEREFORE RECOMMENDS POSITIVE RESPONSE TO SHAH'S REQUEST BECAUSE OF BROADER POLITICAL CONSIDERATIONS INVOLVED AND WHILE MATTER IS BEING EXAMINED WITHIN USG THAT CHARGE BE AUTHORIZED INFORM GOT USG ACCEPTS REQUEST IN PRINCIPLE AND IS URGENTLY STUDYING MATTER.

HECK

¹ Source: National Archives, RG 59, Central Files 1970-73, DEF 12-5 IRAN. Secret. Repeated to SECDEF, EUCOM and CSAF.

172. Letter From the Assistant Secretary of State for
Congressional Relations (Abshire) to the Chairman of the
Senate Committee on Foreign Relations (Fulbright),
Washington, March 3, 1972¹

Washington, March 3, 1972

The Honorable
J. W. Fulbright
Chairman
Committee on Foreign Relations
United States Senate

Dear Mr. Chairman:

I am replying to your letter of February 10, 1972, requesting further information about Presidential Determination 72-10 authorizing the use of \$942,000 in grant military assistance to Iran.

As explained in the Memorandum to the President, dated November 22, 1971, which was forwarded with the State Department's report to Congress on February 8, we believe it is important to U.S. interests that Iran continue to develop as a strong, stable and reliable friend in the turbulent Middle East area. Iranian cooperation is important not only to our efforts to achieve peaceful solutions to the current problems of this region, but also to the prevention of further instability and growth of potential conflicts after the recent withdrawal of British forces from the Persian Gulf area. We remain convinced that our modest MAP program contributes to the achievement of these objectives. We do not believe this justification is affected by the manner in which the government of Iran chose to celebrate a most important occasion in the history of that nation.

As Iran has developed a greater capability to pay for military equipment and services, we have reduced our grant assistance program in commensurate measure. From a level of \$2.4 million in FY 1971, we went to a level of \$942,000 for FY 1972 and we are projecting a further reduction to about \$500,000 for FY 1973. Of the \$942,000 in FY 1972, approximately \$287,000 was provided for support of the U.S. Military Assistance Advisory Group in Iran, while the balance of about \$655,000 was provided for actual costs of training. Although the Iranian

Government purchased an amount of about \$5 million in FMS training during FY 1972, we feel that we should continue to provide modest amounts of training without reimbursement in certain areas which we feel important from the viewpoint of U.S. interests but which do not rate high priority with Iranian planners. It should also be noted that Iran contributes approximately \$1.6 million annually in support of our MAAG activities in that country.

With regard to Export-Import Bank financing of military sales to Iran, a program of \$140 million was approved for FY 1972. The potential items to be covered by this credit include F-4 aircraft, with supporting equipment and services. This credit includes \$70 million to be privately financed with Eximbank guaranty. For FY 1973, a program of \$200 million, including \$100 million to be privately financed with ERximbank guaranty, has been proposed. Estimated requirements include F-4 aircraft and supporting equipment, C-130 aircraft, M-47 tank retrofit program, helicopters and spares.

If there is any further information regarding this matter which you believe we might provide, please let me know. We would, of course, be prepared to go into this matter further in a personal briefing for you or members of the Committee's staff if you so desire.

Sincerely yours,
David Abshire
Assistant Secretary for Congressional Relations

Clearance

H- Mr. Schned Miss Folger

NEA - Mr. Davies

EX-IM Bank - Mr. Boatwick (info)

DOD/ISA - col. Straker

DOD/ISA - Col. Edison

DOD/ISA - Col. Dellarce

NEA/IRN - Mr. Millose

PM/MAS - Mr. Chapman

PM/MAS:FDbrough/ID/rs

2/28/72;28139

¹ Source: National Archives, RG 59, Central Files 1970-73, DEF 19-8 US-IRAN. No classification marking. Drafted by Felix Dorough (PM/MAS); cleared by Alexander Schnee (H), Davies, EX-IM Bank, DOD/ISA, Miklos, and Chapman. Fulbright requested the justification for the military assistance "in view of the recent ostentatious anniversary celebration in Persepolis." (Ibid.)

173. Telegram 1379 From the Embassy in Iran to the
Department of State, March 8, 1972, 1345Z¹

March 8, 1972, 1345Z

TELEGRAM
Department of State
TEHRAN 1379

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ACTION NEA-11

INFO OCT-01 PM-06 SA-03 MC-02 NSC-10 L-03 AID-20 F-11 EUR-20
CIAE-00 INR-06 NSAE-00 RSC-01 RSR-01 /109 W 007454

R 081345Z MAR 72

FM AMEMBASSY TEHRAN

TO SECSTATE WASHDC 7679

INFO SECDEF

CSAF

EUCOM

SUBJECT:
ACCELERATED DELIVERY OF F-4 AIRCRAFT

REF:
TEHRAN 1261

COUNTRY TEAM MESSAGE

SUMMARY: RESPONDING TO JOINT A/M AND IIAF
RECOMMENDATIONS, SHAH HAS REDUCED REQUEST FOR
ACCELERATED DELIVERY OF F-4 AIRCRAFT TO EIGHT IN 1972.
COUNTRY TEAM FULLY SUPPORTS REDUCES REQUEST AND URGES
FAVORABLE USG DECISION AS POLITICALLY IMPORTANT AND
OPERATIONALLY FEASIBLE. END SUMMARY.

1. AFTER RECONSIDERATION, SHAH HAS REDUCED REQUEST FOR 1972 DELIVERY OF F-4 AIRCRAFT TO EIGHT IN LIEU OF SIXTEEN PREVIOUSLY REQUESTED. DECISION IS DIRECT RESULT OF ARMISH/MAAG'S ADVICE TO IIAF AND SCS AND EMBASSY'S DEMARCHES WITH MINISTER OF WAR STRESSING POTENTIALLY HARMFUL CONSEQUENCES OF TOO RAPID F-4E ACCELERATION. IT REFLECTS CONFIDENCE SHAH HAS IN US PROFESSIONAL MILITARY EXPERTISE AND WILLINGNESS TO BE GUIDED BY PERSUASIVE PRACTICAL CONSIDERATIONS DESPITE HIS STRONG SENSE OF URGENCY RE THE PACE OF IRAN'S MILITARY MODERNIZATION IN THE FACE OF RECENT REGIONAL DEVELOPMENTS.
2. EIGHT F-4E AIRCRAFT WANTED IN 1972 WILL REPLACE SIX F-4D WHICH WILL BE OUT OF SERVICE FOR OVERHAUL (IRAN PROGRAM) FOR SOME SIX MONTHS AS WELL AS TWO F-4'S LOST BY ATTRITION. SHAH'S REVISED REQUEST IS CONSIDERED FULLY FEASIBLE BY COUNTRY TEAM WHICH JUDGES IIAF HAS NEED FOR AND WILL BE ABLE EFFECTIVELY UTILIZE AIRCRAFT REQUESTED IN TIME FRAME PROPOSED.
3. RESERVATIONS ON PRACTICAL GROUNDS WHICH COUNTRY TEAM HAD RE SHAH'S ORIGINAL REQUEST FOR GREATER ACCELERATION HAVE NOW BEEN REMOVED. CONSEQUENTLY COUNTRY TEAM NOW FULLY SUPPORTS REVISED REQUEST AND BELIEVES FAVORABLE USG RESPONSE IS BOTH POLITICALLY IMPORTANT AND OPERATIONALLY FEASIBLE.
4. CHIEF ARMISH/MAAG GENERAL WILLIAMSON HAS REQUESTED AUDIENCE WITH SHAH WHICH HE EXPECTS WILL BE GRANTED MARCH 13. WOULD APPRECIATE FAVORABLE RESPONSE, IF AT ALL POSSIBLE, IN TIME TO PERMIT GEN WILLIAMSON TO INFORM SHAH, OR AT MINIMUM, AUTHORIZATION TO TELL SHAH (AS PREVIOUSLY REQUESTED REFTEL) THAT USG HAS ACCEPTED HIS REQUEST IN PRINCIPAL AND IS STUDYING WAYS TO MEET IT.

HECK

¹ Source: National Archives, RG 59, Central Files 1970-73, DEF 12-5 IRAN. Secret. Repeated to SECDEF, CSAF, and EUCOM.

174. Telegram 1381 From the Embassy in Iran to the
Department of State, March 9, 1972, 540Z¹

March 9, 1972, 5400Z

TELEGRAM
Department of State
TEHRAN 1381

ACTION NEA-11

INFO OCT-01 EUR-20 SA-03 CU-04 CIAE-04 DODE-00 PM-06 H-02 INR-
06 L-03 NSAE-00 NSC-10 P-03 RSC-01 SS-14 USIA-12 IO-12 PC-04 PSR-01
/134 W 014031

R 090540Z MAR 72

FM AMEMBASSY TEHRAN

TO SECSTATE WASHDC 7682

INFO AMEMBASSY ANKARA

AMEMBASSY BONN

AMCOMSUL DHAHRAN

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY LONDON

AMEMBASSY PARIS

SUBJECT:

TRIALS/EXECUTIONS OF ANTI-GOVERNMENT ELEMENTS: STUDENTS DEMONSTRATE
AND SHAH LASHES OUT AT FOREIGN CRITICS

1. IN PROTEST AGAINST RECENT TRIALS/PUNISHMENT
(PARTICULARLY EXECUTIONS, WHICH NOW TOTAL 10) OF ANTI-

GOVERNMENT-ELEMENTS, TEHRAN UNIVERSITY STUDENTS—LEAD BY FACULTY OF ENGINEERING STUDENTS—MOUNTED ON-CAMPUS DEMONSTRATION AFTERNOON OF MARCH 7 AND EVEN LARGE ONE (CIRC 600) MORNING OF MARCH 8. WHILE UNIVERSITY ADMINISTRATION FELT CAPABLE OF HANDLING MARCH 7 DEMONSTRATION WITHOUT HELP OF OUTSIDE POLICE, THEY APPARENTLY FELT UNABLE DO SO MARCH 8 AND CALLED NATIONAL POLICE ONTO CAMPUS FOR BRIEF PERIOD. RESULT WAS MUCH MANHANDLING OF STUDENTS BUT THERE ARE NO REPORTS OF ANY SERIOUS CASUALTIES/CLASHES, AND UNIVERSITY WAS QUIET BY EARLY AFTERNOON.

2. SOME FACULTIES AT OTHER TEHRAN UNIVERSITIES (E.G. ARYAMEHR, NATIONAL AND POLYTECHNIC) ARE REPORTED TO HAVE ENGAGED IN SYMPATHY STRIKES" MARCH 8 BUT SO FAR NO DEMONSTRATIONS REPORTED* THERE IS RELIABLE REPORT THAT DEMONSTRATIONS BY STUDENTS AT UNIVERSITY OF MESHED (SIX OF 10 EXECUTED CAME FROM MESHED AREA) BECAME SERIOUS ENOUGH THAT UNIVERSITY WAS CLOSED THREE DAYS AGO AND STILL REMAINS CLOSED. (COMMENT: WE WOULD NOT BE SURPRISED IF GOI ORDERS TEHRAN UNIVERSITIES CLOSED UNTIL AFTER NO RUZ HOLIDAY.)
3. FROM COMMENTS OF STUDENTS AND OBSERVERS CLOSE TO ACADEMIC CIRCLES, IT SEEMS CLEAR LARGE PART OF MOTIVATION FOR DEMONSTRATION AND SYMPATHY STRIKES IS STUDENT ANGER OVER GOI'S CONTINUED DETENTION OF SEVERAL STUDENTS AS "ANTI-STATE" SUBVERSIVES AND, EVEN MORE, ANGER OVER RECENT TRIALS AND EXECUTIONS OF THOSE CONVICTED OF ANTI-STATE ACTIVITIES. THERE ARE ALREADY INDICATIONS, HOWEVER, THAT GOI CONSIDERS TIMING OF DEMONSTRATIONS (PERHAPS DEMONSTRATIONS THEMSELVES) PROMOTED BY ANTI-STATE ELEMENTS TO EMBARRASS GOI DURING VISIT OF CHANCELLOR BRANDT AND HIS CONSIDERABLE PRESS RETINUE.
4. IN RELATED DEVELOPMENT, WHICH MIGHT WELL HAVE BEEN INTENDED FOR EARS OF STUDENT DEMONSTRATORS AND THEIR SYMPATHIZERS SHAH LASHED OUT STRONGLY IN MARCH 7 PRESS CONFERENCE (WITH GERMAN PRESSMEN) AT WHAT HE LABELLED DISTORTED FOREIGN REPORTING ABOUT TRIALS AND EXECUTIONS. HIM HIT AT LE MONDE VIGOROUSLY AND REPEATEDLY, AND TOOK PARTICULAR EXCEPTION TO LE MONDE'S APPEAL FOR CLEMENCY FOR THOSE CONVICTED IN RECENT TRIALS. AFTER ASKING TWO RHETORICAL QUESTIONS "HAS LE MONDE EVER ASKED WHETHER THESE MURDERERS

HAVE RIGHT TO TAKE LIVES OF INNOCENT PEOPLE? HAS LE MONDE EVER WRITTEN ONE WORD OF CONDEMNATION AGAINST TERRORISTS AND ASSASSINS SENT BY IRA TO EXTERMINATE PEOPLE?"), SHAH SAID FOREIGN PRESS HAS NO RIGHT GIVE ADVICE ON MATTERS THEY KNOW NOTHING ABOUT. HE RECALLED HIS "CONSTITUTIONAL DUTY" NOT TO PERMIT "TERROR OR ATTEMPTS AGAINST MY COUNTRY'S SOVEREIGNTY AND TERRITORIAL INTEGRITY BY AGENTS OF OTHER COUNTRIES."

EXEMPT

HECK

¹ Source: National Archives, RG 59, Central Files 1970-73, POL 23-9 IRAN. Limited Official Use. Repeated to Ankara, Bonn, Dhahran, Jidda, Kuwait, London, and Paris.

175. Memorandum From the Assistant Secretary of Defense for International Security Affairs (Nutter) to Secretary of Defense Laird, Washington, March 11, 1972¹

Washington, March 11, 1972

ASSISTANT SECRETARY OF DEFENSE
11 MAR 1972

MEMORANDUM FOR THE SECRETARY OF DEFENSE

SUBJECT:
Accelerated Delivery of F-4E Aircraft for Iran

For the past two months, the Shah has been increasing the pressure on us for accelerated delivery of F-4E aircraft in CY 1972. The present delivery schedule for the fifth through eighth squadrons commences in July 1973. Until recently the Shah has insisted upon acceleration of one squadron of these aircraft into CY 1972 but he now has expressed willingness to settle for only eight aircraft on the basis that they will replace the six F-4Ds which will soon be out for overhaul plus the two F-4s lost by attrition.

Periodically, the Shah seizes one issue on which he takes an almost obsessive view. This seems to be one of those issues and one which we believe he will take to the White House if we refuse to offer him at least something. We have been working with the Air Force and MCDONNELL-Douglas to determine alternate solutions. Unless we turn him down entirely, only two options affording CY 1972 delivery appear viable: diversion from 1972 production scheduled for USAF or a lease similar to the Australian arrangement.

In the attached memorandum, Secretary Seamans argues that the best solution to the problem is to arrange to lease eight (8) F-4s on a temporary basis and on the condition that Iran arrange with the manufacturer to accelerate to the maximum, at their expense, delivery of aircraft in 1973. Secretary Seamans concludes that to divert 1972 production aircraft would involve exceedingly difficult problems.

We share Secretary Seamans' concern about this diversion of American military assets. While eight airplanes obviously cannot be considered as

seriously endangering our military position, the situation appears in a different light when recognized as an extension of the much larger diversions that have been made for Israel which have already set the Air Force programing back substantially. When considered in connection with the probabilities of similar pressures for the same kind of special consideration for the Greeks and Turks in the near future, the danger that the extension of the policy of diversion for Israel to another country setting the stage for further similar reduction of our capabilities to enhance those of other Near East countries does present a real military risk. Nevertheless, in the light of the Shah's past history, we have concluded that the only course is to accede to his insistence which we believe has been minimized at the eight figure, but do so reluctantly and with the full intention not to let this set a precedent for further action of this kind. If we must supply the eight airplanes, Secretary Seamans' proposal appears to us to be the least damaging way to do it. The Government of Iran will pay full rent for the use of the aircraft based on a percentage of the acquisition price.

If you agree that we must meet the Shah's request, I will so inform the Air Force. We also plan to inform Lieutenant General Toufanian, Iran's procurement chief, who is now visiting the U.S. at the Shah's behest, of the Air Force proposal when he meets with General Seignious on 13 March. Mr. Shillito, I&L, and Mr. Buzhardt, General Counsel, concur.

APPROVE

DISAPPROVE

OTHER

[G. Warren Nutter]

Attachment a/s

¹ Source: Washington National Records Center, OASD Files, (C) (A), 330-77-0094, Iran 1972, Box 62. Secret. The attachment is not published. Laird wrote on the memo, "What does Warren recommend—these points don't impress me as the case made by others. MRL" He later added, "3/13/72 After our conversation today approval okay—M.R. Laird."

176. Telegram 1665 From the Embassy in Iran to the
Department of State, March 23, 1972, 0240Z¹

March 23, 1972, 0240Z

TELEGRAM
Department of State
TEHRAN 1665

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INFO OCT-01 NEA-09 SA-03 CIAE-00 DODE-00 H-02 INR-06 L-03 NSAE-
00 RSC-10 P-03 RSC-01 PRS-01 SS-14 USIA-12 EUR-20 H-03 BAL-03 OB-01
PER-05 AID-20 RSR-0 OMB-01 /125 W 126565

R 230240Z MAR 72

FM AMEMBASSY TEHRAN

TO SECSTATE WASHDC 7822.

FOR PM DIRECTOR RONALD SPIERS

SUBJ:

15 PER CENT MAAG CUT

REF:

A) STATE 042164; B) USCINCEUR DTG 081502Z MARCH 1972; C) TEHRAN 4535, AUGUST 17,
1971; D) TEHRAN 2660, MAY 20, 1971

COUNTRY TEAM MESSAGE

SUMMARY. DESPITE REQUIRED 15 PER CENT MAAG REDUCTION
WORLDWIDE, COUNTRY TEAM BELIEVES COMPELLING REASONS
EXIST FOR INCREASE IN PRESENT ARMISH/MAAG COMPLEMENT TO
MEET LONG UNANSWERED REQUEST OF SHAH. SHAH SEES
MILITARY COOPERATION AS MAJOR BENEFIT HE GETS FROM
RELATIONS WITH U.S. ADVISORY MISSION IS KEY ELEMENT IN THIS
COOPERATION. IT IS UNDERMANNED AT TIME GOI MILITARY
MODERNIZATION REQUIRES ADVISORY AUGMENTATION. UNLESS
MAAG IS ADEQUATELY STAFFED TO PERFORM CREDIBLE AND
REPOSNSIBLE ADVISORY ROLE, IT WILL NOT BE ABLE TO MAINTAIN

TRUST AND RELIANCE OF SHAH AND IRANIAN MILITARY NOR MEET ITS OBLIGATIONS FOR SUPPORT OF MAJOR US EQUIPMENT SALES TO IRAN. INEVITABLE RESULT WILL BE EROSION OF PRIMARY ADVISORY ROLE OF ARMISH/MAAG AND INCREASED 3RD COUNTRY MILITARY INFLUENCE AND SALES WITH EXPECTABLE LOSSES IN FOREIGN EXCHANGE WHICH WILL MORE THAN OFFSET ANY GAINS FROM MAAGSAVINGS. WE CAN ALSO EXPECT LOOSENING OF US-IRAN TIES AND LESSENING OF REAL BENEFITS US RECEIVES FROM RELATIONS WITH IRAN. FURTHERMORE, UNDER EUCOM PLAN TO TAKE OVER MAAG ADMIN SUPPORT, INCREASE OF 36 ADVISORY POSITIONS PREVIOUSLY REQUESTED MAY BE POSSIBLE WITHIN OVERALL ARMISH/MAAG PERSONNEL REDUCTION OF MORE THAN FIFTEEN PERCENT. EUCOM HAS PROPOSED THAT IT TAKE OVER DIRECTLY ADMINISTRATIVE SUPPORT RESPONSIBILITIES FOR DOD UNITS IN IRAN WHICH NOW BEING CARRIED OUT BY ARMISH/MAAG SUPPORT ELEMENT. THIS WOULD REDUCE MAAG STRENGTH BY SOME 120 US POSITIONS, AND LEAVE ADEQUATE ROOM FOR ADVISORY AUGMENTATION. ACTION REQUESTED. DEPARTMENT'S CONTINUED SUPPORT FOR COMPLEMENT INCREASE IS REQUESTED. END SUMMARY.

1. EVEN IN FACT OF CONGRESSIONAL REQUIREMENT FOR WORLD-WIDE MAAG COMPLEMENT REDUCTIONS, I AND MEMBERS OF COUNTRY TEAM CONTINUE TO BELIEVE STRONGLY THAT US MILITARY ADVISORY MISSION TO IRAN (AARMISH/MAAG) SHOULD NOT BE REDUCED BUT IN FACT SHOULD BE AUGMENTED AS HAS BEEN REQUESTED BY SHAH. WE HAVE STRESSED MANY TIMES IN PAST UNIQUE AND IMPORTANT ROLE ARMISH/MAAG PLAYS IN BOLSTERING US INTERESTS IN IRAN (REF C AND PREVIOUS), BUT IT BEARS REPEATING.
2. SHAH CONSIDERS US MILITARY COOPERATION (ADVICE, TRAINING AND EQUIPMENT) AS SINGLE MOST VALUABLE TANGIBLE BENEFIT IRAN GETS FROM ITS SPECIAL FRIENDSHIP AND RELATIONSHIP WITH US. IT IS A PRIMARY INDUCEMENT FOR IMPORTANT BENEFITS US RECEIVES IN RETURN—(A) SPECIAL AND VITAL IN-COUNTRY FACILITIES AT NO COST TO USG; (B) IRREPLACABLE DIRECT OVERFLIGHT CORRIDOR FOR MILITARY AND CIVILIAN FLIGHTS BETWEEN EUROPE AND ASIA USED BY THOUSANDS OF US AIRCRAFT ANNUALLY (C) CONTRIBUTION TO US BALANCE OF PAYMENTS OF SEVERAL HUNDRED MILLION DOLLARS ANNUALLY IN MILITARY PURCHASES OF EQUIPMENT, TRAINING AND SERVICES; (D) MOST IMPORTANTLY CONTINUING KINSHIP WITH US WHICH HAS CONTRIBUTED TO KEEPING IRAN

AS DEPENDABLE SUPPORTER OF US AND FREE-WORLD POLITICAL AND STRATEGIC INTERESTS IN MIDDLE EAST (IN FULFILLMENT OF NIXON DOCTRINE) DESPITE IRAN'S FOREIGN POLICY OF REAL NATIONAL INDEPENDENCE.

3. EFFECTIVE ADVISORY MISSION IS ITSELF ESSENTIAL PART OF USG MILITARY COOPERATION ON WHICH OTHER ASPECTS DEPEND. IT IS VITAL AND UNIQUE LINK IN BILATERAL COMMUNICATION BETWEEN GOI AND USG. USG MILITARY SALES AND TRAINING PROGRAMS WOULD BE CRIPPLED WITHOUT IT. SHAH CAN AFFORD TO BUY ELSEWHERE AND WOULD, WERE IT NOT FOR HIS CONFIDENCE IN AND SATISFACTION WITH US EQUIPMENT AND ADVISORY SUPPORT FOR TRAINING AND EQUIPMENT USE AND MAINTENANCE. ARMISH/MAAG'S ADVICE OVER WHOLE RANGE OF MILITARY MATTERS IS HIGHLY REGARDED BY GOI AND PLAYS IMPORTANT ROLE IN RATIONALIZING, AND LETTING IRAN'S MILITARY GROWTH AND EQUIPMENT ACQUISITION, BOTH US AND THIRD COUNTRY, BENEFITS OF WHICH—E.G. RESTRAINT ON REGIONAL ARMS RACE—WOULD BE LOST WITHOUT MAAG. MOREOVER, ARMISH/MAAG HAS BECOME BELL WEATHER FOR GOI OF US SUPPORT FOR AND INTEREST IN IRAN, AT TIME WHEN SHAH AND GOI VIEW WITH INCREASING CONCERN SOVIET ADVANCES IN AREA AND APPARENT US RETRENCHMENT. SHAH IS PREPARED ASSUME MORE RESPONSIBLE ROLE IN KEEPING WITH NIXON DOCTRINE BUT CANNOT ACHIEVE CREDIBLE MILITARY DETERRENT ON WHICH THIS ROLE BASED WITHOUT COOPERATION IN MILITARY FIELD FROM US.
4. FAVORABLE IMPACT AND RESPONSIBLE ROLE OF ARMISH/MAAG WILL CONTINUE TO DEPEND ON ITS ADEQUATE MANNING TO SERVE IRANIAN (AND US) NEEDS. BALPA AND OPRED CUTS WHICH REDUCED ADVISORY PERSONNEL BY NEARLY 40 PER CENT SERIOUSLY IMPAIRED ABILITY OF MAAG TO FULFILL ITS UNDERTAKINGS AT TIME WHEN ACCELERATED PACE OF IRANIAN MILITARY MODERNIZATION, INCREASING ACQUISITION OF SOPHISTICATED MODERN EQUIPMENT, AND INTRODUCTION OF MODERN PERSONNEL, MANAGEMENT, LOGISTICS SYSTEMS CALLED MORE THAN EVER FOR USG ADVISORY EXPERTISE. REQUEST BY SHAH FOR ADDITIONAL ADVISORS REFLECTED HIS RECOGNITION OF THIS REAL NEED. FAILURE TO MEET THIS REQUEST IN OUR VIEW—AND THIS GOES DOUBLY FOR ANY CUTS IN PRESENT STAFFING—WOULD LEAVE SERIOUS GAPS IN US ADVISORY EFFORT AND CAUSE USG TO FALL SHORT IN SUPPORT FOR EQUIPMENT SALES. INEVITABLE RESULT WILL BE THAT SHAH WILL TURN ELSEWHERE FOR NECESSARY ADVISORY ASSISTANCE

WE CANNOT PROVIDE AND FOR EQUIPMENT. AS CONSEQUENCE WE CAN EXPECT EROSION OF US INFLUENCE AND LOSS OF FOREIGN EXCHANGE FAR GREATER THAN ANY SAVING MAAG REDUCTION MIGHT GENERATE TO SAY NOTHING OF SETBACKS TO SHAH'S EFFORTS CREATE MODERN FORCE IF IT BECOMES DILUTED BY MIX OF FOREIGN EQUIPMENT FROM VARIOUS SOURCES.

5. WE ARE CONVINCED COMPELLING REASONS EXIST TO INCREASE ARMISH/MAAG COMPLEMENT BY 36 POSITIONS AS PREVIOUSLY REQUESTED. MOREOVER UNDER EUCOM PROPOSAL TO REORGANIZE MAAG THIS CAN BE DONE AND 15 PERCENT CUT IN MAAG JTU CAN STILL BE ACHIEVED. EUCOM HAS ADVISED ARMISH/MAAG (REF B) THAT IT PROPOSES, EFFECTIVE JULY 1, TO ASSUME DIRECT RESPONSIBILITY FOR ADMINISTRATIVE SUPPORT RESPONSIBILITIES AND FUNCTIONS NOW BEING PERFORMED FOR ALL DOD UNITS IN IRAN BY ARMISH/MAAG SUPPORT ELEMENT. IF PROPOSAL CARRIED OUT, MAAG COMPLEMENT WILL BE REDUCED AS FOLLOWS:

	TOTAL	TRANSFER OF SUPPORT ELEMENT	REDUCED MAAG
US MILLIATRY	250	102	148
DOD CIVILIAN	22	8	14
FOREIGN NATIONAL	153	135	18
	425	245	180

EVEN IF 36 REQUESTED ADVISORY POSITIONS WERE ADDED TO MAAG JTU, RESULTING TOTAL WOULD BE BELOW EVEN 25 PER CENT CUT CONGRESS HAS AIMED FOR.

6. WITH MEANS AVAILABLE TO MEET REQUESTED INCREASE WHILE COMPLYING WITH CONGRESSIONAL REDUCTION REQUIREMENTS WE HOPE FAVORABLE ACTION ON SHAH'S REQUEST MAY AGAIN PROCEED (REQUEST WAS ORIGINALLY MADE NEARLY A YEAR AGO-(REF D). CONGRESSIONAL ACTION LEAVES ROOM FOR SELECTIVE AND RATIONAL LOCAL IMPLEMENTATION OF WORLD-WIDE REQUIREMENT, AND WE TRUST USG WILL MAKE FULL USE THIS WELCOME LEEWAY.

7. SPECIFIC STAFFING INFO SOUGHT IN REF A FOLLOWS:
 - A. ASSIGNED STRENGTH OF ARMISH/MAAG AS OF 30 SEPTEMBER 1971 WAS:

US MILITARY	243
US CIVILIAN	18
TOTAL	261
FOREIGN NATIONAL-DIRECT HIRE	151
FOREIGN NATIONAL-CONTRACT	17
TOTAL	429

ON BOARD STRENGTH DID NOT VARY SIGNIFICANTLY FROM
ASSIGNED FIGURE.

B. ARMISH/MAAG RECORDS SHOW NUMBER OF TDYS AS:

1970 718

1971 474

AVERAGE LENGTH OF TDY WAS 8.2 DAYS.

HECK

¹ Source: National Archives, RG 59, Central Files 1970-73, DEF 19-9 US-
IRAN. Confidential.

177. Telegram 2080 From the Embassy in Iran to the
Department of State, April 11, 1972, 0645Z¹

April 11, 1972, 0645Z

TELEGRAM
Department of State
TEHRAN 2080

47

ACTION SS-25

INFO OCT-01 /026 W 00584

R 110645Z APR 72

FM AMEMBASSY TEHRAN

TO SECSTATE WASHDC 8019

FOR ACTING ASSISTANT SECRETARY DAVIES AND NEA/IRN -
MIKLOS

SUBJECT:
PRINCESS ASHRAF REQUESTS FOR COOPERATION

SUMMARY: IN CONNECTION WITH SUITS SHE IS BRINGING AGAINST FRENCH AND SWISS PAPERS, PRINCESS ASHRAF HAS REQUESTED COOPERATION OF USG IN PROVIDING OFFICIAL DOCUMENT ON CONFIDENTIAL BASIS WHICH WOULD REFUTE CHARGE RECENTLY MADE IN NOUVELLE OBSERVATEUR (QUOTING THE NATION OF APRIL 12, 1965) THAT US FEDERAL NARCOTICS BUREAU ONCE RECOMMENDED USG NEVER AGAIN PERMIT PRINCESS TO ENTER COUNTRY BECAUSE OF HER INVOLVEMENT IN HEROIN TRAFFICKING INCIDENT IN 1961.

ACTION REQUESTED: (A) PROVIDE EMBASSY WITH EARLIEST POSSIBLE GUIDANCE WHETHER, IN PRINCIPLE, USG PREPARED PROVIDE TYPE OF DOCUMENT ASHRAF SEEKS (ASSUMING FACTS SO WARRANT) OR, IF THIS NOT POSSIBLE, FULLEST POSSIBLE

EXPLANATION OF REASONS. (B) EXERCISE OF EXTREME DISCRETION IN MAKING INQUIRIES INTO THIS MATTER LEST IT BECOME SOURCE OF SERIOUS EMBARRASSMENT TO GOI AND USG AT TIME PRESIDENTIAL VISIT IN OFFING. END SUMMARY.

1. ACTING ON INSTRUCTION PRINCESS ASHRAF, MEMBER OF HER STAFF (AMBASSADOR PARVIZ RADJI) CALLED POLITICAL COUNSELOR TO HIS OFFICE APRIL 10 TO: (A) ADVISE THAT PRINCESS IS BRINGING SUITS AGAINST SEVERAL SWISS AND FRENCH PAPERS AND (B) REQUEST COOPERATION OF USG IN CONNECTION WITH SUIT AGAINST NOUVELLE OBSERVATEUR.
2. RADJI EXPLAINED THAT PRINCESS HAD CANCELLED PLANS TO ATTEND HUMAN RIGHTS COMMISSION MEETING IN NEW YORK AND HAD REMAINED IN PARIS FOR PAST MONTH (CIRCA MARCH 5 TO APRIL 4). SHE HAD DECIDED HER PRESENCE IN NEW YORK AT TIME OF PRESS OUTCRY RE (A) PRINCE DAVALLOU'S ARREST IN SWITZERLAND ON DRUG TRAFFICKING CHARGE AND (B) ARRESTS, TRIALS AND EXECUTIONS OF SUBVERSIVES IN IRAN, WOULD BE DISSERVICE TO IRAN, HIM AND HERSELF.
3. WHILE IN PARIS, SHE BECAME INFURIATED BY SCURRILOUS STORIES IN SWISS AND FRENCH PAPERS WHICH HAD REVIVED (IN CONNECTION WITH COVERAGE OF PRINCE DAVALLOU'S ARREST) CHARGE THAT PRINCESS HERSELF HAD BEEN DISCOVERED BY SWISS AUTHORITIES IN FEBRUARY 1961 (RPT 1961) TO BE CARRYING LARGE QUANTITIES OF HEROIN. SHE HAD DECIDED, THEREFORE, THAT FOR GOOD OF PAHLAVI NAME AND HER OWN STANDING IN INTERNATIONAL COMMUNITY, SHE MUST ERASE THIS CHARGE FROM PUBLIC RECORD ONCE AND FOR ALL. WITH THIS IN VIEW, SHE HAS ALREADY INSTITUTED SUITS AGAINST PAPERS INVOLVED, WHICH INCLUDE LE MONDE, NOUVELLE OBSERVATEUR, LE JOURNAL DE GENEVE AND LA SUISSE (AND PERHAPS AT LATER DATE CANARD ENCHAINE). PRINCESS DOES NOT PLAN TO PUBLICIZE HER DECISION BRING SUITS OR SEEK PUBLICITY WHILE SUITS IN PROCESS, THOUGH WILL PROBABLY WANT PUBLICITY ONCE DECISIONS HANDED DOWN.
4. RADJI CLAIMS THAT PRINCESS HAS NOW SECURED DOCUMENTARY EVIDENCE FROM FEDERAL SWISS GOVERNMENT, CANTON OF GENEVA AND GENEVA POLICE PROVING IRREFUTABLY THAT ALLEGED INCIDENT IN 1961 INVOLVING HER IN TRANSPORT OF HEROIN HAD SIMPLY NEVER TAKEN PLACE.

HE SAID EVIDENCE WAS SUCH AS TO MAKE IT 99 PERCENT SURE PRINCESS WOULD WIN HER SUITS AGAINST PAPERS NOTED.

5. HE WENT ON TO SAY THAT NOUVELLE OBSERVATEUR HAD ALSO, QUOTING THE NATION OF APRIL 12, 1965 (RPT 1965), CHARGED THAT FEDERAL NARCOTICS BUREAU HAD ONCE RECOMMENDED USG NEVER AGAIN PERMIT ASHRAF TO ENTER US ON GROUNDS OF HER INVOLVEMENT IN HEROIN TRAFFICKING. PRINCESS IS ANXIOUS TO REFUTE THIS CHARGE ALTHOUGH NOT SO MUCH BECAUSE THIS IS NEEDED TO WIN HER CASE (THOUGH IT WOULD BE HELPFUL) AS TO CLEAR ALL CHARGES FROM RECORD AT SAME TIME, SHE HAS, THEREFORE, ASKED THAT USG BE REQUESTED TO PROVIDE OFFICIAL STATEMENT ON CONFIDENTIAL BASIS (FOR USE IN SUIT AGAINST NOUVELLE OBSERVATEUR) TO EFFECT FEDERAL NARCOTICS BUREAU HAD NEVER MADE RECOMMENDATION OF NATURE CHARGED.
6. WE TOLD RADJI THIS REQUEST FROM PRINCESS WOULD BE PROMPTLY BROUGHT TO WASHINGTON'S ATTENTION AND WE WERE SURE IT WOULD BE CONSIDERED SYMPATHETICALLY, THOUGH WE WERE NOT FAMILIAR WITH WHAT USG LAWS OR REGULATIONS MIGHT AFFECT THIS MATTER.
7. RADJI THEN ASKED, PREFACING QUESTION WITH COMMENT "THIS NIGHTMARE" HAD NOT SEEMED TO OCCUR TO ANYONE ELSE, WHETHER FEDERAL BUREAU OF NARCOTICS HAD IN FACT MADE SUCH RECOMMENDATION AND, IF SO, HOW MATTER COULD THEN BE HANDLED. WE REPLIED WE HAD NO KNOWLEDGE ON THIS SCORE BUT NOTED ALL GOVERNMENT AGENCIES (US AND IRANIAN) UNDOUBTEDLY ACT OR MAKE RECOMMENDATIONS ON SOME OCCASIONS ON BASIS OF UNCONFIRMED RUMORS AND REPORTS. THUS, IT NOT BEYOND REALM OF POSSIBILITY REPORTS OF PRINCESS INVOLVEMENT IN HEROIN INCIDENT IN 1961 HAD GAINED ENOUGH CURRENCY AT TIME SO THAT SOME USG AGENT OF AGENCY MIGHT HAVE ADDRESSED ITSELF TO PROBLEM.
8. RADJI SAID PRINCESS IS ANXIOUS MOVE AHEAD WITH SUITS AGAINST PAPER AT EARLIEST POSSIBLE TIME AND BEFORE SUMMER RECESS OF FRENCH COURTS. SHE HOPES, THEREFORE, USG COOPERATION IN THIS MATTER CAN BE FORTHCOMING WITHIN NEAR FUTURE.

COMMENT: WOULD APPRECIATE GUIDANCE AS SOON AS POSSIBLE WHETHER, IN PRINCIPLE, USG PREPARED PROVIDE TYPE OF DOCUMENT REQUESTED BY ASHRAF (ASSUMING FACTS SO

WARRANT). IF THIS IS NOT POSSIBLE, NEEDLESS TO SAY, WE WILL WANT FULLEST POSSIBLE EXPLANATION OF REASONS.

IT IS PERHAPS SUPERFLOUS TO POINT OUT THAT, PARTICULARLY WITH PRESIDENTIAL VISIT IN OFFING, IT WOULD BE EXTREMELY EMBARRASSING TO BOTH USG AND GOI IF IT WERE TO BECOME PUBLIC KNOWLEDGE THAT SHAH'S SISTER HAD REQUESTED SUCH DOCUMENT, BUT USG UNABLE PROVIDE IT BECAUSE THERE HAD IN FACT BEEN RECOMMENDATION BY FEDERAL NARCOTICS BUREAU OF NATURE CHARGED BY NOUVELLE OBSERVATEUR AND THE NATION. FOR THIS REASON, WE TRUST INQUIRIES INTO MATTER CAN BE MADE ON MOST DISCREET BASIS.

EVEN IF IT TURNS OUT USG ABLE PROVIDE TYPE OF DOCUMENT REQUESTED, IT WOULD OBVIOUSLY NOT ENHANCE OUR RELATIONS WITH COURT IF NEWS OF ASHRAF'S SUITS AGAINST EUROPEAN PRESS WERE TO LEAK FROM US SOURCES.

HECK

¹ Source: National Archives, RG 59, Central Files 1970-73, POL 15-1 IRAN. Confidential; Exdis. In Telegram 35450 to Tehran, March 1, the Department inquired about a press story regarding a member of the Shah's entourage, Amir Hushang Davallou, who had been charged in Switzerland with narcotics trafficking. Invoking diplomatic immunity, DAVALLOU had departed the country on the private plane of the Shah, who allegedly cut short his vacation to get DAVALLOU out of the country. The scandal rekindled charges of narcotics trafficking within the Shah's inner circle. (Ibid, SOC 11-5 SWITZ)

178. Telegram 64317 From the Department of State to the Embassy in Iran, April 14, 1972, 0235Z¹

April 14, 1972, 0235Z

[Department of State Telegram] 064317
14 APR 72Z 02 35

NEA/IRN:JCMIKLOS/HM
NEA:RODGER P. DAVIES
L/NEA - STEPHEN M. BOYD

FOR CHARGE

REF:
TEHRAN 2080

1. YOU MAY OF COURSE ASSURE AMBASSADOR RADJI THAT WE WOULD WISH TO COOPERATE IN EVERY WAY POSSIBLE IN REFUTING SCURRILOUS CHARGES AGAINST PRINCESS ASHRAF. THEREFORE IN PRINCIPLE WE WOULD BE WILLING TO PROVIDE OFFICIAL US STATEMENT FROM APPROPRIATE AUTHORITY REGARDING FACTS OF MATTER. TO BEST KNOWLEDGE OF STATE DEPARTMENT THERE HAS NEVER BEEN ANY OFFICIAL RECOMMENDATION BY ANY US GOVT AGENCY THAT PRINCESS ASHRAF NOT BE PERMITTED TO ENTER US. WE BELIEVE RECORD OF HER VISITS TO THIS COUNTRY INCLUDING UNIQUE RECEPTION BY THE PRESIDENT AT THE WHITE HOUSE IN 1970 IS AMPLE AND VIVID TESTIMONY OF HIGH ESTEEM WITH WHICH SHE IS REGARDED.
2. FOREGOING NOTWITHSTANDING, WE SERIOUSLY QUESTION WHETHER SUCH A STATEMENT WOULD SERVE ANY USEFUL PURPOSE. PRESUMABLY ITS ACCEPTANCE AS EVIDENCE IN A LAWSUIT WOULD REQUIRE AN OPPORTUNITY FOR IT TO BE CHALLENGED BY THE DEFENSE. THIS COULD CONCEIVABLY REQUIRE WRITTEN OR VERBAL TESTIMONY BY THE US OFFICIAL. DEVELOPING THE MATTER TO THIS EXTENT COULD, WE SUGGEST, GIVE IT A NOTORIETY TOTALLY OUT OF PROPORTION TO THE VALUE OF THE TESTIMONY ITSELF.
3. AS WE UNDERSTAND IT, PRINCESS ASHRAF HAS DOCUMENTARY EVIDENCE WHICH WOULD PROVE IRREFUTABLY THAT SHE WAS NOT INVOLVED IN THE INCIDENT DESCRIBED BY LEMONDE AND

OTHER NEWSPAPERS AND WHICH IS SPECIFIC SUBJECT OF HER SUIT. ANY STATEMENT FROM US THEREFORE APPEARS TO BE PERIPHERAL AT BEST TO HER MAIN PURPOSE. SUGGEST THEREFORE, DRAWING ON FOREGOING, THAT YOU ATTEMPT TO PERSUADE AMB RADJI THAT EMBROILING USG IN THIS MATTER IN WAY SUGGESTED WOULD NOT BE HELPFUL.

4. FYI AS YOU APTLY NOTE, IT WOULD BE EXTREMELY EMBARRASSING IF IT WERE TO BECOME PUBLIC KNOWLEDGE THAT ASHRAF HAD REQUESTED SUCH A DOCUMENT AND WE WERE TO DISCOVER, ALTHOUGH WE HAVE NO PRESENT KNOWLEDGE, THAT BY SOME REMOTE CHANCE SOME USG OFFICIAL ACTING ON UNCONFIRMED REPORTS HAD AT ONE TIME MADE A STATEMENT WHICH COULD HAVE BEEN CONSTRUED AS A SUSPICION THAT PRINCESS ASHRAF MIGHT HAVE IN SOME WAY BEEN INVOLVED IN ILLEGAL ACTIVITIES. WE ARE THEREFORE EXTREMELY RELUCTANT TO PURSUE INVESTIGATION OF THIS POSSIBILITY UNLESS YOU CONSIDER IT ESSENTIAL. END FYI. YY

¹ Source: National Archives, RG 59, Central Files 1970-73, POL 15-1 IRAN. Confidential. Drafted by Miklos; cleared by STEPHEN M. BOYD (L/NEA), John S. Brims (S/S); and approved by Davies.

179. Memorandum From Harold Saunders of the National Security Council Staff for the Files, Washington, April 26, 1972¹

Washington, April 26, 1972

NATIONAL SECURITY COUNCIL
April 26, 1972

MEMORANDUM FOR THE FILES

SUBJECT:

Letter to the President from Iran Free Press

Nasser G. Afshar, Editor of the Iran Free Press, wrote the President on April 7 criticizing him for planning to visit Iran after the trip to Moscow in late May. Afshar strongly dislikes the Shah whose leadership, Afshar claims, represents the most "corrupt and barbaric rule" of this century.

Afshar's Iran Free Press (believed by State to be his own one-man operation) is dedicated to criticism of the Shah. Last year the Press made similar representations against Mrs. Nixon's participation in the US committee honoring Iran's 2500th anniversary. We—and the Shah—consider this group offensive.

Evidently, Afshar's original letter was sent to State for direct reply. [State shares our view that no reply—or at a minimum, simple acknowledgement—is the general guidance for handling the IFP.] Afshar subsequently phoned Mr. Ziegler's office to find out whether he would be getting a reply; he followed up by sending along a copy of his April 7 letter under cover of a note to one of Mr. Ziegler's secretaries. That exchange is attached. In a further call from Afshar, the latter was informed his mail was received and would be forwarded to appropriate persons. We consider action on the attached, therefore, ended since we do not contemplate any further reply from here.

Harold H. Saunders

[Attachment]

April 7, 1972

President Richard M. Nixon
The White House
Washington, D. C.

Dear Mr. President:

We take this moment to wish you great success in your forthcoming journey to the Soviet Union, recognizing that, while there are many perils, the chance for an enduring peace must be seized and built upon. The relaxation of world tensions has clearly been the great goal of your presidency, and you have done much to build towards this goal by seeking an atmosphere of realism and understanding among all the world's great powers.

We do not wish to dilute our strong and sincere admiration for your initiative for peace. There is, however, a story related to the Russian visit which profoundly disturbs us, and that is the possibility of your stopping over in Iran on the return flight. In other times, we would welcome such an honor. Every citizen of Iran admires and respects you as the President of a great nation. We recognize beyond doubt the tribute you wish in turn to pay to the Iranian people. Unfortunately, your gesture, however well motivated by feelings toward the people of Iran, will inevitably be seen, within Iran and throughout the world, as one of support for the most corrupt and barbaric rule of this century.

Present day Iran, for all the propaganda aimed by the Shah Pahlavi at the opinion makers of the world, is a police state. It recognizes not one of the most fundamental of the rights of man, not freedom of speech, not freedom of assembly, not the most elementary ideals of fair and public trials. What is more—and this should be especially galling to you, Mr. President, who have worked so hard and effectively to combat the international flow of illicit drugs—the Iranian government and the royal family itself, despite new and tough-looking drug laws and incredibly harsh sentences handed down under them, is deeply enmeshed in the production and distribution of raw opium, as well as manufacture and distribution of the heroin derivative.

The instances of drug smuggling by the Shah's twin, Princess ASHRAF, by the Shah's brother, by Prince Dawallou, by member after member of

the Shah's blood family and political family, grow practically daily to proportions that would seem slapstick comedy were the implications for the youth of the world not so deadly and tragic. In Paris, in Switzerland, throughout the world, the attempted arrests, the attempted disclosures of this hideous network of death are thwarted by the same sad phrase -diplomatic immunity. In the most recent incident in this pathetic pattern, the Shah himself was forced secretly to escape Switzerland, taking with him key members of his staff in order to avoid disclosure of the entire network of illegal traffic.

Mr. President, your concern for the freedom of the American people from the terrible scourge of habitual drugs is honorable and commendable. You have used and continue to use the power and prestige of the United States and of the Presidency to control the disease of drug abuse all over the world. What you have done in conjunction with the government of Turkey is particularly adroit and admirable. But, we do not understand how you, as the representative of the American people and of the American government, can be a guest of the Shah and his family in Iran even for one day, knowing the corruption they practice daily, knowing the traffic in drugs smuggled week by week under cover of diplomatic immunity, knowing the American lives they jeopardize, and the lives all over the world.

The people of Iran will not understand. The world will not understand that a man as President of the United States, under the flag of freedom, freedom of speech, press, assembly, religion, and under the flag of other freedoms, freedom from fear, freedom from the nightmare of narcotics, can bestow by his official visit the mantle of respectability upon a monarchy which is so much the opposite of your ideals. We sincerely believe and hope that you will decide for the Iranian people, that you will not become the official guest of the present regime.

Very sincerely,
Editor
Iran Free Press

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Saunders Files, Middle East Negotiations, Box 1282, Iran 1/1/72-5/31/72. No classification marking. In 1971, Congressman Graham Purcell inserted into the Congressional Record letters from Afshar's "Free Iran" movement, condemning the Shah's reign. In response, on August 18, 1971,

Ambassador MacArthur wrote to Purcell, denouncing the character and activities of the organization and its chairman, on the basis of FBI information. The Department official assigned to deliver the letter to Purcell was advised to "reminisce about a number of other Congressmen who had taken up the anti-Shah banner in the 1960's, much to their subsequent embarrassment." On October 21, 1971, Purcell apologized for his action, agreeing that "Free Iran" was unworthy of his support. All of this correspondence was passed to Court Minister ALAM for the Shah's perusal on November 7, 1971. (NEA/IRN, Office of Iran Affairs, Lot File 75D351, Box 6, PS 7, Iran 1969-71, Assistance to Americans, Nasser Afshar 1971)

180. Intelligence Report 2035-72, Washington, May 1972¹

Washington, May 1972



A Mountain Village, Typical of Most of Iran

A Mountain Village, Typical of Most of Iran



A Modern Housing Development, Still Limited to a Few Urban Areas

A Modern Housing Development, Still Limited to a Few Urban Areas

DIRECTORATE OF INTELLIGENCE

Intelligence Report

Centers of Power in Iran

May 1972 No. 2035/72

[Photo: A Mountain Village, Typical of Most of Iran]

[Photo: A Modern Housing Development, Still Limited to a Few Urban Areas]

CENTRAL INTELLIGENCE AGENCY

Directorate of Intelligence

May 1972

INTELLIGENCE REPORT

Centers of Power in Iran

The study of politics is the study of influence and the influential. The influential are those who get the most of what there is to get. Those who get the most are the elite; the rest are mass. (Harold Lasswell)

Summary

One of the most dramatic efforts at modernization among the less developed countries is taking place in Iran. This modernization follows no bloody coup or overturn of the social order, but is an attempt by a long-established political and social system to adapt itself and its institutions to new needs.

Power in Iran remains, as it has been, in the hands of a small segment of society which enjoys the available rewards of money, status, and political influence. Heading the list of the privileged few is the Shah, followed by the royal family, and courtiers, followed by politicians, influential businessmen, entrepreneurs, and educators. A new class of professional bureaucratic intelligentsia is beginning to emerge; if this group is not absorbed by the elite, it may play an increasingly important independent role. In the privileged group, but playing an essentially negative role at present, are those members of the educated professional class—some even from establishment families—who refuse to cooperate with the ruling elite, and the clergy, whose strength lies in the emotions of the Iranian masses and whose opposition to the Shah's government is nearly total.

Note: This report was prepared by the Office of Current Intelligence and coordinated within CIA.

The Iranian social-political structure under the Pahlavi dynasty today is in broad outline much as it developed during the Qajar dynasty (1792-1925) that preceded it. In the 50 years of the Pahlavis, secularization of government and massive Western influence have modified, but not yet transformed, Iranian society. Current trends, however, suggest that the pace of change may speed up sharply.

The Traditional Iranian System

We have decided that a National Consultative Assembly shall be formed and constituted in Tehran with deputies to be elected by the following classes of people: The Princes, the clergy, the Qajar family, nobles and notables, landowners, merchants and tradesmen (Proclamation of

Mozaffar ed-Din Shah establishing the first national assembly, 5 August 1906)

Iran has had from the earliest times a clearly defined class structure, explicitly recognized by all participants. The major class categories have occupied almost the same relative positions through the centuries; first, the ruling family; then tribal leaders and warriors, bureaucrats, religious leaders, businessmen; and finally the peasants and laborers. Even major historical events have had little effect on this structure. Thus, when the Arabs conquered Iran in the 6th century AD and imposed Islam, the Persian ruling class quickly went over to the Arabs, converted to Islam, and preserved their own position and social structure. In the process, however, they put a unique Persian stamp on the governmental institutions that evolved from the Arab conquest. New Moslem religious leaders, for example, fitted neatly into the slots vacated by the Zoroastrian priestly class, and the masses became Islamized without serious resistance. Again, when the Qajar dynasty was dethroned by Reza Shah in 1925, most of the nobles and notables went over to the Pahlavi dynasty, thus preserving their wealth and status, although in this case sharing power with new faces brought in by Reza Shah.

This adaptability of the elite has helped today's Shah in his efforts to reshape and modernize Iran, but ensuing changes have fostered a new class of professional bureaucratic intelligentsia that the traditional system may not be able to absorb. Moreover, the Shah's unprecedented attention to the lowest classes, if it results in giving them real political power, would over a longer term drastically alter a stable, centuries-old system.

In point of fact, however, and despite the apparent permanence of the classes, upward social mobility has always been possible in Iran and is becoming increasingly so. Each class possesses to some extent a checking influence that can be brought to bear upon other groups and classes. Lower and lower-middle class individuals have occasionally been able to move into the political elite to become prime ministers, even shahs, as typified by Reza Shah who came from a peasant family. Gardeners, water carriers, stable boys, and cobblers have sometimes climbed to positions of power. Channels for this upward mobility have been few and scattered, but there are enough examples to provide credibility.

Normally, entry into the ruling class has been controlled by the political elite themselves through sponsorship of selected individuals. Wealth, at least until recently, has usually been a necessity, and land ownership has in the past been the major source of wealth. Nonetheless, the ever-

present possibility of advancement has served to deflect demands for structural changes and has helped maintain the system by allowing an occasional success story. By this means, the Shah today obtains the technical skills and modern expertise he needs to carry on his reform program. Whether the new arrivals in the elite will become part of the traditional establishment or become the nucleus of reformers capable of altering the status quo remains an open question.

Two key elements in the functioning of the Iranian political system are the *dowreh*, or circle of associates, and family connections. Informal contacts thus provide the real motion in Iranian political life. These contacts and connections often are made by virtue of membership in one or more *dowrehs*. These meet periodically to promote mutual interests, and while the basic reason for the formation of a *dowreh* may be professional, family, religious, or intellectual, the circle's most important function is the building of a network of personal ties to assist the members in their political and economic endeavors. If, for example, one member is appointed to a ministerial position, other members of the *dowreh* can expect to move forward politically. Most active politicians belong to several *dowrehs*. Moreover, the *dowrehs* frequently cut across class lines, thus serving to relieve inter-class pressures and animosities. In this function, the *dowreh* also serves as a mechanism for the non-elite to move into the elite status.

One of the oldest *dowrehs*, the "French-doctorate group," met weekly for 25 years. In one three-year period its 11 members included a prime minister, three cabinet ministers, two senators, three ambassadors, the director of the National Oil Company, and the president of the Tehran Chamber of Commerce. Another prominent *dowreh*, in this case a poker club, includes General Fardust, deputy chief of SAVAK; General Khatami, chief of the air force, and Taqi Alavi-Kia, brother of a retired SAVAK general, who is a builder with lucrative contracts for air force housing. This *dowreh* has direct contact with the Shah through Fardust and Khatami, and with Princess ASHRAF-the Shah's twin sister-through Fardust. Alavi-Kia provides a channel to the business and commercial worlds through his own contacts and those of his brother, who is engaged in the agro-business industry.

Along with the *dowrehs*, family relationships retain major importance. Below the monarchy, Iranian society is dominated by a relatively small group of elite families, which wield power and influence not only in politics but also in business, commerce, and the professions. Members of these families move from government to political jobs to private pursuits

and back again with facility, and indeed their political influence may be nearly as great when they are in private life as in public office.

The principal criterion for membership in the elite in Qajar times was wealth to buy land, office, and political power. At the end of the 19th century the principal offices, whether for local tax collector or cabinet minister were, in effect, auctioned off at the annual New Year's ceremony. Low birth or social status was no obstacle to high position. In actual practice, most of the peasant population was cut off from the means of attaining wealth and hence political power. Once obtained, however, either by personal ability or, more likely, by sponsorship of an already influential person, social acceptance and political power followed almost automatically.

Although new faces often did enter the elite, as time passed much of the political power tended to be passed around within the same group of families. The change of dynasty in 1925 produced a new crop of elite personalities, but these quickly became indistinguishable from the bulk of the influentials who easily transferred their allegiance from the Qajars to the Pahlavis.

The core of the elite establishment is perhaps 12 families. An additional 30 families cluster around the core and some 150 more are influential. Perhaps 20 percent of the families, including most of the top 40, were prominent under the Qajars. The immediate family of the Qajars lived in political obscurity under Reza Shah, although maintaining a sort of shadow court among themselves, and a few served the Pahlavis in minor capacities.

The Monarchy

"The Shah is confused, frustrated, suspicious, proud, and stubborn, a young man who lives in the shadow of his father. His fears, questionings, and indecisiveness are permanent instabilities of character. Yet, he has great personal courage, many Western ideals, and a sincere, though often wavering, desire to raise and preserve his country."

(US Embassy, Tehran 1951)

"He (the Shah) is completely self-assured and is confident that he is leading the country in the right direction. He is also well-informed, and his ability to keep abreast of developments around the world is

remarkable. He has an agile mind, sees the point quickly, and gets right to the heart of the issue."

(US Embassy, Tehran 1970)



Nasr ed-Din Shah Qajar
Ruled 48 years, assassinated

[Photo: Nasr ed-Din Shah Qajar Ruled 48 years, assassinated]



Ahmad Shah Qajar
Ruled 16 years, deposed

[Photo: Ahmad Shah Qajar Ruled 16 years, deposed]



**Reza Shah Pahlavi
Ruled 16 years, exiled**

[Photo: Reza Shah Pahlavi Ruled 16 years, exiled]



**Mohammad Reza Shah Pahlavi
Has so far ruled 32 years – ?**

[Photo: Mohammad Reza Shah Pahlavi has so far ruled 32 years—?]

The monarchy, as the apex of the social-political pyramid, has been a constant feature of Iranian life and has been a major factor in maintaining a national identity. Individual monarchs, however, have been treated with less respect than the institution. From 1795, when the first of the Qajar Shahs took power, to the present time, only two out of nine shahs died in office of natural causes. Four were deposed, two

assassinated, and there was one complete change of dynasty. Two attempts have been made to assassinate the present Shah.

This great potential power of the shah's office has frequently been watered down by personal weaknesses that left real authority to courtiers, by poor communication and the long distances between the capital and the provinces that have allowed provincial governors virtual autonomy and, until recently, by lack of regular military forces under the control of the central government. Between 1921 and 1941, Reza Shah began to bring provincial administration under central control. The present Shah has continued this process; today he is the major locus of power in Iran and probably possesses more effective power over more of the country than any ruler has for a millennium.

The Shah's father, General Reza Khan, was proclaimed Shah by parliament in 1925. He gained the throne at a time of national confusion and on the strength of his military exploits. Although barely literate, his forceful character and ruthless drive made him feared by all, hated by some, and loved by few.

Mohammad Reza Pahlavi assumed the throne in 1941-at the age of 22-when his father was forced to abdicate after the Russian-British invasion of Iran. He immediately faced problems that would have taxed even a more experienced leader-foreign occupation, with the Russians apparently determined to annex permanently most of northern Iran, a depressed economy, and runaway inflation. Politicians, released after 20 years from Reza Shah's iron control, again began maneuvering for personal advantage and position. The qualities that had made Reza Shah great were not all transmitted to his son. One observer remarked that Mohammad Reza's eldest sister, Shams, inherited Reza Shah's common sense; Ali, the younger brother, now dead, his brute physical strength; and ASHRAF, Mohammad Reza's twin sister, his merciless determination; while Mohammad Reza inherited his father's dream of national progress. In his early days as Shah, Mohammad Reza was not esteemed by his own family. The Queen Mother appeared to hold her eldest son in contempt. She was frequently reported to be intriguing against him and promoting Ali as a more worthy successor, and on one occasion she remarked that it was a pity ASHRAF was not the Shah.

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The Shah's Parents

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[Photo: The Shah's Parents]

The present Shah grew up in isolation from the Iranian political scene. Reza Shah's autocratic style gave his Crown Prince little chance to develop any independent following, and he had virtually no direct contact with government operations. In addition, Mohammad Reza's four years of schooling in Switzerland provided an exposure to Western concepts of democracy quite alien to his father's methods. The Shah also saw that his father, with all his power, could be overthrown with hardly a hand raised in his behalf. Even the army on which Reza Shah had built his reputation failed to make more than a token resistance. Finally, the Shah was sensitive to the corruption that had overtaken Reza Shah in the latter years of his rule.

Another factor probably played a role in Mohammed Reza's personal and political development- circumstances of the birth of his heir. First married in 1939, it was 21 years and two marriages later before a Crown Prince, another Reza, was born. A first marriage to Fawzieh, King Farouk's sister, was primarily a political move. The only issue of this marriage, which ended in divorce after 11 years, was a daughter. In 1950 the Shah married Soraya Esfandiari, who produced no children and was divorced in 1959. His marriage in 1959 to Farah Diba, a Parisian-educated member of an old but somewhat impecunious family, was followed at last by the birth of two sons as well as two daughters. The rapidity with which the Shah pushed his reform program after 1960 probably had some relationship to the fact that he felt he had assured the continuation of the Pahlavi dynasty.

In the first decade of his rule, the Shah's influence was basically negative. He could veto an action or policy of his government, but his ability to initiate policies was limited by political opposition and bureaucratic lethargy. In addition, in this period the Shah remained isolated from real politics, surrounded by a coterie of often venal court sycophants and generally diverted by fun and games. In private conversations with foreign representatives, however, the Shah frequently appeared to be trying to define his role. When in the course of a conversation with the US ambassador, the latter expressed the opinion that the Shah should remain aloof from politics and become a symbol of unity, the Shah commented wryly, "My sister ASHRAF asked me yesterday whether I was a man or a mouse," and then added seriously "Do you mean that I should stay in my palace at Saadabad, selfishly enjoy my pleasant gardens, dogs, and horses, and do nothing about the tragic situation of my country?"

There is some indication that on occasion the Shah at least condoned forceful action. In 1956, the then minister of court in a conversation with a US Embassy officer "clearly implied" that former prime minister Razmara had been murdered "with the full knowledge of the Shah, if not on his direct Order." The minister of court also stated that he had acted as intermediary between "the court" and the murderers of Mossadeq's police chief, General Afshartus. In general, however, the Shah continued in a passive position, apparently attempting the role of a constitutional monarch, reigning but not ruling.

The watershed in the Shah's development toward his present style of rule was the premiership of Mohammad Mossadeq 1951 to 1953. Mossadeq, an aged and inveterate oppositionist, had retired from politics in the late 1920s but returned to political life after the abdication of Reza Shah. Resuming a long-standing feud with the Pahlavis-both Mossadeq and his wife had close family connections with the deposed Qajar dynasty-Mossadeq soon found a popular issue in his opposition to British control of the Iranian oil industry and was able to win the support of nationalists, Communists, intelligentsia, and religious leaders. When it became apparent that Mossadeq, using the oil issue, was determined to reduce the monarchy to a figurehead, the Shah finally took a stand. Even so, he was certainly pushed by other members of the royal family and the court- notably his sister ASHRAF and his mother-who feared loss of their own positions and power.

The ensuing confrontation, with important army elements supporting the monarch, resulted in a clear-cut victory for the Shah. From this point on, he became increasingly assertive, and in the last decade he has become the final authority in determining both domestic and foreign policy, in initiating programs, and in making key appointments. His domestic opposition has been silenced, by imprisoning or neutralizing some and coopting others. Today, the government of Iran is the Shah.

The Pahlavi Ideology

"The Monarchy ensures the stability of the country. None of the Parties can head the country toward destruction because their activities take place within the monarchy. By uttering the magic word 'Shah' everything can be brought under control." (Comment by the Shah in an interview for Jeune Afrique 7 July 1971)

The Shah sees himself in the role of a latter-day Cyrus the Great who will restore to Iran at least a portion of its old glory as a power to be

reckoned with in its own part of the world. His coronation in 1966, 25 years after he assumed the throne, and the grandiose celebration of the 2,500th anniversary of the founding of the Monarchy were the Shah's way of publicly affirming his belief in the validity of royal rule. Although he frequently insists on the possibility of a true constitutional monarchy in Iran, his actions suggest that he does not foresee it in his time. A non-charismatic leader, he has taken on many of the trappings of totalitarianism; scarcely a town of any size does not have its Avenue Pahlavi and it is a mean city, indeed, that does not have a traffic circle dominated by a statue of the Shah or his father. Massive rallies are held, complete with giant portraits of the Shah and banners bearing quotations by him, and no politician ventures a suggestion without carefully pointing out that it fits within the framework approved by the Shah. In fairness, it is to be noted that Iranian monarchs have always surrounded themselves with symbols of their power and the bulk of the population expects them to.

The Shah is the master of what has been called the "Pahlavism":

"I consider it vitally important for citizens of this or any other country to enjoy every sort of constitutional liberty except one—the liberty to betray the country."

"It is now the duty of all men and women with equal rights and in complete freedom, to exercise their legal and national rights and to send to the houses of parliament their true representatives. "

"The guiding philosophy behind our revolution is the principle of individual and social freedom as well as the freedom and independence of Iran." While the more sophisticated foreign or local observer may scoff, on the whole such declarations are accepted in Iran as meaningful statements of intent.

The Shah's major preoccupations are Iran's military position in the area, social reform to provide his country with a trained and loyal citizenry, and economic development to support both programs. Although in theory he favors responsible political activity, he has made it clear on more than one occasion that this has a low priority.

The Shah's views on opposition were stated succinctly in an interview he gave last August: "We like opposition. We want opposition. We are encouraging opposition. We have parties like the Mardon in the opposition, but their difficulty is that there is nothing much for them to

oppose. the plain fact is that all that our people had been clamoring for through the ages has been granted them under the 12-point Program of the Revolution."

The Shah approves party candidates for parliament before they are permitted to stand for election. In some cases he may specify who will win. By this means he is not only assured of a parliament that will be responsive to his programs, but he can provide wider participation of some groups, e.g., women who would otherwise not be elected.

The Shah takes a hard line in negotiations with outsiders, although he is amenable to compromise to reach an agreement that favors Iran. The periodic negotiations with the oil consortium are the best examples of this. Starting with extreme demands, coupled with hints of what could happen to consortium interests, a firm position is held until the last minute possible when a quick Iranian concession leads to a settlement. Iran ends up with a healthy increase in oil revenues and the oil companies are usually relieved to have gotten off with less than Iran's maximum demands.

Short of assassination or a sudden illness, the Shah will probably continue his present style of ruling for perhaps as much as two decades. The Crown Prince will not reach his majority for another ten years, and while some responsibilities may be delegated to him as he grows older, the Shah will remain the overshadowing personality as was his own father.

The Court

The court was considered at one time to be the center of licentiousness and depravity, of corruption and influence peddling, but the Shah has in recent years tightened his control, and the court's role has diminished. For example, the Queen Mother—once an inveterate intriguer—is seldom heard from, and the Shah's half-brothers, reported in the past to be potential contenders for the throne, now appear in public only to open sports events, present trophies, or officiate at ceremonies too inconsequential for the Shah's personal attention.

Access to court personalities is still considered important, however, to ensure success in business and political activities. The Shah, on his side, relies on some ten people to provide him direct access to major interest groups. These advisers include Queen Farah; Princess ASHRAF; Manuchehr Eqbal, chairman of the National Iranian Oil Company;

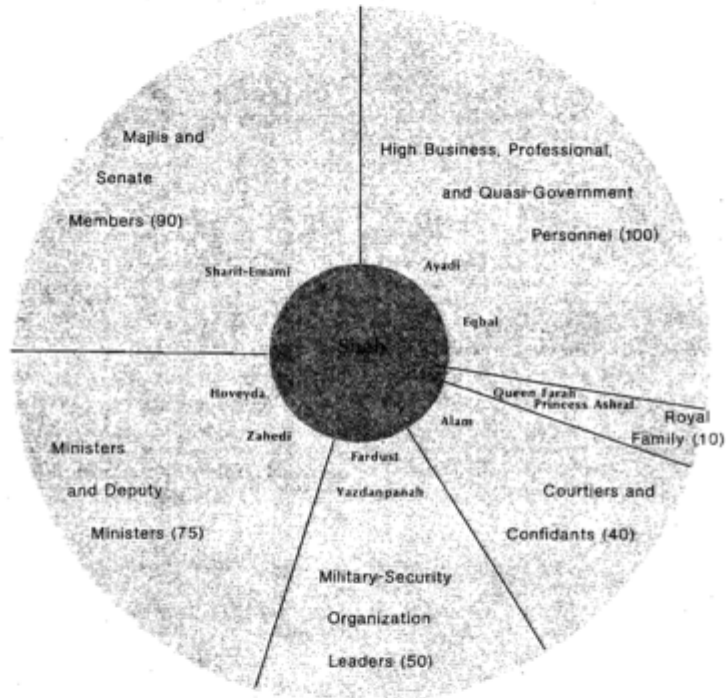
General Ayadi, the Shah's personal physician; Sharif-Emami, a senator and old-time politician; Prime Minister Hoveyda; Ardeshir Zahedi, former foreign minister; Generals Fardust and Yazdanpanah; and Minister of Court ALAM. They do not work as a team; several, in fact, are rivals, a situation that the Shah probably encourages.

[Chart: The Political Elite of Iran, 1972 The Shah's 10 closest advisers and the elite groups with whom they provide contact.]

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The Political Elite of Iran, 1972

The Shah's 10 closest advisers and the elite groups with whom they provide contact.



Note: The numbers in parentheses refer to the estimated membership in each group.

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Note: The numbers in parentheses refer to the estimated membership in each group.

Queen Farah has been by all accounts an influence for good, and, of all the court personalities, she probably has the most influence on the Shah. She is intelligent and cosmopolitan in outlook and appears to take her position seriously. She has been active and effective in promoting social issues and, unlike many others connected with the court, she has never been touched by scandal.

Princess ASHRAF, the Shah's twin sister, was for years the central figure in nearly all the scandal connected with the court. Her intervention on behalf of her paramours was notorious, and it was widely rumored that she herself was involved in drug-smuggling. She has become more discreet, however, and is even undertaking semi-diplomatic missions for her brother. Ashraf has also energetically promoted women's rights, both in the UN and at home, and has participated in other social causes. Despite her improving image, however, she retains many of her old characteristics. ASHRAF's representations on behalf of contractors or consultants are still decisive in the award of government contracts, although she apparently no longer gets a kickback for this service.

Over the years ASHRAF has helped several men up the bureaucratic ladder. The current favorite of the 52-year-old Princess appears to be 36-year-old Parviz Raji, assistant to Prime Minister Hoveyda. Raji, who has family connections with two of the core families, is rated as one of the more promising young men in the government. Educated at Oxford and with considerable experience in the Ministry of Foreign Affairs, he has been given the personal rank of ambassador. This kind of relationship probably has mutual advantages, aside from the purely personal. It gives ASHRAF a valuable pipeline into the Prime Minister's office, while Raji is assured of a powerful influence in his subsequent career, providing they part amicably. ASHRAF's enmity can also be powerful. A feud between ASHRAF and former foreign minister Ardeshir Zahedi was at least partly responsible for Zahedi's removal from office in 1971.

Generals Morteza Yazdanpanah and Hossein Fardust owe their positions to long-standing friendship with the Shah. General Yazdanpanah was a friend of Reza Shah before the latter took the throne in 1925, serving him faithfully in a variety of military and cabinet posts, although he later fell from favor. He was the present Shah's military tutor and has maintained a close relationship for 40 years.

Major General Hossein Fardust is a contemporary and was a childhood friend of the Shah. He first met the Crown Prince in elementary school

and accompanied him to school in Switzerland and military college in Iran.



The Shah (foreground) and Major General Hossein Fardust (r): Childhood Friends

[Photo: The shah (foreground) and Major General Hossein Fardust (r): Childhood Friends]

Except for a brief period, Fardust has always held important positions and had great authority even though his military promotions have been at a near normal rate. Fardust has been chief of the Shah's Special Intelligence Group and deputy chief of the National Intelligence and Security Organization. He is quiet, unassuming, and meticulous in carrying out his duties. Fardust is well off financially but is considered personally honest. In his own words, "whatever I have, I have through the grace of the Palace."

Jaafar Sharif-Emami, 62-year-old president of the Senate, is another veteran government official and politician, with some reputation for venality. He was a long-time civil servant in the railway administration, at one time a key element in Reza Shah's modernization, and has held a

variety of subcabinet and cabinet-level jobs. Sharif-Emami is generally considered responsible for leading the Soviets in 1958 to believe that Iran would be receptive to a non-aggression pact. It is possible that he was acting at the Shah's behest in an effort to persuade the US to increase economic and military aid. At any rate, although the Shah was said to have been embarrassed by the unexpected arrival of a high-level Soviet delegation prepared to negotiate a pact, the incident did not hurt Sharif-Emami's career; he was subsequently chosen by the Shah to be prime minister.

Ardeshir Zahedi, a former foreign minister, owes his present influence to his personal devotion to the Shah, although he comes from an old provincial land-holding family. He is the son of an army general, who helped the Shah oust Mossadeq in 1953, and was married for several years to the Shah's oldest daughter Shahnez; he held no responsible government posts until his marriage. He showed no outstanding ability in any post but apparently responded well to the Shah's directions. ZAHEDI was probably removed as foreign minister for several reasons—one of them, allegedly, his failure to turn out more heads of state for the 2,500 anniversary celebration at Persepolis. He still appears to enjoy the personal confidence of the Shah, however, and will probably retain his position close to the Monarch. Eventually, he likely will be appointed again to some official position, perhaps to the Senate.

Prime Minister Amir Abbas Hoveyda earns his role as a close adviser to the Shah by virtue of his office. However, not all prime ministers have had the confidence of the Shah, and Hoveyda has successfully transformed his official position into one of influence. Hoveyda, nonetheless, has made it clear that he acts only by the authority of and under the direction of the Shah.

Dr. Abdol Karim Ayadi, the Shah's personal physician; appears to be the major channel through which the Shah dabbles in commercial business. His close association with the Shah seems to date from a term as chief medical officer of the Imperial Guard Division; he does not come from an elite family. Described as a "financial wizard," Ayadi has been reported as fronting for the Shah in the Southern Iran Fishing Company, an enterprise described by knowledgeable observers as a mass of inefficiency and corruption whose board of directors is filled with retired generals.

Dr. Manuchehr Eqbal, a physician, is from one of the top 40 families that traditionally has been powerful in the province of Khorassan. He was a protege of Ahmad Qavam, the most powerful politician of the late 1940s,

who apparently became acquainted with the Eqbal family in the early 1920s when Qavam was governor-general of Khorassan. Eqbal has been prime minister, minister of court, and has held at least six different cabinet posts. He has been a parliamentary deputy, a senator, an ambassador, a civil adjutant to the Shah, and chancellor of the University of Tehran. He is at present chairman of the board of the National Iranian Oil Company. Eqbal is a competent administrator but has been described as a "consummate demagogue." When he became prime minister in 1957, he disappointed many of his supporters by being a complete yes-man for the Shah. From a personal point of view, however, this was a wise decision; his subsequent career has been notably successful.

The most prestigious post in this charmed circle is that of minister of court, who serves as director of the Shah's executive office. Typically, he is an "elder statesman" type, from an established family, and with long experience in government. More important, he must have the complete confidence of the Shah, who may use him for unofficial or unattributable activities. The incumbent, Amir Assadollah Alam, at 53 is one of the youngest to have served in this post. The ALAM family was once the biggest landlord in the country and is one of the dozen most important families. ALAM's father and Reza Shah were friends, and Assadollah and the Shah have been close since boyhood. ALAM has served the Shah effectively in a wide variety of important posts and once was prime minister.

The Politicians

"I consider the Shah more wise and more discerning and more knowledgeable in the details of affairs than all other beings. The alteration, transfer, adaptation, and ordering of affairs and officials has always been reserved to His Majesty alone and is still reserved to the dictates of the Exalted Will. If you find the present situation good, keep things as they are. If you find it bad, change them." (The reply of Nasr de-Din, Shah's minister of finance, to a request from the Shah that the cabinet try to bring order out of the bureaucratic chaos in 1881.)

In Iran, about 300 persons hold or have held in the immediate past significant political power; most of these come from the top families or have close connections with them. The extent to which political power has become concentrated in a few hands is illustrated by the fact that from the Constitutional Revolution in 1906 to the present, there have been 120 different cabinets but only 39 prime ministers. Two men each

were appointed prime minister 11 different times. Cabinet posts were similarly concentrated. In one decade, some 400 cabinet posts were filled by only 144 persons. In the last 20 years, nine men have served as prime minister, all these born or married into one of the top 40 families.

Prime Minister Hoveyda is a good example of a politician whose family per se did not entitle him to high-level office but whose contacts enabled him to go to the top of the executive ladder. Hoveyda, born in 1919, is the son of a former ambassador. He was educated in Damascus and Beirut, where his father was posted, and later at the London School of Economics and the University of Brussels. He entered the diplomatic service in 1944 and was stationed in Germany. There he served with Hassan Ali Mansur, a member of one of the top 40 families, and with Abdollah Entezam, a member of a prominent Qajar family who later became an influential politician.

Throughout his subsequent career, Hoveyda maintained close relations with both men. In 1958 he became special assistant to Entezam, at that time chairman of the National Iranian Oil Company. Two years later Hoveyda was appointed to the Board of Directors. When his old friend Hassan Ali Mansur formed a political party at the Shah's behest, Hoveyda joined the party, and when Mansur became prime minister in 1964 he personally picked Hoveyda as minister of finance. Hoveyda and Mansur married sisters, daughters of a prominent Tehran financier from a traditionally important family in Azerbaijan. The net of family influence thus spread: the sisters are also related to a former Qajar prime minister, and through him to the Qavam family, of which Ahmad Qavam, 11 times prime minister, was the most prominent. After Mansur's assassination in 1965, the Shah chose Hoveyda as his successor.

Cabinet members belong to the political elite by definition. However, the make-up of the cabinet has changed markedly in recent years. The traditional cabinet represented a balance of political forces as well as judicious juggling of the limited number of qualified people available; a cabinet therefore might contain two or three men who had already served as prime minister and many who had been in other cabinet posts or important government jobs. When the Shah assumed undisputed control of the cabinet, he favored a "technocrat" type of cabinet minister—a person with specialized experience, education, and ability and, more importantly, with no independent political ambitions.

The present cabinet reflects this shift. The average age is 48, the youngest being 41 and the oldest 58. Nineteen of the 23 ministers were

educated abroad, nine in the US, six in France, two each in Belgium and the UK, and one in Pakistan. Only four were educated exclusively in Iran. Eight ministers were trained as engineers and four in law. The cabinet has three representatives of establishment families: Abbas Ali Khalatbari, Minister of Foreign Affairs; Minister of State Hadi Hedayati; and Manuchehr Kalali, also minister of state. In contrast, the 20-man cabinet of mid-1964 had nine members of establishment families.

Parliament

Since its first meeting in 1906, parliament has been an arena for the exercise of influence that often has opposed the monarchy. From the outset, the members drew together to protect their own positions, initially against the excesses of a reactionary and corrupt court and in later years by alternately offering their services to the Shah or obstructing his programs. The present Shah as well as his father found it necessary to bring parliament under tight control when the members wished to force through their own measures.

The 40 major families have always been represented in parliament. From 1906 to 1967, 400 out of some 3,000 seats in the Majlis (lower house) were held by members of these families. Many of the other seats were held by other members of elite families, mostly provincially based, or by their hangers-on. In the Senate, the nationally prominent families were even more heavily represented.

Moreover, Parliament was landlord-dominated from the beginning. In the first 20 sessions (1906-63), 52 percent of the deputies were landlords. Even in the 21st session (1963-67)-after major reforms-35 percent were landlords. This situation made it impossible to get any effective land reform legislation passed until the oppositionist spirit of parliament had been drastically curbed.

The Shah took advantage of widespread charges of rigging in the 1961 elections to dissolve the senate and the house. Although the constitution required that new elections be held within a month, it was more than two years before they were actually held. In the interim the Shah, by royal decree, had put in effect his own land reform program and had begun actual distribution of land. He had also managed a popular referendum on his reform program.

After land reform was enforced, parliaments have had a different look, and the Shah, through his political parties, has carefully chosen the

deputies to be elected, and no deputy is now identified as a landlord or a representative of landlord interests, although a large number of provincial constituencies are represented by the same people as pre-reform parliaments. It appears that the Shah's major criterion for his deputies is that they not overtly oppose his reform program. That they personally belong to the traditional power structure is irrelevant.

As an example, in eastern Iran, an area as large as Austria, the family of Court Minister Assadollah Alam has been dominant for nearly two centuries, and the same four constituencies have always been controlled by the family. One has been represented since 1957 by a cousin and brother-in-law of Assadollah; before then another cousin of Assadollah held the seat. A second has been represented by an ALAM protege for at least 12 years, while the third seat is held by a long-time protege, a Baluchi tribal chief; and the fourth is held by another cousin of Assadollah. Still another constituency in the area is represented by a member of a prominent family who is a cousin of Assadollah and a brother-in-law of a present deputy from the area.

One innovation of the Shah's has been to see to it that women are elected to the Majlis. However, in view of the fact that female higher education has, until recent years, been confined to the wealthier families, it is not surprising that the women deputies come from this class. One of them, Mehrangiz Dowlatshahi, from Kermanshah in western Iran, descends from the Qajars and belongs to a major landowning family. Since at least 1947, the Dowlatshahis-male and female-have been the Shah's choice for one of the seats from Kermanshah.

Despite the persistence of family influence, the base for political power is changing in parliament and the influential deputies clearly intend to make the most of the change. Some of the new faces who are not well connected may be in the process of building their personal power, a prerequisite for eventual elite status. A considerable number have served two or three terms in the post-reform parliament. If they use their position to improve their finances and do favors for the right people, they may well be on their way up. In addition, some may be able to build a reputation in their home constituencies and thus improve their chances of being chosen for election in the future. Another change is the increase in the well-educated group. In the 1906 parliament, 54 percent of the deputies had a traditional religious-based education. The remainder had a secular education: 23 percent had gone through grammar school, four percent held doctorates, and 19 percent had varying degrees of secondary education. In the 20th Majlis (1963-67), the

last period for which such information is available, 89 percent of the deputies were educated in the secular system; 28 percent of these held doctorates. With the Shah's emphasis on younger, better-trained deputies, this proportion has probably since increased.

The Military

The highest-ranking military officers show many of the hallmarks of the elite. In a sample of 37 general officers, more than 60 percent were born in Tehran, i.e., close to the court, and 30 percent bear elite names; others are found to have married into elite families. Most generals speak both French and English and have had military training in the US, France, or the UK. There appears to be less tendency now for sons to follow their fathers into the military service, probably because non-military careers are now more easily available and are alternate routes to influence.



"The Shah Reviews his Officers"

[Photo: "The Shah Reviews his Officers"]

A military career is, however, an opportunity for a lower- or middle-class man to raise his status. Attendance at a free military high school and the military academy is one channel. A number of general officers have followed this route, although at the time today's generals were in

secondary school-the early and middle 1930s-the military high school was a typical choice for members of the elite as well as for lower-level individuals considering a military career. In the future, officers coming up through the military high school are more likely to be from the middle and lower classes. A civilian high school graduate can be admitted directly to the military academy, but the expenses of a civilian high school education suggest that the free military high school may be increasingly attractive to the low income groups. Whether many of these will attain high rank without other requirements of the traditional elite-patronage, wealth, and proper marriage-is still a question.

An outstanding example of a traditional military family is the Jahanbanis. General Amanollah Jahanbani, now retired, was born about 1890. He is the great grandson of Fath Ali Shah, who died in 1834. The Jahanbanis are thus related to the Farmanfarmayan-one of the very top families, which also derives from Fath Ali Shah. Amanollah's father was a governor-general of Azerbaijan and was killed by Russian occupation troops there in the early 1900s. Apparently as compensation, Amanollah was appointed to the Nicolayevski Cadet Corps at St. Petersburg in 1907. After graduation, he attended a Russian artillery school and the War Academy. He returned to Iran imbued with Russian ideas, remained close to the Russians even after the Bolshevik revolution, and has been a prominent member of the Iran-Soviet cultural society. Although he was aide-de-camp to Ahmad Shah, Jahanbani supported Reza Shah's coup against his Qajar cousin in 1921 and rose rapidly in the military hierarchy. One of Jahanbani's marriages-to a daughter of Mozaffar ed-Din Shah (1853-1907) also linked him with the fabulous Farmanfarmayans. (He also has two other wives, one of whom is a Russian; in 1947 she was reported as a channel used to pay Soviet agents.)

Of Amanollah's 11 or so children, three sons are generals. One is deputy commander of the Air Training Center, another is commander of the Armored Center, and the third is commander of an armored brigade. A fourth son is a high-ranking official in the Ministry of Foreign Affairs, while one of his nieces has married a half-brother of the Shah. And so the influential network is elaborated in another generation.

Air Force Chief Mohammad Khatami, the military man with perhaps the most influence on the Shah, provides a good illustration of other routes to elite status. Khatami, unlike the majority of general officers, was a provincial-from Resht on the Caspian. His father owned a tea house, a humble enough occupation but one which could produce a modest

degree of wealth. The father apparently began to deal in real estate-land speculation in Iran has long been a way to quick wealth-and was able to send his son to the American High School in Tehran. Entrance was probably facilitated by the fact that Mohammad's mother was a relative of the Iman Jomeh, a prestigious religious figure in Tehran who is related to Nasr ed-Din Shah Qajar (assassinated in 1896). Khatami attended the military high school and the air force branch of the military college; he was commissioned in 1941. After training in the UK he became the Shah's personal pilot, a duty which he apparently continued as he moved into command jobs in the air force. He piloted the plane in which the Shah fled from Iran in August 1953 as a result of his dispute with Mossadeq. Khatami was promoted over contemporaries and some senior officers to commander of the air force in 1958 holding this post longer than any other force commander.

Khatami began to build a family network by marrying about 1950 a cousin who was also related to the Iman Jomeh. This wife was killed accidentally in 1957 during a firing demonstration, but two years later Khatami married the Shah's half-sister, Princess Fatimeh. He has prospered greatly since. He is now chairman of the board of the Iranian National Airlines, chief of the council of the Civil Aviation Department, and reputedly co-owner of a construction company which has obtained lucrative government contracts. He is a member of the poker-playing dowreh that includes General Fardust and a prominent contractor who may front for him in construction deals.

The Religious Leaders

Religion and religious leaders have played important political roles in Iran from the earliest times. In the pre-Islamic era the Magi, a priestly class, had charge of all justice. Justice, morality, and religion were in fact inseparably connected. Doctrinally, it was held that the top ranking clergy had the authority to judge a king accused of criminal acts and that the head of the church had the right to choose the successor to the throne from a list of close male relatives of a deceased monarch. While the Moslem conquest of Iran changed religious practices, basic relations between government and religion remained much the same.

The Shiah* clergy-the ulama-play an important, but probably declining, political role. Before World War I, the ulama collectively formed the most self-conscious center of power outside the government. With the spread of secular education and under direct and indirect assaults from the government, the clergy have lost much of their political power.

Nevertheless, they maintain significant influence among the masses and have a demonstrated capacity for troublemaking. Ever since Shiah Islam was established as the state religion in the 16th century, the ulama have continuously opposed each succeeding monarch. Their opposition has a theological basis, for in essence Shiah Islam considers all temporal rulers as illegitimate and asserts that legitimate guidance in human affairs can come only from the mojtaheds, the religious leaders. The mojtaheds are the representatives on earth of the Imam-God's spokesman-who is the sole source of authority. Each Shiah is required to follow the teachings of a mojtahed. Applying this doctrine to the Shah and other governmental officials, the clergy's view is that the state should ultimately be no more than their executive arm.

Other factors have served to strengthen the clergy's hand. The central Shiah leadership has always been in Iraq and thus beyond the immediate reach of the government in Tehran; the clergy has had control of large sums of money, derived from a religious tithe that is not subject to government control; and until recent times, the clergy had almost exclusive control of law courts and education. The clergy, itself fiercely xenophobic, has also been prominently identified with popular anti-foreign causes. The mojtaheds have been held in high regard by most Iranians, if not the most influential, and have developed close ties with the guilds and bazaar merchants, groups that have also felt themselves to be victims of the political elite.'

The ulama reached the peak of their influence in the 19th and early 20th century. They were instrumental in persuading the shah to launch the second Russo-Turkish war in 1827, and in 1872 they forced Nasr ed-Din Shah to cancel a concession to the British and dismiss the reform-minded prime minister who negotiated it. Late in the century they led a successful mass movement against another British concession, and in 1906 they formed an unlikely coalition with political radicals to force a constitution on a reluctant shah. More recently, religious leaders were prominent in agitation against the Anglo-Iranian Oil Company in 1951-53, and they have been constant and virulent critics of the Shah's reform programs on the grounds that such reforms violated religious principles.

Detailed information on the clergy is not available. There are perhaps 100,000 clergymen ranging from the mullah, the lowest clerical post, to the mojtahed. There are, in addition, para-religious personnel, such as prayer writers, chanters, and Koran readers. A few years ago, annual income from property controlled by the clergy was estimated at \$30 million, and this was in addition to tithing for which no estimate is

available. One prominent mojtahed is said to distribute about \$200,000 a month to clergymen dependent on him, to support religious students, and to provide food for the poor.

RELIGIOUS LEADERS

RELIGIOUS LEADERS



[Photo: In 1906 Supported Reforms That Decreased Shah's Power]

In 1906 Supported Reforms That Decreased Shah's Power (above)

In 1960 Opposed Reforms That Increased Shah's Power (right)



[Photo: In 1960 Opposed Reforms That Increased Shah's Power]

Probably no more than 10 percent of the clergy who receive government support can be counted as outright supporters of the Shah. They are probably the least influential of the clergy and are considered by many to be no better than government employees. Probably 50 percent are in outright opposition to the government and are wholly dependent on their popular following for support; this includes nearly every religious leader of any stature. The remaining 40 percent qualify as fence-sitters, maintaining a popular following but avoiding overt attacks on the government.

Every monarch has had to come to terms with the religious leaders. Until the Pahlavi period, the clergy generally were able to exert great pressure on government. Reza Shah, in his drive to centralize power and modernize Iran, could brook no opposition and moved directly and forcefully to eliminate the political power of the mojtaheds. Mohammed Reza Shah, of necessity, has followed much the same course.

Unlike his father, however, the present Shah appears to admit at least the latent power of the clergy. He makes a public show of piety and on appropriate occasions visits religious shrines and contributes to religious causes. He even claims divine protection, pointing to the two unsuccessful assassination attempts as proof. Rather than indiscriminate suppression, he has attempted to win to his point of view those religious leaders who he thinks are open to persuasion.

The Shah acts forcefully, however, against those clergymen who openly take a strong position against him. Ayatollah Khomeini, whose arrest touched off serious riots in 1963, was forced into exile in Turkey and later into Iraq. Others have been held under house arrest, and at least one is reported to have died in prison. As in other cases, the Shah holds out the promise of rewards for cooperation together with the near certainty of harsh punishment for opposition. On the whole, the clergy seem to have bent less than other elements of Iranian society.

The Soviet Embassy for several years has been maintaining discreet contacts with various members of the clergy, but the Soviet intention appears to be primarily to gain access to the masses for pro-Soviet, anti-Western propaganda.

Professional Bureaucratic Intelligentsia

The spread of education in Iran is providing the trained manpower the Shah needs to draw up and run his industrialization programs, staff his

bureaucracy, and man his armed forces. Through education many persons of middle- or lower-class origins are moving into positions of power and influence. The system in which they must operate, however, continues to be the traditional one based on family, wealth, influence, ability to maneuver, and tight control by the few.

The major question, which may remain unresolved for as much as a generation, is whether the traditional system will be able to adjust and absorb the professional bureaucratic intelligentsia^{*} into the elite or whether this intelligentsia will force a really revolutionary change in the way Iran has been ruled for centuries.

The present Shah, utilizing the flexibility of the system, has been able to coopt many of today's technocrats and set them to work constructively within the system. By making available to them the rewards of class, status, and power, he has persuaded many that the only alternative to using their skills to benefit their country is protracted and fruitless opposition or permanent exile abroad. The Shah well realizes the strength of this sort of appeal. In a conversation with a foreigner, the Shah-asked if he knew that members of the Literacy Corps were subverting their pupils-replied "Don't worry, we know just who those young men are and will be offering them high-level jobs as appropriate."

The influx of the professional-bureaucratic intelligentsia into the elite and near elite positions has aroused some resentment on the part of the traditional families. One member of a family so old that he considers both the Qajars and the Pahlavis to be upstarts has described many rising army officers as "hamami," bath house attendants, because their social origins are so low.

The two political parties approved and supported by the Shah draw much of their membership from the new intelligentsia. The limited political participation provided by these parties may satisfy to some extent the desire of the intelligentsia for such activity. In general, however, those intelligentsia who work in the system realize that genuine political activity is foreclosed for them, and for many this must reinforce the cynicism which is such a marked feature of all levels of the Iranian elite.

¹ Source: Central Intelligence Agency, OCI Files, Job 79T00832A, Box 9, 46. Secret; No Foreign Dissem. Prepared in the Office of Current Intelligence and coordinated within CIA.

* Shi'ism, a heterodox form of Islam, is the dominant sect and, in effect, the "orthodoxy" of Iran.

* This group is defined as those who have a modern education, are highly skilled in a particular area or field, and are engaged in bureaucratic, i.e., non-entrepreneurial jobs. Until 1900 only a handful of Iranians had received a modern education or studied abroad; these few were absorbed into the system. In 1922 there were 91 students in institutions of higher learning in Iran, in 1953-54 there were nearly 10,000, and in 1970 there were nearly 70,000. Most of the current student group is of middle- or lower-class origin.

181. Intelligence Memorandum ER IM 72-79, Washington, May 1972¹

Washington, May 1972

CENTRAL INTELLIGENCE AGENCY
Directorate of Intelligence
May 1972
INTELLIGENCE MEMORANDUM

RECENT TRENDS IN IRANIAN ARMS PROCUREMENT

Summary and Conclusions

1. The rapid military buildup of the radical Arab States after the 1967 Arab-Israeli War and the British withdrawal of military forces from the Persian Gulf prompted the Shah to undertake a rapid expansion and modernization of Iran's armed forces. He has been particularly anxious to keep pace with the rapidly modernized forces of neighboring Iraq. During the past five years, Tehran has ordered more than \$1.4 billion worth of arms from abroad.
2. Since the mid-1960s, Iran has diversified its sources of arms, and the United States no longer is the sole provider. Iran now meets most of its requirements for naval craft, air defense equipment, and tanks from the United Kingdom, while other Western suppliers provide an assortment of equipment ranging from small arms and antiaircraft guns to helicopters and transport aircraft. The USSR has become an important source of ground forces equipment. The United States, however, still accounts for one-half of Iran's arms purchases. Moreover, Tehran continues to increase its purchases from the United States and to depend on this country for all of its fighter aircraft and most other sophisticated weapons systems.
3. Since January 1967, when the first arms accord with the Soviet Union was concluded, the USSR has emerged as Iran's third largest arms supplier. The Soviet contribution has been confined to artillery, armored personnel carriers, and support equipment. Tehran generally has been satisfied with this equipment and views its payment in natural gas as a way of saving hard currency. The Shah prefers not to purchase sophisticated arms from Moscow because of the dependence it creates for technical assistance, parts, and replacement. He probably will continue to restrict purchases from the USSR to standard ground forces equipment as long as he can continue to procure sophisticated weaponry from the West.

Note: This memorandum was prepared by the Office of Economic Research and coordinated within the Directorate of Intelligence.

4. The Shah's efforts to expand Iran's military capabilities, combined with cutbacks in US military grant aid, have brought Iran's military budget to almost four times its 1966 level. If defense spending continued to expand at the present rate, it could absorb as much as one-fourth of Iran's gross national product by 1975. It is more likely, however, that procurement—while remaining high—will level off before that time, and Tehran should be able to finance the foreign exchange costs of military imports without difficulty from increased oil revenues.

Discussion

Magnitude and Motivations

5. Iran has imported nearly \$1.8 billion of military equipment since the mid-1950s, making it the sixth largest arms recipient in the Third World. The United States has provided 79% and the USSR 13% (see Table 1). Iranian arms purchases during the past five years total some \$1.4 billion, most of which remains to be delivered. Tehran's efforts to obtain arms in the early 1950s were motivated by fears of Soviet aggression and internal security needs. Iran joined the US-sponsored Baghdad Pact (subsequently renamed the Central Treaty Organization—CENTO) through which it received almost all of its arms and training. These arms came from the United States and were provided as grants.

6. Concerned with the cutbacks in US military aid and with the embargo placed on arms deliveries to Pakistan (another CENTO member) after the Indo-Pakistani War of 1965, Iran began in the mid-1960s to diversify its sources of arms, concluding sizable agreements with West European countries and the USSR. The latter reflected the Shah's declining fear of Soviet aggression and the strengthening of diplomatic and economic ties between the two countries. The Shah's primary concern shifted to the arms buildup in Egypt, Iraq, and Syria and NASSER's efforts to expand his influence into the Persian Gulf area.

7. The recent spurt of Iranian arms purchases has been generated by Tehran's effort to upgrade its military forces and fill the vacuum left by the withdrawal of British forces from the Persian Gulf. Although the Egyptian threat has receded, the Shah is concerned with the possible emergence of new radical influences in the area, particularly those supported by Iraq. The Shah regards a modern, well-equipped military establishment as essential to deter hostile Iraqi moves, to further Iranian interests, and to assure Iranian control of the Gulf.

Table 1

Foreign Deliveries of Military Equipment to Iran a/ (Million US \$)

	1955-71	1967-71	1967	1968	1969	1970	1971
Total	17168.6	1069.7	123.7	157.6	233.0	292.6	262.8
Western Countries	1533.6	834.7	98.7	107.6	173.0	242.6	212.8
United States b/	1395.4	706.9	82.0	101.7	160.1	215.1	148.0
United Kingdom	70.1	69.4	13.1	3.5	12.2	5.0	35.6
Italy	43.9	35.5	—	—	—	16.8	18.7
Others	24.2	22.9	3.6	2.4	0.7	5.7	10.5
USSR	235.0	235.0	25.0	50.0	60.0	50.0	50.0

(a) Deliveries are differentiated from arms sales and aid agreements.

(b) Data are by fiscal year.

Arms Procurement from the United States

8. The United States has provided Iran with about \$1.4 billion of arms between 1955 and 1971. () More than \$700 million was exported to Iran during 1967-71. More than one-half of total US arms exports has been furnished as grant aid under the Military Assistance Program (MAP) (see Table 2).

9. US military interest in Iran began during World War II, when it served largely as a distribution center for supplies to the Soviet Union. A US military mission was established in mid-1942 to train the Iranian Army and Gendarmerie, and Iran subsequently received some Lend-Lease aid. Additional aid was provided immediately after the war to help Tehran counter the Soviet-supported separatist movements in the provinces adjacent to the USSR.

Table 2

US Arms Export to Iran, by Program a/ (Million US \$)

Year	Total	Military Assistance Program b/	Excess Stock Sales c/	Foreign Military Sales d/	Commercial Sales
Total	1,395.4	754.4	16.4	569.4	59.7
1955	16.8	15.5	1.3	—	—
1956	24.0	23.7	0.3	—	—
1957	40.5	38.9	1.6	—	—

1958	73.6	73.0	0.6 —	—	
1959	92.9	90.9	2.0 —	—	
1960	91.5	89.1	2.4 —	—	
1961	52.7	49.1	3.4	0.2 —	
1962	34.4	33.3	0.4	0.7 —	
1963	71.0	70.1	0.9 —	—	
1964	29.2	27.3	1.3	0.2	0.4
1965	63.2	49.9	0.3	12.9	0.1
1966	98.7	41.1	0.3	52.2	5.1
1967	82.0	41.1 —		38.9	2.0
1968	101.7	38.7	1.2	56.7	5.1
1969	160.1	50.9 —		99.1	10.1
1970	215.1	15.2	0.4	189.7	9.8
1971	148.0	6.6 —		114.3	27.1

(a) Data are by fiscal year.

(b) Grant aid program and includes some military training.

(c) Covers equipment in excess of US mobilization reserve requirements and is sold for its rehabilitation cost or for its “utility” value—about one-third of the original procurement price.

(d) Consists of US-financed arms sales and US-guaranteed private arms credits.

10. Iran did not begin to receive large-scale US arms aid until it joined the Baghdad Pact in 1955.⁽²⁾ When Iraq withdrew from the alliance in 1959, Iran signed a bilateral defense agreement with the United States and joined with Turkey, Pakistan, and the United Kingdom to form CENTO. As a member of US-backed military alliances, Iran was eligible for MAP

11. Because of Iran’s high rate of economic growth and sizable oil revenues, the US economic aid program was terminated in November 1967, and the MAP program began phasing out. Virtually all military hardware programmed under MAP had been delivered by the end of 1969. The only MAP assistance authorized thereafter was to support the US Military Assistance Advisory Group stationed in Iran and to train Iranian military personnel.

12. Iran began to purchase US arms with Foreign Military Sales (FMS) credits on a regular basis in 1964, when a Memorandum of Understanding was

signed with the United States allowing the procurement of \$200 million of equipment. The Memorandum was amended in 1966 to permit purchases of as much as \$470 million (\$400 million on credit and \$70 million for cash) through 1970. In 1971 the Export-Import Bank extended an additional \$420 million in credits for arms purchases.⁽³⁾ Repayment is being made over seven years at 7.25% interest. In addition, Iran purchased \$27 million of equipment directly from US manufacturers for cash.

13. Iran has received a wide range of US military equipment, but recent contracts have consisted largely of sophisticated military hardware, including 73 F-4 supersonic jet fighters and 30 C-130 transports (see Table 3). Most equipment purchased in 1971 is scheduled to arrive in Iran during 1972-74. Iranian purchases in 1972 are expected to exceed \$200 million and may include more than 140 F-5 jet fighters, self-propelled howitzers, and the TOW anti-tank missile system. Thus, despite the decline in the US share of the Iranian arms market from nearly 100% prior to 1966 to 56% of total deliveries in 1971, Tehran continues to increase its purchases from the United States and to depend on them for most of its sophisticated weapons systems.

British Arms Sales

14. Iran's arms purchases from the United Kingdom, which began early in 1966, have totaled \$570 million (see Table 4). Deliveries have been small thus far—about \$70 million by the end of 1971—but Iran will begin receiving deliveries of sizable quantities of equipment in 1972. These purchases were facilitated by London's willingness to sell sophisticated weaponry and to provide favorable financing—credits averaging about seven years with interest rates ranging between 5% and 6.5%.

Table 3

Major Items of US Military Equipment Procured by Iran

Type of Equipment	Military Assistance Programs	Foreign Military Sales Programs	Orders by Fiscal Year	1965	1966	1967	1968	1969	1970	1971
	Deliveries	Deliveries	Orders							b/
Aircraft										
F-86 jet fighters	121	—	—	—	—	—	—	—	—	—
F-5 jet fighters	92	48	48	—	—	4	25	4	15	—

F-4 jet fighters	—	64	137	—	—	32	—	32	—	73
C-47 transports	24	—	—	—	—	—	—	—	—	—
C-130 transports	4	26	42	8	—	4	—	—	—	30
Naval ships										
Destroyers	—	—	2	—	—	—	—	—	—	2
Minesweepers	6	—	—	—	—	—	—	—	—	—
Motor gunboats	5	2	2	—	2	—	—	—	—	—
Others	50	—	—	—	—	—	—	—	—	—
Land armaments										
Land tanks	—	N.A.	16	—	—	—	—	16	—	—
Medium tanks	524	N.A.	305	176	75	54	—	—	—	—
Armored personnel carriers	112	N.A.	231	—	181	50	—	—	—	—
Self-propelled guns	—	50	104	—	—	—	—	50	2	52
Artillery c/	849	—	—	—	—	—	—	—	—	—

(a) All items ordered under MAP have been delivered.

(b) Some of this procurement occurred early in FY 1972.

(c) Including recoilless rifles and mortars of more than 100 mm.

Table 4

Estimated British Arms Sales to Iran

Year of Agreement	Mission	US \$	Equipment Covered
Total		568.5	
1966		12.5	Seacat/Tigercat missile system
		62.8	4 Mark V destroyer escorts and 12 hovercraft
1970		5.0	Radar
		94.0	Rapier missile system
1971		126.8	300 Chieftain tanks and support equipment

	2.4 Seacat missiles
	240.0 470 Chieftain tanks and support equipment
1972	12.0 4 Hovercraft
	13.0 Communication equipment

15. Tehran's first purchase of sophisticated weapons from the United Kingdom was of the Seacat/Tigercat surface-to-air missile (SAM) system in July 1966. Iran subsequently purchased the Rapier low-level SAM system and a radar net to cover southern Iran.

16. The British also have become a major source of naval and ground forces equipment. In 1966, Tehran purchased four Mark V destroyer escorts, with delivery scheduled to begin in mid-1972. Iran also has bought 16 hovercraft from the United Kingdom, some of which may be armed with missiles, thereby becoming the first country in the world to establish a military hovercraft fleet. During 1971 the Shah, concerned with Iraq's possession of Soviet T-55 tanks, purchased 770 Chieftain tanks. Iran is the first less developed country to receive this sophisticated main battle tank.

Other Western Sources of Arms

17. Iran has purchased almost \$160 million of arms in recent years from other Western suppliers (see Table 5), and some \$70 million of this has been received. Purchases from Italian arms dealers have reached almost \$60 million. The acquisitions from Italy initially were limited to ammunition and support equipment, but in 1968-69 the Augusta Bell Company sold Iran 100 AB-206 and 44 AB-205 helicopters with deliveries scheduled through 1972. The helicopters are being assigned to the Gendarmerie's aviation battalion, the Air Force, and the Navy's air arm. The AB-206s ordered for the Navy are to be armed with wire-guided air-to-surface missiles and are used to support the coastal patrol activities of the hovercraft fleet. In 1970, six SH-3D helicopters were purchased for the Navy and 16 CH-47C helicopters as troop transporters for the Army.

Table 5

Iranian Arms Purchases from Other Western Countries

Source and year	Million US \$	Equipment Covered
Total	158.2	
Italy	57.2	
1966	6.6	Ammunition

1968	28.0	40 AB-205 helicopters
1969	11.8	100 AB-206 and four AB-205 helicopters
1970	10.8	Six SH-3D and 16 CH-47C helicopters
Switzerland	48.1	
1969	45.0	150 anti-aircraft guns, fire control radars, and ammunition
1971	3.1	Support equipment and ammunition
Netherlands	28.0	
1971	28.0	14 F-27 transport aircraft
Israel	15.2	
1967	12.0	Artillery, small arms, and ammunition
1968	3.2	Communications equipment, mortars, recoilless rifles, and ammunition
Canada	3.1	
1971	3.1	Support equipment
Norway	2.1	
1971	2.1	Ammunition
West Germany	1.9	
1967	1.9	Small arms
France	1.9	
1971	1.3	Anti-tank missiles
1971	0.6	Communications and support equipment
Belgium	0.7	
1968	0.7	Ammunition

18. Iran has purchased nearly \$50 million of arms from Switzerland, including 150 radar-controlled, twin-barrel 35-mm Oerlikon anti-aircraft guns. Small quantities of military equipment, largely support equipment and ammunition, have also been obtained from Israel, Belgium, Canada, the Netherlands, Norway, and West Germany. In one agreement, Israel sold Iran Soviet artillery, small arms, ammunition, and related spare parts captured during the June 1967 War. The Dutch have provided 14 F-27 transport aircraft to be delivered in 1972. The only equipment purchased from France was some \$2 million worth of anti-tank missiles and communications equipment. Paris, however, continues to pressure Iran to purchase Mirage III aircraft, reportedly offering as an inducement to construct a Mirage spare parts plant in Iran that would be licensed to sell throughout the Middle East.

The Soviet Aid Program

19. The USSR, Iran's third largest arms supplier, has extended at least \$370 million in military aid since January 1967 under seven separate agreements (see Table 6). Some \$235 million had been delivered by the end of 1971 on credits that will be repaid largely in natural gas over eight years, probably at 2.5% interest.

20. The Shah's acceptance of Soviet arms reflected his declining fear of Soviet intentions toward Iran and the general rapprochement between the two countries that began early in the 1960s. Iran had accepted some Soviet economic aid in 1963, and by 1966 agreed to a major Soviet program that included the construction of a steel mill and a natural gas pipeline to the USSR. This arrangement was followed in January 1967 by Tehran's first arms agreement with Moscow. The accord totaled \$110 million and marked the first acquisition of Soviet arms by a country in a Western military alliance. A second arms accord signed later that year totaled some \$40 million. Both agreements covered only ground forces equipment, including some 700 armored personnel carriers, 8,500 other vehicles, 600 23-mm and 80 57-mm antiaircraft guns, and spare parts and ammunition.⁽⁴⁾

Table 6

Soviet Military Aid Agreements with Iran

Date of Agreement	Million US \$
Total	370
January 1967	110
September 1967	40
February 1969	40
February 1970	45
October 1970	90
August 1971	25
October 1971	20

21. About half the equipment ordered had been delivered by the beginning of 1969. A third accord—also for \$40 million—was signed early in 1969 and contained about the same types of equipment as the earlier agreements. Tehran was interested in obtaining the Soviet 23-mm self-propelled, radar-controlled antiaircraft gun (ZSU-23-4), but Moscow claimed that it was not available at that time, because the entire production of the weapon was being used to meet higher priority needs. Iran declined a Soviet offer of MIG-21 jet fighters, Komar-class guided missile patrol boats, and 1-55 medium tanks.

22. Two arms accords were signed in 1970 totaling some \$135 million. Among the new types of equipment ordered were 136 130-mm (M-46) field guns and 1,500 RPG-7 recoilless anti-tank rocket launchers. The decision to purchase the field gun reportedly was prompted by Iraq's possession of the same weapon. The RPG-7 was acquired to provide troops with an anti-tank defense and was chosen in place of the more costly and sophisticated Sagger anti-tank missile system. Iran also obtained a license to produce 23-mm ammunition. The Shah finally obtained 30 ZSU-23-4 antiaircraft guns under a \$25 million agreement concluded in August 1971.

Technical Assistance

23. Iran depends mostly on Western countries for technical assistance. The overwhelming share of military technicians in Iran are US personnel, while training of Iranians abroad is done principally in the United Kingdom (see Table 7). Training at military schools in other countries ranges from equipment maintenance and flight training to staff planning. The number of Iranians attending courses in non-US facilities has increased greatly since the mid-1960s, as Iran has diversified its arms procurement. The training provided by Pakistan and Turkey generally is US-sponsored programs under CENTO.

Table 7

Military Personnel

Involved in Technical Assistance Programs

Country	Trainees in Donor Country		Technicians in Iran	
	1970	1971	1970	1971
Total	491	792	355	371
Western countries	381	752	325	341
France	25	25	—	—
Germany	13	6	—	—
Italy	66	75	—	—
Pakistan a/	41	41	—	—
Turkey a/	14	15	—	—
United Kingdom	222	590	—	16
United States	—	—	—	325 325
USSR	110	40	—	30 30

(a) US-sponsored CENTO training.

24. Iran has made little use of Soviet technical assistance, preferring to limit Moscow's contacts with Iranian military personnel. Only a small number of Soviet technicians are in Iran, largely assembling and testing newly delivered Soviet equipment. Tehran has sent only about 135 Iranians to the USSR, mainly to learn equipment operation and maintenance.

Domestic Defense Production

25. Indigenous production represents only a small share of Iran's total defense procurement. Two facilities in the Tehran area supply most of the domestically produced military hardware. The Mosalsalsazi plant has an annual capacity of 30,000 G-3 rifles and 5,000 MG-1 machineguns of West German design. The Saltanatabad facility produces small arms ammunition, 81-mm and 120-mm mortar shells, 105-mm artillery shells, 20-mm cannon ammunition, grenades, signal flares, and anti-tank and anti-personnel mines.

26. Iran has been anxious to expand domestic arms production as part of its diversification efforts. The West German firms Fritz Werner AG and Rhein Stahl AG have been assisting in a modernization program, and much of the pre-World War II machinery in the two Iranian munitions plants has been replaced. In addition, the USSR agreed in 1970 to permit Iran to manufacture 23-mm antiaircraft ammunition under license. The USSR suggested, however, that the necessary production machinery be obtained from Czechoslovakia. The planned facility will produce half a million rounds per year and would be in operation within two years after delivery of equipment. A tank retrofit plant that would modernize the more than 400 M-47 tanks in Iran's inventory was scheduled to be completed in March 1972. The facility eventually will be able to assemble tanks from US and UK components.

Impact of Iran's Defense Spending on the Budget

27. The expansion of Iran's military purchases, combined with cutbacks in US military grant aid, caused Iran's defense expenditures to jump from an average of about \$255 million annually during 1963-65 to almost \$1.2 billion in 1971 (see Table 8). Defense outlays now account for about 10% of Iran's gross national product (GNP) and about 30% of the total central government budget. If defense spending continues to grow at its present rate—an average of 30% annually since 1966—it could absorb some 25% of Iran's GNP by 1975. It is more likely, however, that such outlays, while remaining high, will level off before then.⁽⁵⁾

28. Estimated payments for foreign military hardware rose from an average of \$5 million annually during 1963-65 to \$18 million in 1966 and rocketed to \$191 million in 1971. These expenditures accounted for 16% of defense spending in 1971. Other defense and defense-related imports—such as

construction materials and equipment supplies for military installations—could represent another 20%.

The Iran-Iraq Arms Balance

29. Iran's arms requirements are, to a large extent, based on what Tehran considers necessary to counter Iraq's activities in the area. Since Iraq's monarchy was overthrown in 1958, relations between the two countries have ranged from cool to openly hostile. During periods of poor relations, Iran has supplied arms, money, and transit rights to dissident Iraqi Kurds and has looked for other ways to shake the Baghdad government. In turn, Iraq has permitted raids into Iran by dissident Iranian Kurds resident in Iraq and has provided assistance to the Khuzestan Liberation Front and other subversive groups. The diversion of the waters of the Shatt al Arab, the river which separates the two countries in the south, has again become a source of irritation and even armed skirmishes along the border. Although both countries have reinforced their border outposts, they are reluctant to escalate such incidents.

Table 8

Iranian Defense Spending a/ [Million US\$]

	Annual Average 1963-65	1966	1967	1968	1969	1970	1971
	Million US \$						
Total central government budget	980	1,410	1,740	2,200	2,555	2,960	4,025
Of which:							
Defense expenditures	255	317	503	618	768	910	1,170
Estimated payments for military hardware imports	5	18	32	57	83	147	191
Defense expenditures as a percent of central government budget	26	22	29	28	30	31	29

(a) Data are for Iranian fiscal year beginning 21 March of the year stated.

(b) Including internal security.

30. The Shah is concerned about the \$1.1 billion of aggregate Communist military aid commitments to Baghdad and the \$250 million modernization program Moscow currently is implementing. Iraq has received more than 90

MIG-21 supersonic jet fighters, more than 60 SU-7 jet fighter-bombers, some 800 T54/55 medium tanks, about 1,350 armored personnel carriers, various naval craft, and substantial quantities of artillery. (For the major military inventories of Iran and Iraq, see Table 9). However, the Iranian armed forces are believed to be superior to Iraq's, both in the quantity of arms and the quality of its personnel.

Support for Pakistan

31. After the 1965 Indo-Pakistani War, Iran acted as an arms purchasing agent for Pakistan, which was having difficulty obtaining military equipment in the West. Iran purchased some 90 F-86 jet fighters, air-to-air missiles, artillery, ammunition, and spare parts from a West German arms dealer. The aircraft were delivered to Iran and then flown into Pakistan. Most of the other equipment was delivered directly to Karachi.

32. In the spring of 1971, Iran loaned Pakistan about a dozen helicopters and other military equipment for use in West Pakistan to replace similar equipment transferred to East Pakistan. Additional supplies, including artillery, ammunition, and spare parts, were sent to Pakistan when Indian troops entered the East Pakistan civil war. Since the 1971 Indo-Pakistani War, there have been reports that Iran may again act as an arms purchasing agent for Islamabad if Pakistan cannot obtain Western military equipment and spare parts.

Table 9

Weapons Inventories of Iran and Iraq as of April 1972

	Units	
	Iran	Iraq
Ground Equipment		
Light tanks	—	20
Medium tanks	895	780
Personnel carriers, armored and amphibious	1,200	1,350
Artillery, including selfpropelled guns	1,430	1,120
Antiaircraft artillery	730	780
Aircraft		
Jet fighters	178	232
F-4	62	—
MIG-21	—	91
SU-7	—	62

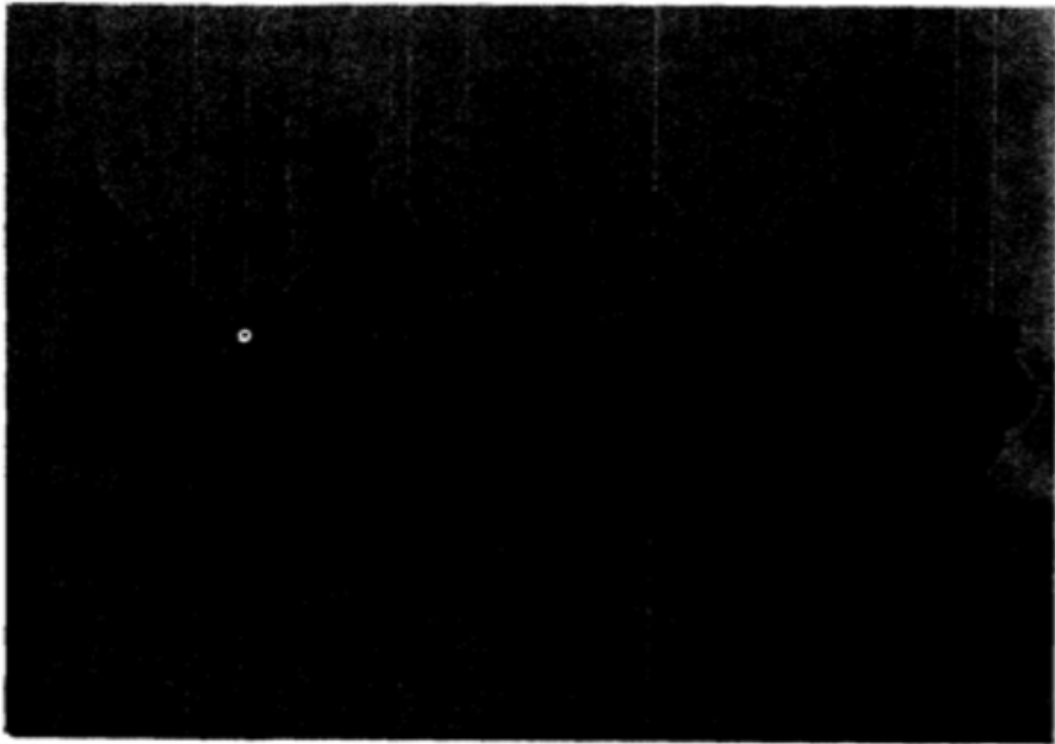
F-5	111	—
Hawker-Hunter	—	46
F-86	5	—
MIG-17	—	33
Bombers	0	21
TU-16	—	9
IL-28	—	12
Transports	33	27
Helicopters	156	57
Naval Craft		
Destroyer	1	—
Escorts	4	—
Subchasers	4	3
Motor gunboats	3	—
Minesweepers	6	2
Hovercraft	12	—
Service craft	22	14

Recent Iranian Arms Acquisitions



C-130 Transport

[Photo: C-130 Transport]



Hovercraft, BH7 Wellington Class

[Photo: Hovercraft, BH7 Wellington Class]



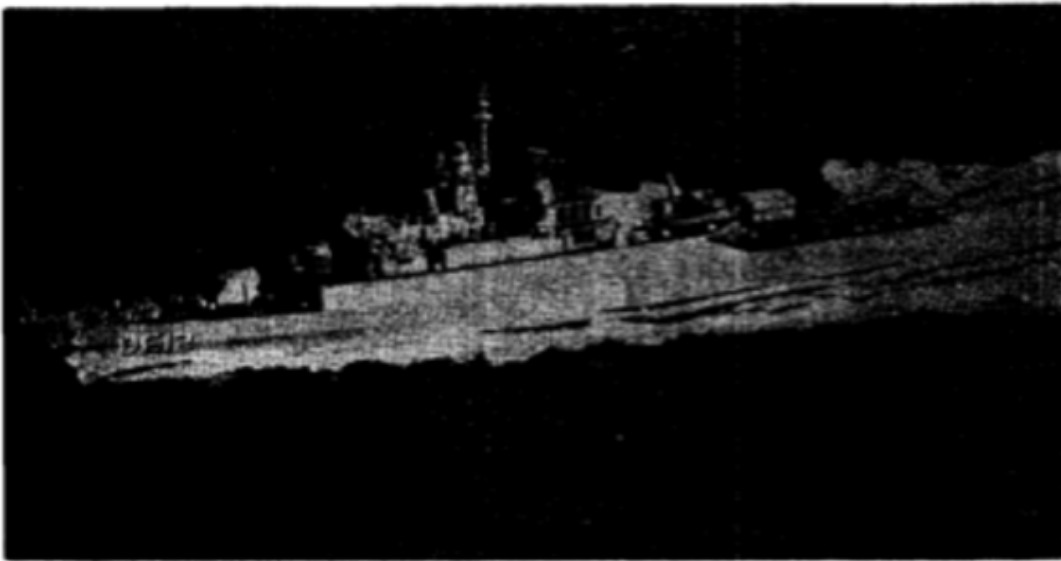
F-4 Jet Fighter

[Photo: F-4 Jet Fighter]



Rapier Surface-to-Air Missile

[Photo: Rapier Surface-to-Air Missile]



MK-5 Frigate

[Photo: MK-5 Frigate]



Chieftan Tank

[Photo: Chieftan Tank]



F-5 Jet Fighter

[Photo: F-5 Jet Fighter]

APPENDIX

Soviet Military Equipment Purchased by Iran

Units									
Date of Agreement									
Equipment	Total	January 1967	September 1967	February 1969	February 1970	February 1970	October 1970	August 1971	October 1971
Armored personnel carriers									
BTR-50	852	100	200	100	—		100	352	—
BTR-60	500	200	200	—	—		100	—	—
Field artillery									
130-mm (M-46)	136	—	—	—	—		136	—	—
Antiaircraft artillery									
23-mm (ZU-23-2)	1,000	600	—	—	—		400	—	—
23-mm (ZSU-23-4)	30	—	—	—	—		—	30	—
57-mm (ZSU-57-2)	80	80	—	—	—		—	—	—
Rocket launchers									
RPG-7	1,500	—	—	—	—	800	700	—	—
122-mm (BM-21)	64	—	—	—	—	—	—	64	—
Trucks and trailers									
GAZ-69	9,173	600	2,200	4,169	1,340	850	—	—	14
GA-66	6,665	1,700	2,000	1,000	630	1,040	—	—	292
ZIL-131	15	—	—	—	—	—	—	—	15
ZIL-157	5,110	1,700	100	100	160	3,050	—	—	—
KRAZ-257	142	—	—	100	—	—	—	—	42
KRAZ-255B	295	—	—	170	75	—	—	—	50
KRAZ-258	30	—	—	—	25	5	—	—	—
URAL-375D	1,105	—	—	—	450	500	—	—	155

MAZ-504-A	160	—	—	—	—	150	—	10
MAZ-537	200	40	—	—	160	—	—	—
UAZ-450A (ambulance)	782	—	—	—	550	162	70	—
UAZ-452A (ambulance)	76	—	—	—	—	—	—	76
MMZ-555 (dump truck)	610	—	—	—	—	10	—	610
BELAZ-540 (dump truck)	24	—	—	—	—	—	—	24
ATZ-3 (gasoline truck)	390	—	—	—	—	200	190	—
TZ-22 (gasoline truck)	113	—	—	—	—	40	25	48
TZ-500 (gasoline truck)	160	—	—	—	—	—	160	—
ATZ-4-121 (gasoline truck)	40	—	—	—	—	—	—	40
ATZ-8 (gasoline truck)	45	—	—	—	—	—	—	45
TSV-50 (water tank truck)	400	—	—	—	400	—	—	—
ATZ-PT-3 (water truck)	50	—	—	—	—	—	—	50
TZB-50 (water truck)	10	—	—	—	—	—	—	10
PMZ-27 (fire truck)	42	—	—	—	—	37	5	—
ATZ-B-1-40 (fire truck)	80	—	—	—	—	—	—	80
ALGK-30 (ladder truck)	26	—	—	—	—	10	—	16
CHMZ-AP- 5523 (trailer)	25	—	—	—	—	25	—	—
CHMZ-AP-	75	—	—	—	—	75	—	—

5208								
2547 trailer	160	—	—	—	160	—	—	—
Construction and engineering equipment								
BULLdozers	50	—	—	—	—	—	—	50
A-354 ditching machine	17	—	—	—	—	—	—	17
D-150B asphalt finisher	2	—	—	—	—	—	—	2
D-641 asphalt distributor	20	—	—	—	—	—	—	20
SB-92 concrete mixer	5	—	—	—	—	—	—	5
D-400A roller	38	—	—	—	—	—	—	38
D-480	10	—	—	—	—	—	—	10
613D roller	10	—	—	—	—	—	—	10
D-395 grader	6	—	—	—	—	—	—	6
BBPS 20/11 piledriver	1	—	—	—	—	—	—	1
Cranes and forklifts								
K-64 crane	337	—	—	40	50	247	—	—
K-162 crane	42	—	—	12	—	—	—	30
2561 crane	25	—	—	—	—	—	—	25
M4043 forklift	91	—	—	50	—	—	—	41
M4045 forklift	140	—	—	40	50	20	—	30
M4008 forklift	41	—	—	—	—	—	—	41
Military workshops								
GOSNITI-2	292	85	85	85	—	—	—	37
PARM-3	6	3	—	—	—	3	—	—
PM-2	4	—	—	4	—	—	—	—

Miscellaneous equipment							
2558 bridge on KRAZ-214	2 —	—	—		2 —	—	—
Folding pontoon bridge PMP	7 —	—	—	—	—	—	7
Assault boat NDL-20	36 —	—	—		36 —	—	—
NDL-10	70 —	—	—		70 —	—	—
Ferry GSP	4 —	—	—		4 —	—	—
Field Bakery	13 —	—	—		13 —	—	—
Tents PRRS-2	28 —	—	—		28 —	—	—
Survey equipment	28 —	—	—		12 —		16 —
Mine detector on GAZ-69	63 —	—	—	—	—		63 —
Electro car (EK-3)	40 —	—	—	—	—	—	40
26-mm signal gun	730 —	—		400 —		330 —	—

¹ Source: Central Intelligence Agency, ORR Files (OTI), Job 79T00935A, Box 70, Project 35.6402, CIA/ER IM 72-79. Secret; No Foreign Dissem. The memorandum was prepared by the Office of Economic Research and coordinated within the Directorate of Intelligence.

² The Baghdad Pact, a defense system along the southern border of the USSR, consisted of Iran, Iraq, Pakistan, Turkey, and the United Kingdom. grant aid. MAP imports increased from \$15 million in 1955 to a peak of about \$90 million a year during 1959-60, and averaged some \$50 million annually during the 1960s.

³ Previously, the Department of Defense arranged the financing with the Export-Import Bank and commercial banks. The Export-Import Bank now handles all such financing directly.

⁴ For a complete listing of equipment ordered under Soviet arms accords, see the Appendix.

⁵ For additional information, see ER IM 72-23, Iran's Balance-of-Payments Prospects Look Up, February 1972.

182. Telegram 2488 From the Embassy in Iran to the
Department of State, May 1, 1972, 0907Z¹

May 1, 1972, 0907Z

TELEGRAM
Department of State
TEHRAN 2488
R 010907Z MAY 72

TEHRAN 02488 011001Z

ACTION SS-25

INFO OCT-01 COO-00 SSO-00 NSCE-00 /026 W 022777

R 010907Z MAY 72

FM AMEMBASSY TEHRAN

TO
SECSTATE WASHDC 8205
NEA/IRN FOR AMBASSADOR FARLAND

THIS IS SECOND IN SERIES MESSAGES ON PRESIDENTIAL VISIT.

SUBJECT:
PRESIDENT'S VISIT: ATMOSPHERE AND CONDITIONS IN IRAN

REF:
TEHRAN 2440

PRESIDENT WILL BE VISITING IRAN WHERE ATMOSPHERE IS
MIXTURE OF PRIDE, CONFIDENCE AND ANXIETY—ROUGHLY IN
EQUAL PROPORTIONS.

A. PRIDE.

THERE IS IMMENSE FEELING OF PRIDE—PARTICULARLY AT TOP
LEVELS BUT ALSO INCREASINGLY AMONG GENERAL POPULACE
(WHERE, AS RESULT OF PRE-1920 HISTORY THERE HAS LONG BEEN
STRONG ELEMENT OF CYNICISM OR DOUBT RE IRANS ABILITY

CATCH-UP WITH MODERN WORLD OF WEST OR CONTROL ITS OWN DESTINY)—IN

1. ECONOMIC DEVELOPMENT AND POLITICAL STABILITY ACHIEVED OVER PAST DECADE: E.G., A PRIME MINISTER NOW IN EIGHTH YEAR WITH NO MAJOR GOVERNMENT SHAKE-UPS OR THREATS TO STABILITY OVER SAME PERIOD: GROWTH RATE OF MORE THAN TEN PERCENT OVER PAST FIVE YEARS, WITH 12 TO 13 PERCENT RATE REALISTICALLY EXPECTED IN CURRENT IRANIAN YEAR.
2. FACT THAT IRAN, SINCE LATE 1960'S HAS BEEN PAYING OWN WAY (I.E. DEVELOPMENT HAS NOT DEPENDED UPON FOREIGN AID OR ASSISTANCE—WITH MINOR EXCEPTIONS WHICH JUST BARELY INCLUDE US) AND HAS ACHIEVED AN INTERNATIONAL STATUS AND POWER WHICH MAKE IT COUNTRY TO BE RECKONED WITH IN REGIONAL CONTEXT.

THIS PRICE IS BOLSTERED WHEN IRANIANS COMPARE THEIR RECORD OF RECENT PAST WITH THAT OF ANY OTHER DEVELOPING COUNTRY, PARTICULARLY COUNTRIES IN AREA STRETCHING FROM SOUTH EAST ASIA TO EUROPEAN MAINLAND.

THIS PRIDE HAS GENERATED NOT ONLY FEELING OF EQUALITY TOWARD FOREIGN COUNTRIES BUT ALSO FEELING THAT IRAN HAS, AT LONG LAST, ARRIVED ON INTERNATIONAL SCENE AND SHOULD NOW BE REGARDED AS MODERN, PROGRESSIVE AND RESPONSIBLE MEMBER IN COMMUNITY OF NATIONS. THIS WAS, IN OUR VIEW, ESSENTIAL MESSAGE WHICH SHAH SOUGHT TO GET ACROSS TO HIS PEOPLE AND WORLD BY 25TH CENTENARY CELEBRATIONS LAST FALL.

B. CONFIDENCE.

THERE IS ALSO WIDE-SPREAD CONFIDENCE AT UPPER LEVELS HERE THAT IRAN'S (1) STRONG AND FAR-SIGHTED LEADERSHIP: (2) WEALTH OF HUMAN TALENT AT DISPOSAL OF LEADERSHIP (E.G. 19 OUT OF 24 CABINET MINISTERS, AS WELL AS LARGE NUMBER SUB-CABINET LEVEL OFFICIALS, HAVE BEEN EDUCATED IN WEST—MANY WITH HIGHER DEGREES): (3) CAPACITY TO MANAGE IMPORTANT NATURAL RESOURCES (PRIMARILY OIL BUT ALSO OTHERS) IN WHAT THAT THEY ARE BEING TRANSFORMED FROM POTENTIAL INTO ACTUAL AND USEABLE WEALTH, AND (4) MANAGEABLE POPULATION GROWTH PROBLEM—ALL COMBINE TO MAKE IT

POSSIBLE FOR IRAN TO CONTINUE ENJOY REMARKABLE GROWTH AND STABILITY OF PAST DECADE AND, AT SAME TIME, BUILD UP MODERN AND EFFICIENT MILITARY FORCE REQUIRED TO HELP COUNTER EFFORTS TO BRING VITAL PERSIAN GULF UNDER CONTROL OF FORCE HOSTILE TO IRAN AND WEST.

THIS IS NOT TO SAY THAT TOP LEVELS FAIL TO RECOGNIZE RAPID ECONOMIC AND SOCIAL ADVANCES ARE PRODUCING INCREASING PROBLEMS AND PRESSURES, E.G. FOR MORE EQUITABLE DISTRIBUTION OF WEALTH PARTICULARLY AS BETWEEN RURAL AND URBAN POPULATION: FOR MORE WIDE-SPREAD PARTICIPATION IN GOVERNING PROCESS: FOR GREATER FREEDOM DISCUSSING/ESPOUSING ALTERNATIVES TO PRESENT GOVERNMENT POLICIES. FOR MORE AND BETTER EDUCATION FACILITIES, ETC. BUT TOP LEVELS PARTICULARLY SHAH, FACE SUCH PROBLEMS AND PRESSURES WITH FEELING THEY ARE INEVITABLE PART OF DEVELOPMENT PROCESS: (B) THEY CAN BE EFFECTIVELY COUNTERED BY TIMELY GOVERNMENT ACTIONS AND REFORMS: AND (C) THUS, THEY DO NOT AND WILL NOT THREATEN EITHER BASIC POLITICAL STABILITY OR ECONOMIC/SOCIAL GROWTH. (ALTHOUGH WE WOULD VERY MUCH LIKE GOI TO FOCUS MORE ACTIVELY AND INTENSELY ON ACTIONS AND REFORMS NEEDED TO COUNTER SUCH PRESSURES, WE BASICALLY SHARE THIS GENERAL FEELING.)

C. ANXIETY.

DESPITE SOURCES OF PRIDE AND CONFIDENCE NOTED ABOVE, THERE ARE ALSO TWO STRONG ELEMENTS OF ANXIETY IN CURRENT IRAN.

1. AMONG TOP LEVELS, THERE IS GREAT ANXIETY RELATED TO DEVELOPMENTS IN AREAS SURROUNDING IRAN AND POSSIBLE OVER-FLOW EFFECTS WITHIN IRAN (E.G. IRAQI-INSTIGATED SUBVERSION AND TERRORISM)—WITH PARTICULAR CONCERN WITH OTHER COUNTRIES HOSTILE TO IRAN AND EXPLOITING SITUATIONS OF WEAKNESS TO SOUTH (IN GULF) AND EAST (AFGHANISTAN AND DISMEMBERED PAKISTAN), TO “ENCIRCLE” IRAN AND REDUCE OR REMOVE WESTERN INFLUENCE FROM AREA RUSSIA HAS HISTORICALLY WANTED AS SPECIAL BAILWICK. (THIS CONCERN WILL BE DISCUSSED IN GREATER DETAIL IN SEPARTE MESSAGE.)

2. IN ADDITION, JUST BELOW TOP LEVELS, THERE IS CONSIDERABLE ANXIETY THAT (A) IRAN'S STABILITY AND PROGRESS ARE TOO EXCLUSIVELY DEPENDENT UPON SHAH'S FIRM LEADERSHIP: (B) THAT HIS PREMATURE REMOVAL FROM SCENE COULD PLUNG IRAN BACK INTO PERIOD OF SERIOUS POLITICAL TURMOIL AND INSTABILITY AND BRING ECONOMIC AND SOCIAL PROGRESS TO HALT: AND (C) THAT SHAH, IN HIS IMPATIENCE TO MOVE COUNTRY AHEAD NOW, IS FAILING TO PREPARE INSTITUIONS AND LEADERS THAT COULD MAKE TRANSITION TO POST-SHAH IRAN WITHOUT SERIOUS POLITICAL TURMOIL AND WITHOUT SERIOUS DAMAGE TO SOCIAL AND ECONOMIC PROGRESS. (THERE IS, IN OUR VIEW, UNDOUBTEDLY REASON FOR CONCERN ON THIS SCORE, AND IT WOULD BE HELPFUL IF PRESIDENT COULD DISCREETLY ENCOURAGE SHAH TO GIVE GREATER THOUGHT NOW TO INSTITUTIONAL AND LEADERSHIP REQUIREMENTS OF FUTURE WITHOUT HIM. AT SAME TIME, WE DO NOT BELIEVE PREMATURE REMOVAL OF SHAH FROM SCENE WOULD PRODUCE CONSEQUENCES AS SERIOUS AS THOSE OUTLINED ABOVE. OUR NUTSHELL PROGNOSIS FOR BALANCE OF THIS DECADE IS: IF SHAH REMAINS AT HELM (AS EXPECTED), CHANCES THAT IRAN WILL CONTINUE REMARKABLE POLITICAL STABILITY AND GROWTH OF PAST DECADE ARE EXCELENT: IF SHAH REMOVED FROM SCENE, CHANCES WOULD BE REDUCED— BUT STILL GOOD.) IN SUM, PRSIDENTIAL VISIT WILL TAKE PLACE AT TIME WHEN SHAH VERY LIKELY:
- (A) POINT WITH PRIDE TO IRAN AS ONLY (LEAVING ASIDE ISRAEL) STRONG, STABLE AND PROGRESSIVE COUNTRY WITH FRIENDSHIP FOR US—IN REGION BETWEEN SOUTHEAST ASIA AND EUROPEAN NATO WHICH IS OTHERWISE BESET WITH POLITICAL TURMOIL OR INSTABILITY, WEAKNESS, SERIOUS DEVELOPMENT PROBLEMS OR SERIOUS DIFFERENCES WITH U.S.
- (B) STRESS TO PRESIDENT THAT IRAN IS ONLY COUNTRY IN REGION WHICH IS BOTH FRIENDLY TO U.S. AND HAS WILL AND CAPACITY TO HELP ACT AS COUNTER TO INTERNATIONAL FORCES WHICH THREATEN MIDDLE EAST AND ARE ATTEMPTING BRING PERSIAN GULF AND ITS VITAL OIL RESOURCES UNDER CONTROL OF HANDS HOSTILE TO WEST AND IRAN, AND
- (C) GIVEN PRINCIPAL ANXIETY ON HIS MIND, BE PRIMARILY INTERESTED IN PRESIDENT'S ASSESSMENT OF SOVIET INTENTIONS AND LIKELY FURTHER MOVES IN AREAS SURROUNDING IRAN—AND WHAT US FOR ITS PART INTENDS TO DO IN REACTION.

HECK

¹ Source: National Archives, RG 59, Central Files 1970-73, POL 7 US/NIXON. Secret; Exdis. The first message in the series on the Presidential visit, Telegram 2440 from Tehran, April 28, dealt with logistical issues and is not published. (Ibid.)

183. Telegram 2603 From the Embassy in Iran to the
Department of State, May 4, 1972, 1300Z¹

May 4, 1972, 1300Z

TELEGRAM
Department of State 2603
R 041300Z MAY 72

TEHRAN 02603 041357Z

ACTION SS-25

INFO OCT-01 NSCE-00 SSO-00 /026 W 051095

R 014300Z MAY 72

FM AMEMBASSY TEHRAN

TO
UBCSTATE WASHDC 8271
NEA FOR AMBASSADOR FARLAND

SUBJECT:
PRESIDENT'S VISIT: US/IRAN RELATIONS AND WHAT THEY MEAN TO SHAH

REF
TEHRAN 2488

THIS IS THIRD IN SERIES OF MESSAGES REGARDING PRESIDENT'S VISIT AND DEALS WITH PRESENT STATE OF US/IRAN RELATIONS AND MATTERS SHAH MAY RAISE WITH PRESIDENT IN THIS CONTEXT.

1. PRESIDENT WILL COME TO IRAN AT TIME WHEN SHAH HAS CHARACTERIZED US/IRANIAN RELATIONS AS NEVER HAVING BEEN BETTER. RELATIONS ARE CLOSE, WE DERIVE CONSIDERABLE BENEFIT FROM THIS STATE OF AFFAIRS (INTELLIGENCE FACILITIES, SECURE AIR CORRIDOR, ETC.) AND US MISSION IS ABLE OPERATE IN IRAN IN ATMOSPHERE OF FRIENDLINESS AND COOPERATION, RARE IN THIS PART OF WORLD. FURTHER, IRAN IS EXCELLENT CUSTOMER FOR US PRODUCTS.

2. WE ARE IN UNUSUAL STATE OF HAVING ONLY TWO BILATERAL ISSUES CURRENTLY UNDER NEGOTIATION WITH GOI: CIVAIR AGREEMENT AND LEND-LEASE DEBTS. HOPEFULLY, FORMER WILL BE RESOLVED AT CONFERENCE TABLE IN NEXT FEW DAYS. PROGRESS IS BEING MADE, ON LATTER AS GOI HAS ACKNOWLEDGED DEBT AND HAS EXPRESSED WILLNGNESS IN PRINCIPLE TO PAY IT.
3. ON MULTILATERAL MATTERS IRAN RECORD OF COLLABORATION WITH US IS GOOD. MOST RECENTLY ITS DELEGATION TO SINGLE NARCOTICS CONVENTION IN GENEVA WHOLEHEARTEDLY SUPPORTED OUR EFFORTS. GOI TRIES TO TAKE OUR POINT OF VIEW INTO CONSIDERATION, IS GENERALLY RESPONSIVE TO OUR SUGGESTIONS AND TRIES NOT TO TAKE POSITIONS THAT MIGHT EMBARRASS US.
4. THERE ARE MANY STRANDS IN FABRIC OF OUR RELATIONS WITH IRAN, ONE OF MOST IMPORTANT BEING CONTACT SHAH HAS HAD WITH ALL AMERICAN PRESIDENTS SINCE PRESIDENT TRUMAN. HE GREATLY VALUES COMMUNICATING WITH AMERICAN PRESIDENTS ON A PERSONAL AND INTIMATE BASIS AND AND HIS FORTHCOMING DISCUSSIONS WITH PRESIDENT NIXON SHOULD CONTRIBUTE SIGNIFICANTLY TO STRENGTHENING FURTHER THIS BOND THAT USG WAS HAD WITH SHAH OVER THE YEARS.
5. SHAH AND GOI LOOK UPON US AS IRAN'S BEST AND MOST TRUSTWORTHY FRIEND. THIS IS VALUABLE PLUS FOR US INTERESTS IN THIS STRATEGIC PART OF WORLD. THERE ARE ALSO OCCASIONAL IRRITANTS THAT DEVELOP IN OUR RELATIONS THAT ARISE OUT OF EXPECTATIONS GENERATED BY VERY TRUST AND SENSE OF DEEP FRIENDSHIP IRAN ACCORDS US. BECAUSE IRAN IS SUCCESS STORY, PUTS NO DEMANDS UPON OUR RESOURCES AND CREATES NO PROBLEMS FOR US THERE IS FEELING HERE THAT IRAN TENDS TO BE TAKEN FOR GRANTED BY CRISIS-ORIENTED LEADERSHIP IN WASHINGTON. THERE IS ALSO FEELING THAT US AT TIMES IS OVERLOOKING ONE OF ITS BEST FRIENDS AND MOST SUCCESSFUL GRADUATES FROM GRANT MILITARY AND ECONOMIC AID RELATIONSHIP, BEING COUNTRY THAT HAS RESOURCES, PAYS ITS OWN WAY AND IS WILLING PLAY RRESPONSIBLE IN AREA WHERE PEACE AND STABILITY ARE VITAL TO INTERESTS AND FREE WORLD.
6. IRRITANTS ALSO DEVELOPE WHEN SHAH TURNS TO US, AS HE GENERALLY DOES BEFORE CONSIDERING OTHERS, FOR INFORMATION OR EQUIPMENT TO MOVE HIS COUNTRY FORWARD ECONOMICALLY AND STRENGTHEN ITS ARMED

FORCES. HE WANTS BEST MONEY CAN BUY, AND SINCE HE CONSIDERS PROGRESSIVE, STRONG AND RRESPONSIBLE IRAN TO BE IN US INTERESTS HE CANNOT UNDERSTAND OUR TENDENCEY TO SECOND-GUESS HIS REQUEST IN MILITARY FIELD OR OUR RELUCTANCE AT TIMES TO SHARE WITH HIM OUR LATEST TECHNOLOGY AND WEAPONS SYSTEMS, ETC. SO THAT HE CAN MAKE INFORMED DECISIONS OF HIS OWN ABOUT REQUIREMENTS. IN HIS EXPERIENCE, AMERICAN PRESIDENTS HAVE SEEN HIS NEEDS CLEARLY BUT HE FINDS OUR BUREAUCRACY DOESN'T ALSO HAVE THE MESSAGE, AND AGONIZING MONTHS CAN GO BY WHILE NEGOTIATING MATERS ON WHICH HE BELIEVES AGREEMENT HAD BEEN REACHED AT HIGHEST LEVELS OF USG.

7. WE ANTICIPATE THIS EXPERIENCE CLEARLY INFLUENCES HIS APPROACH TO PRESIDENT. WE EXPECT HE WILL RAISE NUMBER OF SPECIFIC SUBJECTS FOR DECISION WITH PRESIDENT SUCH AS ACQUISITION OF F-15S, STEADY SUPPLY OF SPECIALIZED PERSONNEL TO ADVISE HIS ARMED FORCES, ETC.
8. THE PRESIDENT WILL ALSO BE COMING TO TEHRAN AT TIME WHEN SHAH FEELS HIMSELF SOMEWHAT ISOLATED AND DEEPLY TROUBLED ABOUT STATE OF WORLD AROUND HIM. HE IS THEREFORE EVEN MORE DEPENDENT ON US AS CLOSE AND TRUSTWORTHY FRIEND. SHAH IS CONCERNED OVER PRECARIOUS SITUATION THAT CONFRONTS HIM ON HIS EASTERN, WESTERN AND SOUTHERN BORDERS, WITH NEIGHBORS IN A STATE OF DISARRAY (PAKISTAN), FACING UNCERTAIN FUTURE (AFGHANISTAN, SAUDI ARABIA, UAE, AND TURKEY) OR OPENLY HOSTILE (IRAQ AND TO LESSER EXTENT KUWAIT). HE IS ESPECIALLY TROUBLED ABOUT DEVELOPMENTS IN GULF AND RECOGNIZES THAT THIS AREA IS AS STRATEGICALLY IMPORTANT TO IRAN AS IT IS TO WEST. THROUGH GULF FLOWS WEALTH WHICH FINANCES SHAH'S AMBITIOUS DEVELOPMENT PROGRAMS FOR HIS COUNTRY AND WHICH FUELS ECONOMIES OF FREE WORLD. FUNDAMENTAL TO HIS CONCERNS IS HIS APPREHENSION OVER SOVIET OBJECTIVES IN AREA AND USSR SUCCESS TO DATE IN ACHIEVING THEM. HE POINTS OUT THAT HIS NEIGHBOR TO NORTH, WITH WHICH SUPERFICIALLY IRAN HAS GOOD RELATIONS IN SPIRIT OF DETENTE, HAS FOR CENTURIES HAD THREE HISTORICAL OBJECTIVES—A ROLE IN MEDITERRANEAN, PRESENCE IN SUBCONTINENT AND, MOST IMPORTANTLY, CONTROL IN ONE FORM OR ANOTHER OF THE GULF AND ITS RESOURCES. NOW THAT THE SOVIETS HAVE ACHIEVED FIRST TWO OBJECTIVES SHAH FEELS THEY ARE

CLOSING IN ON GULF. HE HAS ACCUMULATED EVIDENCE TO SUPPORT HIS THESIS INCLUDING RECENT SOVIET/IRAQ TREATY, SOVIET PLANS TO ESTABLISH NAVAL BASE AT UMM AL-QASR IN GULF, SOVIET EFFORTS TO ESTABLISH DIPLOMATIC RELATIONS WITH GULF STATES, ETC. IN ADDITION, HE SEES RADICAL ARAB STATES SUCH AS IRAQ AND SOUTH YEMEN INCREASINGLY DEPENDENT UPON SOVIETS AND RESPONSIVE TO MOSCOW GUIDANCE WORKING HAND IN GLOVE WITH SOVIETS TO PENETRATE GULF STATES AND DIRECTLY OR THROUGH SUBVERSION, TAKE OVER AREA TO ERADICATE WESTERN INFLUENCE, GAIN CONTROL OF, PRODUCTION OF PRIMARY SOURCE OF FREE WORLD PETROLEUM AND USE THIS CONTROL TO EXACT CONCESSIONS FROM FREE WORLD.

9. WE CAN ANTICIPATE THAT SHAH WILL PAINT FAIRLY BLEAK PICTURE TO PRESIDENT OF WORLD AS HE SEES IT. HE IS A PROFESSIONAL CASSANDRA AND PRIDES HIMSELF ON HAVING BEEN RIGHT IN HIS PREDICTIONS. VISIT THEREFORE COMES AT MOST OPPORTUNE TIME. SHAH WILL BE ANXIOUS TO HAVE PRESIDENT'S ASSESSMENT OF SOVIET OBJECTIVES IN EUROPE, MEDITERRANEAN, MIDDLE EAST AND SOUTH ASIA AND CLARIFICATION OF US VIEWS AND REACTIONS TO THESE OBJECTIVES IN ORDER BETTER TO DETERMINE WHAT IRAN'S ROLE AND RESPONSE SHOULD BE. HE WILL HOPE THAT FROM THESE DISCUSSIONS HE WILL BE ABLE REAFFIRM HIS VIEW OF US AS TRUSTWORTHY RELIABLE AND DEPENDABLE FRIEND PREPARED TO BE RESPONSIVE TO SHAH'S NEEDS AS HE DEFINES THEM IN ORDER TO PLAY RESPONSIBLE ROLE IN AREA IN FULL SPIRIT OF NIXON DOCTRINE.

HECK

¹ Source: National Archives, RG 59, Central Files 1970-73, POL 7 US/NIXON. Secret; Exdis.

184. Telegram 2604 From the Embassy in Iran to the
Department of State, May 4, 1972, 1302Z¹

May 4, 1972, 1302Z

TELEGRAM
Department of State
TEHRAN 2604
R 041302Z MAY 72

TEHRAN 02604 041425Z

ACTION SS-25

INFO OCT-01 /026 W 051252

R 014302Z MAY 72

FM

AMEBASSY TEHRAN

TO
SECSTATE WASHDC 8272
NEA FOR AMBASSADOR FARLAND

SUBJ:
PRESIDENT'S VISIT—SHAH'S VIEWS AND CONCERNS ON SPECIFIC DOMESTIC AND
FOREIGN MATTERS WHICH MAY ARISE IN HIS DISCUSSIONS WITH PRESIDENT

REF:
TEHRAN 2603

SUMMARY: THIS IS FOURTH IN A SERIES OF MESSAGES REGARDING
PRESIDENT'S VISIT TO TEHRAN AND COVERS SHAH'S VIEWS ON
WIDE RANGE OF DOMESTIC AND FOREIGN SUBJECTS.
DOMESTICALLY, SHAH HAS SET AMBITIOUS DEVELOPMENT GOALS
AND IS BULLISH ABOUT HIS COUNTRY'S FUTURE. AT SAME TIME HE
IS TROUBLED OVER TREND OF EVENTS IN MIDDLE EAST, SOME OF
WHICH HE CONSIDERS THREAT TO IRAN'S SECURITY. HE
ESPECIALLY CONCERNED ABOUT SOVIET ADVANCEMENTS IN AREA
AND OVER WHAT HE CALLS GRAND DESIGN OF USSR TO ACQUIRE
WARM WATER PORT IN ARABIAN SEA AND TO ERADICATE US AND

WESTERN INFLUENCE IN GULF. HE FEELS US AND WEST DO NOT APPRECIATE VITAL IMPORTANCE TO THEIR OWN BASIC SELF INTERESTS OF GULF AND ITS OIL ON WHICH SO MUCH OF FREE WORLD ECONOMY AND SECURITY IS DEPENDENT. END SUMMARY.

1. REQUESTS FOR AUDIENCES WITH SHAH ARE CAREFULLY SCREENED, BUT ONCE ONE IS GRANTED HE IS GENEROUS WITH VISITOR IN TIME AND SUBSTANCE OF HIS REMARKS. HE LIKES TO START WITH TOUR D'HORIZON, LENGTH AND ORIENTATION OF WHICH DEPENDS ON VISITOR'S INTERESTS AND SHAH'S MOOD. HE IS ALSO A GOOD LISTENER AND IS USUALLY CANDID IN HIS ANSWERS.
2. OUR LINES OF COMMUNICATION WITH SHAH ARE GOOD ON BASIS OF PERIODIC MEETINGS OVER THE LAST TWO YEARS WITH AMBASSADOR MACARTHUR, FREQUENT MEETINGS WITH COURT MINISTER ALAM WHO ALWAYS CAREFULLY REFLECTS SHAH'S VIEWS, AS WELL AS SPECIAL AUDIENCES, WE BELIEVE WE HAVE GOOD INSIGHT INTO SHAH'S VIEWS ON WORLD AROUND HIM AND ON SPECIFIC ISSUES OF MUTUAL INTEREST. PREVIOUS: MESSAGE IN THIS SERIES (REFTEL) HAS DEALT WITH US/IRANIAN RELATIONS AND OUR ESTIMATE OF SHAH'S VIEWS ON OUR BILATERAL RELATIONS AS WELL AS HIS HOPE FOR US ROLE IN THIS AREA AGAINST BACKGROUND OF SOVIET AMBITIONS AND THREAT TO IRAN AND TO FREE WORLD INTERESTS IN MIDDLE EAST AND GULF. THIS MESSAGE FOCUSES ON SHAH'S CURRENT THOUGHTS AND ASPIRATIONS FOR HIS COUNTRY AND VIEWS ON DEVELOPMENTS IN MIDDLE EAST, MANY OF WHICH WERE MOST RECENTLY SPELLED OUT IN SESSION APRIL 23 WITH NWC STUDENTS. THEY REPRESENT SHAH'S LATEST THINKING ON WIDE VARIETY OF SUBJECTS AND INSIGHT TO HIS VIEWS ON SOME OF TOPICS THAT MAY COME UP DURING HIS MEETINGS WITH PRESIDENT.
3. FUTURE OF IRAN: THE SHAH USUALLY STRESSES REMARKABLE ECONOMIC DEVELOPMENT OF COUNTRY, WHICH INCREASINGLY COMPARES FAVORABLY WITH GROWTH RATE OF JAPAN. HE ATTRIBUTES THIS SUCCESS STORY TO IRAN'S RESOURCES—BOTH HUMAN, FOR THE IRANIAN PEOPLE ARE ENERGETIC AND ANXIOUS TO LEARN FROM OTHERS, AND NATURAL RESOURCES WITH WHICH IRAN IS HAPPILY WELL ENDOWED. BY END OF NEXT 5-YEAR PLAN STARTING 1973, HE HOPES TO DOUBLE IRAN'S PER CAPITA INCOME AND BY 1985 BRING IRAN UP TO A PER CAPITA INCOME OF \$1,000 WHICH WOULD MAKE IT THE MOST PROSPEROUS COUNTRY IN ASIA AFTER JAPAN AND PUT IT

ON A PAR WITH SEVERAL EUROPEAN COUNTRIES. HE ALSO LOOKS FORWARD TO 100 PERCENT LITERACY BY 1985. HE RECOGNIZES THAT IRAN'S POPULATION GROWTH RATE COMPLICATES MATTERS. HOWEVER, COUNTRY IS NOW LAUNCHED ON FAMILY PLANNING PROGRAM AND HE HOPES TO CUT BACK POPULATION GROWTH FROM CURRENT 3.2 PERCENT TO 1 PERCENT. HE DOES NOT BELIEVE ZERO POPULATION GROWTH RATE IS ADVISABLE BECAUSE POPULATION WOULD GROW OLD AND LOSE ITS VITALITY. HE WOULD PREFER TO KEEP POPULATION TO ABOUT 50 MILLION LEVEL, BUT RECOGNIZES BEST IRAN CAN NOW HOPE FOR IS LEVELLING OFF AT 65 MILLION IN ABOUT 20 YEARS. IN THIS CONNECTION HE NOTES THAT TEHRAN IS REACHING 4 MILLION FIGURE AND DECENTRALIZATION MUST TAKE PLACE BECAUSE AVAILABLE WATER SUPPLIES CANNOT TAKE CARE OF MORE THAN 51/2 MILLION IN TEHRAN AREA.

4. POLITICAL GROWTH. AS RESULT HIS GOVERNMENT'S EMPHASIS ON EDUCATION AND EMPLOYMENT, SHAH EXPECTS LITERATE AND PROSPEROUS MIDDLE CLASS TO EXPAND RAPIDLY. HE DOES NOT AGREE HOWEVER WITH THOSE WHO ASSERT THIS WILL LEAD TO ERA OF CONFRONTATION. RATHER, HIS GOVERNMENT'S POLICIES ARE INTENDED TO SEE THAT COUNTRY WILL TAKE WHAT HE CALLS PATH OF PARTICIPATION. HE IS WORKING FOR "DEMOCRATIC ECONOMY" IN WHICH PEOPLE HAVE STAKE IN THEIR FUTURE AS IN CASE OF THOSE WHO PROFITED FROM LAND REFORM, AND HE HOPES VARIOUS POLITICAL INSTITUTIONS AT DIFFERENT LEVELS WILL PROVIDE OUTLETS FOR POLITICAL EXPERIENCE AND EXPRESSION. THESE UNITS INCLUDE COOPERATIVES AND SOCIETIES AT THE VILLAGE LEVEL, VILLAGE COUNCIL EQUITY COURTS, CITY AND PROVINCIAL COUNCILS AND FINALLY PARLIAMENT. POLITICAL PARTIES ARE ALSO IMPORTANT PART OF PROCESS AND SHAH HAS ENCOURAGED THEIR ESTABLISHMENT.
5. SECURITY OF IRAN. WHILE IRAN VALUES FRIENDS AND ALLIES, ONLY SAFE POLICY IS FOR IRAN TO STAND ON ITS OWN FEET AND BE PREPARED TO DEFEND ITSELF. IT IS BUILDING UP ITS ARMED FORCES AND AS ONE DETERRENT IS MAKING CLEAR TO ALL ITS NEIGHBORS, WITH USSR AS REAL TARGET, THAT ANY WHO HAVE AMBITIONS IN IRAN WILL FIND A WASTED COUNTRY BECAUSE IRAN WILL PURSUE A SCORCHED EARTH POLICY LEAVING NOTHING BEHIND FOR THE INVADER. IRAN AND US HAVE A TREATY RELATIONSHIP, BUT THIS IS LOOSELY WORDED AND CANNOT BE RELIED UPON IN A CRISIS. ON OTHER HAND,

IRAN AND WHAT IT REPRESENTS IN GULF IS SO VITAL TO WESTERN INTERESTS THAT LATTER CANNOT AFFORD TO SEE IRAN GO UNDER. THIS IS FACT OF LIFE WHICH UNITED STATES AND WEST MUST TAKE INTO ACCOUNT.

6. PAKISTAN-INDIA: SHAH DOES NOT THINK THAT RECENT CONFLICT IN SUBCONTINENT DAMAGED HIS RELATIONS WITH INDIA WHICH REMAIN SATISFACTORY. INDIANS KNEW SHAH DISAGREED 100 PERCENT WITH YAHYA KHAN'S POLICIES VIS-A-VIS EAST PAKISTAN. AT SAME TIME IRAN HAS NOT AS YET ACCEPTED BANGLA DESH, NOR WILL IRAN RECOGNIZE IT IN VERY NEAR FUTURE BECAUSE IT HAD SEEN CREATED BY AGGRESSION FROM OUTSIDE. UNITY AND INTEGRETU OF WEST PAKISTAN IS OF VITAL IMPORTANCE BECAUSE THERE COULD BE DISASTROUS CONSEQUENCES IF PAKISTAN PROVINCENS, AND ESPECIALLY NORTHWESTERN FRONTIER AND BALUCRISTAN PROVINCES, BROKE AWAY. HE DOES NOT THINK INDIA WANTS BREAK-UP OF PAKISTAN NOR DOES HE THINK INDIA COULD OR WOULD OCCUPY IT. BREAK-UP OF PAKISTAN COULD HAVE VERY SIGNIFICANT CONSEQUENCES TO SECURITY OF IRAN BECAUSE ONE WAY OR ANOTHER, SOVIETS WOULD SEEK TO EXPLOIT RESULTING CONFUSION TO THEIR ADVANTAGE AND ATTEMPT TO USE SITUATION TO ACHIEVE LAND BASE TO ARABIAN SEA. SOVIETS COULD WORK THROUGH AFGHANISTAN, WHERE THEIR INFLUENCE IS VAST, THROUGH INDIA AS A RESULT OF TREATY WHICH GAVE SOVIETS FOOHOLD IN SUBCONTINENT OR THROUGH LOCAL MOVEMENTS SUCH AS BALUCHISTAN. SHAH IS CONCERNED ABOUT RECENT LITERATURE AND MAP APPEARING OUT OF BAGHDAD CALLING FOR INDEPENDENT BALUCHYSTAN WITH A BORDER ON SOVIET UNION WHICH IN EFFECT WOULD GIVE USSR ACCESS TO WARM WATER PORT IN INDIAN OCEAN.

7.

KING HUSSEIN AND THE FUTURE OF JORDAN. SHAH ADMIRES AND RESPECTS HUSSEIN HIGHLY FOR HIS SKILL AND COURAGE. VIABLILITY OF JORDAN AND SURVIVAL OF HUSSEIN ARE CRUCIAL TO STABILITY OF AREA IS IMPORTANT THAT FRIENDS HELP HUSSEIN, AND HE UNDERSTANDS HUSSEIN RETURNED FROM US SATISFIED WITH USG DECISIONS TO ASSIST JORDAN FURTHER ECONOMICALLY AND MILITARILY. JORDAN NEEDS HELP, INCLUDING SUBSIDIES FROM FRIENDLY ARAB COUNTRIES. SAUDI ARABIA IS CONTINUING HELP JORDAN AND THIS IS GOOD. AS FOR KUWAITIS "IMPOSSIBLE PEOPLE"—EVERY TIME FLY GOES BY THEY USE THAT AS EXCUSE TO TURN OFF THEIR

SUBSIDIES TO JORDAN. HUSSEIN'S PLAN FOR WEST BANK MAKES SENSE. UNFORTUNATELY ARABS WILL NOT ACCEPT IT BECAUSE OF ITS SPONSORSHIP. HE UNDERSTANDS THERE ARE EGYPTIANS AND OTHERS WHO WELCOME PLAN BUT HAVE TO OPPOSE IT PUBLICLY BECAUSE IT PUT FORWARD BY HUSSEIN.

WERE HUSSEIN TO LOSE POWER RESULTS COULD BE DISASTROUS. PALESTINIANS WHO SEEK TO TAKE OVER HAVE NO REAL GOVERNMENT AND THEIR PROPOSAL FOR THE JOINT ARAB/JEWISH STATE IS RIDICULOUS. IF JORDAN WENT, KUWAIT COULD GO IN A MATTER OF DAYS, AND HOW LONG WOULD IT BE BEFORE SAUDI ARABIA SUFFERED SAME FATE? GULF COULD THEN BE IN CHAOS WITH WESTERN INTERESTS SERIOUSLY THREATENED.

8. VALUE OF SUEZ CANAL TO IRAN. SHAH FEELS SUEZ CANAL IS NO LONGER OF COMMERCIAL IMPORTANCE TO IRAN. ITS COMMERCE WITH EUROPE NOW GOES OVERLAND THROUGH TURKEY OR SOVIET UNION AND THIS IS A FASTER ROUTE THAN THROUGH SUEZ. THE CLOSURE OF SUEZ IS OF COURSE OF SOME MILITARY VALUE BY COMPLICATING SOVIET DEPLOYMENT OF FORCES IN INDIAN OCEAN.
9. ISRAEL. IN PAST SHAH HAS LOOKED UPON ISRAEL AS BALANCING FACTOR IN IRAN'S RELATIONS WITH ARAB WORLD AND AS USEFUL COUNTER TO RADICAL ARAB DESIGNS ON GULF. WHILE THIS ELEMENT STILL REMAINS IN HIS THINKING AND IRAN CONTINUES HAVE QUIET AND CLOSE RELATIONS WITH ISRAEL, HE IS ALSO CONCERNED. THAT "NO PEACE—NO WAR" SITUATION BETWEEN ISRAEL AND ARABS IS PROVIDING OPPORTUNITY FOR SOVIETS TO GAIN PERMANENT FOOTHOLD IN EASTERN MEDITERRANEAN AND COULD BE USED FOR SIMILAR PURPOSES IN COUNTRIES CLOSER TO IRAN. HENCE HE STRESSES IRAN'S SUPPORT FOR SECURITY COUNCIL RES 242 AND ESPECIALLY FOR ISRAELI WITHDRAWAL FROM SEIZED ARAB TERRITORIES.
10. SOVIET-IRAQ TREATY. LANGUAGE OF TREATY IS AMBIGUOUS AND COULD BE INTERPRETED VARIOUS WAYS. ACCORDING TO ONE INTERPRETATION OF ARTICLE 8 IN PARTICULAR, TREATY COULD BE REGARDED AS HOSTILE TO IRAN. SOVIET UNION IS CAREFUL IN ITS RELATIONS WITH IRAN, AND GOI DOES NOT FEEL IT SHOULD REACT TO TREATY UNLESS SPECIFIC DEVELOPMENTS ARISE OUT OF THE TREATY WHICH GIVE CAUSE FOR CONCERN. HOWEVER, SHOULD SOVIETS BE SUCCESSFUL IN

BRINGING KURDS, IRAQI COMMUNISTS AND Ba'aTHIST PARTY TOGETHER IN NATIONAL FRONT THIS WOULD BE A VERY SERIOUS DEVELOPMENT FOR IRAN.

11. THE GULF. SHAH STRESSES DEPENDENCE OF JAPAN AND WEST ON GULF, WHICH HAS LARGEST PROVEN PETROLEUM RESERVES IN WORLD. SOME 17 MILLION BARRELS OF OIL DAILY GO THROUGH STRAITS OF HORMOZ TO JAPAN AND TO WEST. SOME 10 YEARS FROM NOW THERE WILL BE ENERGY CRISIS IN US. IN PAST VENEZUELA AND US HAVE MET SOME OIL SHORTAGES OF WEST. THIS WILL NO LONGER BE POSSIBLE. GULF IS THEREFORE ABSOLUTELY VITAL TO SECURITY OF FREE WORLD AND IF THE FLOW IF THE FLOW OF OIL WAS INTERRUPTED OR IF OIL CAME UNDER CONTROL OF UNFRIENDLY GOVERNMENTS PREPARED TO USE OIL AS POLITICAL INSTRUMENT, FREE WORLD WOULD BE IN SERIOUS SITUATION AND ECONOMIES OF COUNTRIES LIKE JAPAN COULD BE FORCED TO COMPLETE HALT. IT THEREFORE IMPORTANT THAT US AND FREE WORLD TOOK CAREFUL LOOK AT WHAT IS GOING ON IN GULF AND ABOUT THREATS TO ITS STABILITY.
12. UNITED ARAB EMIRATES: SHAH TRACES GOI'S RELATIONS WITH UAE TO LONG NEGOTIATIONS WITH BRITISH OVER ISLANDS AND REASONS WHY HE FELT IRAN SHOULD OCCUPY THEM. HE STRESSES THAT WE HAS SET ASIDE THE QUESTION OF SOVEREIGNTY OVER ABU MUSA WATERS. SHEIKH ZAYID OF ABU AHABI IS PROBLEM. HE WENT OFF TO LIBYA AND OTHER CONTRIES AND COMMITTED HIMSELF TO RIDICULOUS STATEMENTS ABOUT IRAN. HE IS SURROUNDED BY ADVISERS, ESPECIALLY SUWEIDI, WHO ARE OF QUESTIONABLE ABILITY AND SYMPATHIES. THIS IS A SITUATION WHICH HAS TO BE WATCHED CLOSELY. IRAN HAS ESTABLISHED RELATIONS WITH UAE, BUT SHAH IS DISTURBED OVER TREND OF DEVELOPMENTS THERE AND DOES NOT BELIEVE EVEN STABLE UAE (WHICH FAR FROM CERTAIN) WILL ADD ANY STRENGTH IN GULF AREA.
13. INDIAN OCEAN. SECURITY OF IRAN AND ITS OIL LIFELINE TO WEST THROUGH STRAITS OF HORMOZ REQUIRE THAT NAVY BE STRENGTHENED, IN FIRST INSTANCE TO SECURE IRANIAN INTERESTS IN GULF AND THEN FROM, GULF INTO ARABIAN SEA, AND ON INTO INDIAN OCEAN, SHAH SEEMS UNCERTAIN STILL HOW FAR IRAN'S RESPONSIBILILITIES IN INDIA OCEAN WOULD GO BUT IS CONVINCED IRAN HAS RESPONSIBILILITIES IN INDIAN OCEAN AS WELL AS GULF FROM NOW ON.
14. CHINESE COMMUNIST ACTIVITIES IN AREA. IT IS DIFFICULT TO ASSESS IMPORTANCE OF CHINA IN MIDDLE EAST. IT IS

UNDOUBTEDLY FACTOR IN STRATEGIC BALANCE, BUT WHAT ROLE IT MAY PLAY NOT YET CLEAR. IT IS TRUE THAT CHINA IS SUPPORTING THE PDRY INSURGENCY AGAINST OMAN BUT SO WERE RUSSIANS AND THERE SEEMED TO BE SOME COMPETITION AMONG THEM. IRAN'S PRINCIPAL INTEREST IN ESTABLISHING RELATIONS WITH PEKING IS TO PROVIDE DIPLOMATIC AND POLITICAL COUNTERWEIGHT OT POTENTIAL/LIKELY PRESSURES ON IRAN FROM SOVIET UNION IN FUTURE.

15. UNITED NATIONS. UN IS BECOMING INCREASINGLY IMPOTENT AS DEMONSTRATED BY ITS PERFORMANCE DURING INDO-PAK CONFLICT AND MORE RECENTLY LACK OF ANY INTEREST OTHER THAN THAT GENERATED BY IRAN IN EXPULSION OF SOME 60,000 IRANIANS FROM IRAQ. NO ONE EXPRESSED CONCERN OR TOOK INTEREST IN THE MATTER. APPEARANCE OF CHINESE AT UN CHANGE THINGS, BUT SHAH FEELS IN FUTURE MORE NATURAL DEVELOPMENT WILL BE GROUPING OF COUNTRIES WITH SIMILAR INTERESTS AND OBJECTIVES WORKING TOGETHER IN THEIR COMMON INTERESTS.
16. F-4'S AND F-5'S. F-5 IS USEFUL AIRCRAFT WHICH HAS MORE OR LESS OUTLIVED ITS PURPOSE. F-4, AND ESPECIALLY F-4E IS EXCELLENT PLANE OUT IT IS NOT A MATCH FOR MIG-23. THE LATTER CAN CLIMB TO 80,000 FEET AND FIRE A MISSILE AT ANY PLANE BELOW THAT WITH NO NEED FOR COMBAT AT LOWER ALTITUDES WHERE F-4 MIGHT HAVE ADVANTAGES. BECAUSE OF PRESENCE OF MIG-23 IN AREA AS WELL AS DEVELOPMENT OF SU-11, IRAN MUST SHORTLY MOVE TO NEXT GENERATION OF AIRCRAFT. SHAH WOULD PREFER TO BUY FROM UNITED STATES, BUT IF THERE IS ANY PROBLEM HE WILL TURN TO FRENCH AIRCRAFT OR CONSIDER NEW PLANE BEING DEVELOPED BY BRITISH-GERMAN COMBINATION.
17. NUCLEAR POLICY. SHAH IS STRONGLY OPPOSED TO DEVELOPMENT OF NUCLEAR WEAPONS IN IRAN. HE SEES NO PURPOSE TO DIVERSION OF FUNDS FOR THIS PURPOSE BECAUSE AT BEST IRAN WOULD BE A SMALL NUCLEAR POWER FACING ONE OF BIGGEST, AND TO WHAT PURPOSE. RATHER, BELIEVES THAT IRAN'S BEST DETERRENTS ARE AN EFFECTIVE MODERN MILITARY FORCE, A SOUND ECONOMY AND A DECLARED POLICY OF SCORCHED EARTH.
18. IN SUMMARY, WHAT EMERGES FROM SUCH DISCUSSIONS IS PICTURE OF SHAH WHO:
 - (1) DOMESTICALLY, IS PROUD OF HIS COUNTRY'S ACHIEVEMENTS IN RECENT YEARS, CONFIDENT THAT IRAN'S REMARKABLE GROWTH WILL CONTINUE BUT PERHAPS AT REDUCED RATE,

AND SATISFIED THAT POLITICAL INSTITUTIONS WILL TAKE DEEPER ROOT AND GROW TO ACCOMMODATE GROWING ASPIRATIONS OF MORE LITERATE AND PROSPEROUS POPULATION WANTING TO PARTICIPATE IN POLITICAL PROCESSES: AND WHO

- (2) IN FOREIGN MATTERS, IS TROUBLED BY DISARRAY AMONG HIS NEIGHBORS AND OPPORTUNITIES THIS PROVIDES FOR SOVIET PENETRATION AND MANIPULATION IN ORDER ACHIEVE HISTORICAL SOVIET OBJECTIVES IN AREA AND ESPECIALLY GULF, WHO WELCOMES FRIENDS AND ALLIES WORKING WITH IRAN TO PROMOTE PEACE AND STABILITY IN AREA BUT WHO IS DETERMINED TO STRENGTHEN COUNTRY AND ITS ARMED FORCES SO THAT IRAN CAN STAND ALONE IF NECESSARY.

HECK

¹ Source: National Archives, RG 59, Central Files 1970-73, POL 7 US/NIXON. Secret; Exdis.

185. Memorandum From the Director of Central Intelligence (Helms) to the President's Assistant for National Security Affairs (Kissinger), Washington, May 4, 1972¹

Washington, May 4, 1972

4 MAY 1972

MEMORANDUM FOR:

Dr. Henry A. Kissinger

Assistant to the President for National Security Affairs
The White House
Washington, D. C. 20520

SUBJECT:

The Shah of Iran's Role as a Regional Leader

1. I believe that it may be helpful for the President to be informed of certain unique characteristics of the apparatus used by the Shah of Iran in conducting Iran's foreign policy.
2. During the past decade, and particularly during the past five years, the Shah has sought to provide for the security of Iran through the rapid development of that country as a modern industrial state with a rapidly expanding military establishment. He likes to describe Iran as the only strong, stable and important nation between Japan and the European Community. Although Iran officially participates in the UN, CENTO and the RCD and pays at least lip service to King Faisal's concept of "Islamic Solidarity," the Shah is reluctant to place confidence in regionalism or any collective security arrangement with his conservative neighbors. [*text not declassified*]
3. [*text not declassified*]
4. Since the death of President Nasser, the Shah and King Faisal have viewed Egypt not as the arch enemy but as a potential defector from the Soviet camp in the Arab world. Both the Shah and Faisal have good relations with President Sadat who has gradually been drawn into a closer relationship with Saudi Arabia and, partly through Saudi Arabia, with Iran. [*text not declassified*] Both remain convinced,

however, that they should support his efforts to reach a settlement and reduce the Soviet influence in Egypt.

5. I recommend that the President include the following points in his discussions with the Shah:
 - a. The USSR obviously has the Gulf and the Arabian Peninsula high on the agenda for its continuing effort to expand its influence in the Middle East and the Indian Ocean.
 - b. The best response to the USSR threat is a coordinated regional effort. The Shah, with his special association with Israel and Turkey in the north and with King Faisal and King Hussein in the Arab bloc, has a unique capability to exercise leadership in the region.
 - c. *[text not declassified]*
 - d. Given the circumstances in the Middle East, the Shah is acting wisely in using secret diplomacy *[text not declassified]* in developing coordinated programs with his neighbors.
 - e. President Sadat probably represents the best leadership we can expect in Egypt. Regionalism independent of Great Power domination offers Sadat the best alternative to his present dependence on the USSR. The Shah and King Faisal should attempt to quietly involve Sadat in matters which can move Egypt toward a role in an independent Middle East region.

Richard Helms Director

¹ Source: Central Intelligence Agency, Executive Registry Files, Job 80B01086A, Box 1, Executive Registry, Subject Files, I-13, Iran. Secret; Sensitive. The memorandum is a copy that bears Helms' typed signature with an indication that he signed the original.

186. Telegram 78854 From the Department of State to the Embassy in Iran, May 5, 1972, 2123Z¹

May 5, 1972, 2123Z

[DEPARTMENT OF STATE TELEGRAM]

078854
052123Z MAY 72

NEA/IRN:JCHIKLOS/HM
SMAY72:EXT. 21131
NEA - RODGER P. DAVIES
S/S:MR. MILLER

ROUTINE TEHRAN

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REF:
TEHRAN 2461

1. NATION ARTICLE IS A VERY LONG, SOMEWHAT INCOHERENT AND VASTLY FANCIFUL ACCOUNT OF THE ADVENTURES OF ONE KHAIBAR KHAN WHICH BEGIN UNDERLINE INTER ALIA END UNDERLINE CHARGES THE ROYAL FAMILY COLLECTIVELY AND SEPARATELY, VARIOUS FORMER AMERICAN AMBASSADORS TO IRAN, AID, CIA, ETC. WITH A SWEEPING RANGE OF MISDEEDS INCLUDING BRIBERY, CORRUPTION AND MISMANAGEMENT. NO ALLEGATION IS MADE HOWEVER THAT THE USG EVER DENIED A VISA TO PRINCESS ASHRAF OR RECOMMENDED THAT SHE NOT BE ADMITTED TO THE UNITED STATES. IT DOES CONTAIN THE FOLLOWING PASSAGE RELATING TO THE ALLEGED ARREST OF ASHRAF IN GENEVA: QUOTE AS K.K. CHARGED IN A LETTER TO THE UN WHICH WAS ANNEXED TO HIS AFFIDAVIT, GENEVA POLICE ON NOVEMBER 17, 1960, HAD ARRESTED PRINCESS ASHRAF FOR BEING IN POSSESSION OF TWO SUITCASES CONTAINING SOME \$ DOLS TWO MILLION WORTH OF HEROIN. PRINCE MAHMOUD HAD PROTESTED LOUDLY THAT THE BAGS WEREN'T HIS, AND PRINCESS ASHRAF HAD BEEN HELD FOR A TIME: INTERPOL HAD LAUNCHED A BIG INVESTIGATION, AND

THE WHOLE THING HAD BEEN SUCH A SCANDAL EVEN TIME
HAD TAKEN NOTE OF IT. END A QUOTE

2. JOHN ROUSE WILL BE BRINGING A COPY OF THE NATION
ARTICLE WITH HIM WHEN WE RETURNS.
3. IN VIEW OF FOREGOING IT WOULD SEEM NEITHER NECESSARY
NOR DESIRABLE FOR AMBASSADOR RADJI TO UNDERTAKE TO
COME HERE TO REFUTE CHARGES IN AN ARTICLE WHICH IS
PATENTLY RIDICULOUS.

¹ Source: National Archives, RG 59, Central Files 1970-73, POL 15-1
IRAN. Secret. Drafted by Miklos; cleared by Robert M. Miller (S/S);
approved by Davies.

187. Telegram 2642 From the Embassy in Iran to the
Department of State, May 6, 1972, 1415Z¹

May 6, 1972, 1415Z

TELEGRAM
Department of State
TEHRAN 2642
O 061415Z MAY 72

ACTION SS-25

INFO OCT-01 SSO-00 CCO-00 /026 W 076389

O 061015Z MAY 72

FM AMEMBASSY TEHRAN

TO

SECSTATE WASHDC IMMEDIATE 8293

SUBJ:
PRESIDENT'S VISIT: ISSUES SHAH MAY RAISE WITH PRESIDENT

REF:
TEHRAN 2604

THIS IS FIFTH IN SERIES OF MESSAGES REGARDING PRESIDENT'S VISIT AND LISTS SUBJECTS WHICH WE ANTICIPATE SHAH WILL DISCUSS OR RAISE WITH PRESIDENT DURING THEIR MEETINGS.

1. AS GENERAL PROPOSITION AND AGAINST BACKGROUND OF SHAH'S CONCERNS OVER MAJOR SOVIET GAINS IN MIDDLE EAST AREA AND STEPPED-UP SOVIET EFFORTS TO REDUCE AMERICAN INFLUENCE AND PRESENCE IN THIS AREA, AND ESPECIALLY GULF—AS DESCRIBED IN PREVIOUS MESSAGES IN THIS SERIES—WE ANTICIPATE SHAH'S PRIMARY AND OVERALL INTEREST WILL BE TO ATTEMPT TO CLARIFY USG'S ASSESSMENT OF SOVIET ACTIVITIES IN MIDDLE EAST AND EXTENT OF USG'S INTEREST, WILL AND DETERMINATION TO REMAIN IN THIS PART OF THE WORLD.

2. TO THIS END SHAH WILL BE INTERESTED IN HEARING FROM PRESIDENT HIGHLIGHTS AND PRINCIPAL CONCLUSIONS OF HIS MEETINGS AND DISCUSSIONS IN USSR INCLUDING PROSPECTS FOR DETENTE IN EUROPE RESULTING FROM POSSIBLE AGREEMENTS IN SALT TALKS, EAST/WEST SECURITY CONFERENCE, ETC. THIS IS ON SHAH'S MIND BECAUSE, WHILE HE OF COURSE FAVORS DETENTE, HE IS CONCERNED THAT DETENTE IN EUROPE WILL RELEASE SOVIET ENERGIES AND STRENGTH TO STEP UP SOVIET CAMPAIGN TO PENETRATE MIDDLE EAST AND EXTEND THEIR INFLUENCE HERE. SHAH WILL ALSO LOOK FORWARD TO ASSESSMENT FROM PRESIDENT ON HOW US VIEWS SOVIET ACTIVITIES IN MIDDLE EAST AIMED AT SECURING DOMINANT POSITION IN GULF AND INDIAN OCEAN AREA. HE UNDOUBTEDLY HOPES US IS PREPARED PUBLICLY AS WELL, AS PRIVATELY TO TAKE FIRM POSITION WITH SOVIETS THAT US WILL STAND FIRM AGAINST SOVIET EFFORT EXTEND ITS INFLUENCE IN MIDDLE EAST, PERSIAN GULF AND INDIAN OCEAN AREA, AND HE WILL PROBABLY TELL PRESIDENT THAT IF WE ARE STEADFAST IN MIDDLE-EAST USG CAN COUNT ON IRAN TO COOPERATE FULLY WITH US.
3. AS IRAN IS PAYING ITS OWN WAY TO MEET ITS ECONOMIC DEVELOPMENT AND MILITARY NEEDS, SHAH WILL LIKELY POINT OUT THAT IRAN-US COOPERATION WILL NOT PLACE ANY DEMANDS ON USG RESOURCES. HE HOPES COOPERATION WILL CONTINUE ALONG LINES ALREADY WELL ESTABLISHED, WITH US CONTINUING TO BE RESPONSIVE TO SHAH'S REQUEST FOR INFORMATION, TECHNOLOGY AND MODERN EQUIPMENT THAT HE FEELS IRAN NEEDS AND IS PREPARED TO PAY FOR SPECIFICALLY HE WILL LOOK TO US TO CONTINUE TO:
 - (A) MAKE AVAILABLE AND SELL MODERN MILITARY EQUIPMENT AND WEAPONS IRAN NEEDS:
 - (B) MAKE CREDIT AVAILABLE FOR PURCHASE OF US EQUIPMENT TO MAXIMUM EXTENT POSSIBLE WHICH IRAN WILL REPAY ON SCHEDULE:
 - (C) CONTINUE TO TRAIN IRAN'S PILOTS (AT IRAN'S EXPENSE) FOR NEXT SEVERAL YEARS:
 - (D) PROVIDE EXPERIENCED TECHNICAL AND MILITARY PERSONNEL ON ARMISH/MAAG STAFF TO CONTINUE TO HELP TRAIN AND ORGANIZE IRAN'S RESOURCES:
 - (E) MAKE AVAILABLE AT LEAST THREE SQUADRONS OF F-15'S (WITH POSSIBLY TWO TO FOUR F-14'S EQUIPPED WITH PHOENIX MISSILE PER SQUADRON) WHENEVER F-15 HAS BEEN ADEQUATELY TESTED AND REACHES PRODUCTION LINE. SHAH

CAN BE EXPECTED TO PRESS HARD ON F-15 MATTER WHICH CURRENTLY IS MOST IMPORTANT AND HIGHEST PRIORITY MILITARY ACQUISITION ITEM FROM HIS VIEW. HE UNDERSTANDS WE CANNOT PROVIDE TECHNOLOGY ABOUT THIS WEAPONS SYSTEM OR MAKE COMMITMENTS ABOUT COSTS, DELIVERY SCHEDULES, ETC., BUT HE WILL SEEK FROM PRESIDENT USG COMMITMENT TO MAKE THIS AIRCRAFT AVAILABLE TO IRAN AS SOON AS USAF NEEDS ARE MET AND FOREIGN COUNTRIES CAN GET THEIR SHARE OF PRODUCTION LINE. DURING THIS DISCUSSION SHAH MAY MAKE POINT THAT AS MOST RELIABLE AND DEPENDABLE FRIEND OF US IN THIS PART OF ASIA IRAN IS ENTITLED TO SAME MEASURE OF MILITARY COOPERATION IN WEAPONS SYSTEMS AND PRODUCTION AS OUR NATO ALLIES.

4. SHAH CAN ALSO BE EXPECTED TO DISCUSS SOVIET ACTIVITIES IN GULF AND THREAT TO GULF PEACE AND STABILITY FROM SUBVERSIVE ELEMENTS CAPITALIZING ON WEAKNESS AND FRAGILE POLITICAL STATUS OF STATES ON SOUTHERN SIDE OF GULF. HE WILL EXPLAIN PLANS HE HAS TO STRENGTHEN IRAN'S FORCES AND GRADUALLY BUILD UP NAVY AND RECONNAISSANCE RESOURCES TO PLAY ROLE FIRST IN GULF AND THEN GRADUALLY MOVING OUT INTO ARABIAN SEA AND INDIAN OCEAN. IN THIS CONNECTION HE WILL BE INTERESTED IN OUR PLANS FOR MIDEASTFOR (TEHRAN 2576) AND HE WILL OUTLINE TO PRESIDENT HIS PLANS FOR MAJOR NAVAL AND AIR FACILITY AT CHAH BAHAR WHICH US TEAM CURRENTLY STUDYING.
5. AS MANY OF SHAH'S JUDGMENTS AND DECISIONS REGARDING MILITARY ACQUISITIONS AND BUILDUP OF IRAN'S FORCES ARE INFLUENCED BY INTELLIGENCE REPORTS HE HAS ABOUT SOVIET ACITIVITIES IN AREA AND DELIVERY OF MILITARY EQUIPMENT TO RADICAL ARAB STATES, WE RECOMMEND PRESIDENT HAVE OUR LATEST ASSESSMENTS ON:
 - (A) REPORTED SOVIET/IRAQ SECRET AGREEMENT TO PROVIDE SOVIETS WITH NAVAL BASE AT UMM AL-QASR IN GULF:
 - (B) REPORTS THAT SOVIETS ARE BEGINNING TO MAKE AVAILABLE TO RADICAL ARAB STATES, INCLUDING IRAQ, MORE SOPHISTICATED WEAPONS INCLUDING MIG-23'S AND SA-3 MISSIELS:
 - (C) COMBAT EFFECTIVENESS OF MIG-23'S ESPECIALLY AGAINST F-4's. FYI BASIS OF SHAH'S CURRENT INTEREST IN F-15 IS HIS CONVICTION THAT F-4'S ARE NO MATCH FOR MIG-23'S WHICH SOVIETS ARE INTRODUCING INTO AREA AND WHICH

THEREFORE MAKES IT NECESSARY FOR IRAN TO ACQUIRE NEXT GENERATION AIRCRAFT THAT CAN MATCH MIG-23 PERFORMANCE.

6. PRESIDENT'S VISIT WILL TAKE PLACE SHORTLY AFTER THIRD ROUND OF CONFIDENTIAL TALKS SHAH IS HAVING WITH CONSORTIUM LEADING TO NEW LONG-RANGE ARRANGEMENTS ON PARTICIPATION. SINCE NEXT MEETING SCHEDULED MAY 17 IT NOT NOW POSSIBLE BE CERTAIN WHAT STATUS MAY BE WHEN PRESIDENT AND SHAH MEET. HOWEVER, IF PRESENT SITUATION PERSISTS, NEGOTIATIONS WILL CONSIST OF CONTINUING HARD BARGAINING ON CERTAIN SPECIFIC ISSUES (SUCH AS CONSORTIUM SUPPLY OIL AT PREMIUM PRICE TO NIOC FOR MARKETING ANYWHERE IN WORLD) CONDUCTED IN ATMOSPHERE OF FRIENDLY CONSTRUCTIVE EXCHANGE BETWEEN TWO PARTIES WHOSE MUTUAL UNDERSTANDING IS GOOD AND WHOSE RELATIONS ARE BASICALLY ON FIRM FOUNDATION. PRESIDENT MAY WISH EMPHASIZE TO SHAH USG CONTINUING STRONG INTEREST IN ACHIEVING SETTLEMENT THIS ISSUE WHICH WILL PRESERVE FRAMEWORK OF TEHRAN AGREEMENT AND PROVIDE FOR STEADY AND SECURE SUPPLY OF OIL TO AMERICAN ALLIES IN EUROPE AND ASIA.
7. SHAH WILL ALMOST CERTAINLY RAISE HARDY PERENNIAL QUESTION OF INCREASED OIL EXPORTS FROM IRAN TO US. SHAH, WHOSE ADVISERS ARE KEEN OBSERVERS OF CURRENT US CONTROVERSY ON OIL IMPORT QUOTA PROGRAM, WILL PRESS EITHER FOR NEW SYSTEM ALLOWING MUCH LARGER IMPORTS TO US FROM IRAN OR FOR EXCEPTION OR WAIVER UNDER PRESENT SYSTEM. HE WILL SUPPORT REQUEST WITH LONGSTANDING ARGUMENT THAT EXTENSIVE IRANIAN ARMS PURCHASES IN US JUSTIFY SPECIAL CONSIDERATION FOR IRANIAN OIL EXPORTS PARTICULARLY SINCE SHAH AND GOI WILL PLEDGE SPEND ALL-PROFITS FROM SUCH EXPORTS WITHIN US. SHAH VERY LIKELY MAKE SAME COMMENTS ON BASIS HIS FIRM UNDERSTANDING THAT US ITSELF WILL HAVE TO START LOOKING TO MIDDLE EAST (INCLUDING GULF) AS SOURCE OF OIL IMPORTS WITHIN NEAR FUTURE. PARTICULAR CAUTION IS NECESSARY ON THIS SUBJECT SINCE, AS DEPARTMENT WILL RECALL, PRESIDENT'S EXPRESSION OF INTEREST IN IRAN'S POSITION ON THIS ISSUE WAS MISREAD BY SHAH IN LAST CONVERSATION WITH PRESIDENT AS AMOUNTING TO COMMITMENT TO GRANT EXCEPTION TO QUOTA MAKING SUCH EXPORTS POSSIBLE.

8. NARCOTICS. WE DO NOT ANTICIPATE SHAH WILL RAISE SUBJECT OF NARCOTICS. HOWEVER. GIVEN OUR CURRENT CONCERNS ON THIS SUBJECT WE BELIEVE IT WOULD BE APPROPRIATE AND USEFUL FOR PRESIDENT TO (A) POINT OUT IDENTITY OF US AND IRANIAN POSITIONS AS VICTIM COUNTRIES, WITH NEITHER CONTRIBUTING TO ILLICIT INTERNATIONAL MARKET AND BOTH STRUGGLING TO IMPROVE ENFORCEMENT AND REHABILITATION PROGRAMS. (FYI IRAN'S ENFORCEMENT MEASURES ARE AMONG MOST EFFECTIVE IN WORLD. END FYI.), AND (B) EXPRESS HOPE THAT IRAN WILL CONTINUE TO WORK WITH US REGIONALLY AND IN INTERNATIONAL FORUMS TO BRING NARCOTICS PRODUCTION UNDER CONTROL AND IN MEANTIME STEP UP ENFORCEMENT MEASURES AGAINST ILLICIT TRAFFIC.

HECK

¹ Source: National Archives, RG 59, Central Files 1970-73, POL 7 US/NIXON. Secret; Exdis.

188. Telegram 2641 From the Embassy in Iran to the
Department of State, May 6, 1972, 1315Z¹

May 6, 1972, 1315Z

TELEGRAM
Department of State
TEHRAN 2641 061745Z

ACTION SS-25

INFO OCT-00 CCO-00 NSCE-00 /026 W 071778

0 061315Z MAY 72

FM AMEMBASSY TEHRAN

TO
SECSTATE WASHDC IMMEDIATE 8292
NEA/IRN FOR AMBASSADOR FARLAND

TEHRAN 2641

EXDIS

CORRECTED COPY [TEXT]

NEA/IRN FOR AMBASSADOR FARLAND

SUBJ:
PRESIDENT'S VISIT TO IRAN: IMPORTANCE OF IRAN TO US

REF:
A) TEHRAN 2440 B) TEHRAN 2604 C) TEHRAN 2642

THIS IS SIXTH AND LAST IN SERIES MESSAGES ON PRESIDENT'S
VISIT TO IRAN FORESEEN IN REF A.

1. REF B AND C, OUTLINING SHAH'S VIEWS ON WIDE VARIETY OF
DOMESTIC AND INTERNATIONAL ISSUES, WERE DESIGNED TO
ASSIST DEPARTMENT AS IT PREPARES RECOMMENDATIONS ON

SUBJECTS WHICH MAY COME UP DURING PRESIDENT'S VISIT AND PRIVATE TALKS WITH SHAH.

2.

IN ADDITION TO POSITIONS PRESIDENT WILL TAKE ON SPECIFIC ISSUES, WE BELIEVE PRESIDENT'S POSTURE IN IRAN—BOTH IN PUBLIC AND IN PRIVATE—SHOULD TAKE INTO ACCOUNT AND, WHEN APPROPRIATE, EXPLICITLY STRESS THREE PRINCIPAL THEMES OUTLINED BELOW WHICH, IN OUR VIEW, SUM UP IMPORTANCE OF IRAN TO US.

A. IRAN IS SUCCESS STORY AMONG DEVELOPING COUNTRIES. FROM 1947 UNTIL 1968, USG GAMBLED IN IRAN BY MAKING SIZEABLE INVESTMENT OF USG RESOURCES (CLOSE TO \$900 MILLION IN GRANT MILITARY ASSISTANCE: SOME \$600 MILLION IN VARIOUS FORMS ECONOMIC AID). THAT GAMBLE HAS PAID OFF HANDSOMELY—PROBABLY MORE SO THAN IN ANY OTHER DEVELOPING COUNTRY WHICH BENEFITED ECONOMIC TAKEOVER AND MILITARY MODERNIZATION, HAS LEFT US WITH RESERVOIR OF GRATITUDE AND GOODWILL AMONG IRANIAN LEADERSHIP AND PEOPLE.

(3) THIS HAS BEEN SIGNIFICANTLY SUPPLEMENTED TWO FACTS: (A) LARGE SEGMENTS OF IRANIAN LEADERSHIP (BOTH IN AND OUT OF ESTABLISHMENT) HAVE BEEN TRAINED OR EDUCATED IN US: AND (B) US STILL REMAINS CHOICE OF LARGEST NUMBER OF IRANIAN STUDENTS WHO GO ABROAD FOR STUDY.

(4)

THE CURRENT BASES OF IRAN-US FRIENDSHIP ARE STRONG, THERE ARE NO SERIOUS CONFLICTS OF INTEREST BETWEEN US, OUR INTERESTS AND GOALS IN REGION ARE CONGENIAL, AND IRAN LOOKS UPON US AS ITS BEST AND MOST TRUSTWORTHY FRIEND. BENEFITS OF IRAN-US FRIENDSHIP HAVE BEEN AND REMAIN TANGIBLE AND SUBSTANTIAL: (A) IRAN PROVIDES US WITH IRREPLACEABLE INTELLIGENCE FACILITIES VITAL TO US SECURITY INTERESTS; (B) IRAN ALSO PROVIDES US (AND WEST) WITH ONLY SECURE AIR CORRIDOR BETWEEN EUROPEAN NATO AND SOUTHEAST ASIA: (C) IN ECONOMIC SPHERE, IRAN IS PLAYING MODERATING ROLE IN VITAL OIL MATTERS, CONTRIBUTES DIRECTLY TO US BALANCE OF PAYMENTS, AND PROVIDES STABLE AND FRIENDLY CLIMATE FOR US INVESTMENT: (D) IN DIPLOMATIC SPHERE IRAN HAS BEEN WILLING SERVE AS

CHANNEL OF COMMUNICATION FOR US IDEAS AND, ADVICE (E.G. ON ARAB-ISRAEL DISPUTE AND DEVELOPMENTS IN PAKISTAN) AND HAS GIVEN FULL AND COMPLETE COOPERATION IN OUR INTERNATIONAL NARCOTICS EFFORTS.

C. IRAN IS RESPONSIBLE AND MODERATE REGIONAL POWER IN AREA OF VITAL IMPORTANCE TO US AND WEST.

- (1) IRAN IS ONLY COUNTRY IN REGION WITH BOTH WILL AND ABILITY TO PLAY ROLE OF LEADERSHIP IN PROTECTING SECURITY OF PERSIAN GULF—AREA WHICH IS NOW OF VITAL IMPORTANCE AS SOURCE OF OIL TO US ALLIES IN PACIFIC AND ATLANTIC (JAPAN AND EUROPEAN NATO RESPECTIVELY RECEIVE 90 PERCENT AND 56 PERCENT OF OIL FROM GULF) AND WHICH PROMISES TO BECOME IMPORTANT SOURCE OF OIL FOR US ITSELF WITHIN NEXT 10 TO 15 YEARS.
- (2) IRAN'S GOALS TOWARD ITS NEIGHBORS, INCLUDING VITAL GULF REGION, ARE GENERALLY CONGENIAL WITH US INTERESTS AND IRAN HAS NO TIES, COMMITMENTS OR DISPUTES WITH OTHER COUNTRIES IN REGION WHICH WOULD BE LIKELY TO LEAD TO CONFLICT OF INTEREST WITH US.
- (3) FINALLY, IRAN IS ONLY FRIENDLY, STABLE AND RESPONSIBLE COUNTRY IN AREA BETWEEN SOUTHEAST ASIA AND EUROPEAN NATO WHICH IS LIKELY TO SERVE US INTERESTS IN THE FUTURE—INCLUDING EFFORTS TO HELP OFFSET FURTHER MOVES BY SOVIETS TO REINFORCE THEIR POSITION OF INFLUENCE IN MIDDLE EAST, GULF AND SOUTH ASIA WITHOUT MAKING DEMANDS ON USG RESOURCES. THIS IS UNIQUE PROSPECT WHEN COMPARED WITH OTHER COUNTRIES IN AREA—INDIA, PAKISTAN, TURKEY, AFGHANISTAN AND FRIENDLY ARAB COUNTRIES.

HECK

¹ Source: National Archives, RG 59, Central Files 1970-73, POL 7 US/NIXON. Secret; Exdis.

189. Memorandum From the Presidents Assistant for
National Security Affairs to President Nixon, Washington,
May 6, 1972¹ ²

Washington, May 6, 1972

THE WHITE HOUSE
Washington
May 6, 1972
INFORMATION
3680

MEMORANDUM FOR:

THE PRESIDENT

FROM:

HENRY A. KISSINGER

SUBJECT:
Possible Discussions with the Shah in Tehran

Peter Flanigan in the attached memorandum reports on the current state of negotiations between the oil consortium and the Iranian Oil Company. These negotiations are being led on the Company side by KEN JAMIESON, Chairman of Standard Oil of New Jersey.

The request that comes through Mr. Flanigan is that the Shah, during your discussions in Tehran, not be encouraged in his desire for access to the US market for Iranian oil. His point is that such access would make our relations with other Persian Gulf countries as well as with Venezuela extraordinarily difficult and would make impossible the already difficult task of managing the mandatory oil import program.

It is certainly true that granting special terms of access for one country like Iran to the US market would, as Mr. Flanigan says, make it very difficult to administer the whole oil import program and would create problems with other Persian Gulf suppliers. It is also possibly true that the Shah will put less emphasis on access to the US market because Iran will probably have little difficulty in marketing its oil elsewhere in view

of expanding world needs. Whereas this was a major item on his mind when he visited here in 1969, the world market has changed sufficiently that he may feel less strongly about it now.

The one general issue that this raises in my mind, however, is that of the criteria we should use for deciding from which countries we import oil and other energy products as our needs for imported energy increase over the next decade. It would be possible, for instance, to establish criteria which would make it possible to select friendly countries and to import from them rather than from less friendly ones. At present there is the possibility that we could import energy products from a wide variety of sources, but very little work has been done on the merits of these different alternatives taking into account security of source, political issues, costs, etc. I believe this should be more thoroughly examined than it has been.

In the short term, however, I agree with Mr. Flanigan that the line for you to take with the Shah is essentially not one of encouraging him to expect immediate access to the U.S. market but to discuss in general the problems you have in this field and to promise to work with the Iranians on it. Admiral Moorer has mentioned to me the importance he attaches to your expressing your appreciation to the Shah for the key role Iran has played in the interest of stability of energy relationships in the Free World and the hope that Iran will continue to play a moderate role.

¹ Kissinger passed along Assistant to the President for International Economic Affairs Flanigan's recommendation that the Shah not be encouraged to expect special access to the U.S. market for Iranian oil.

² Source: National Archives, Nixon Presidential Materials, NSC Files, Country Files, Middle East, Iran, Box 602, Vol. IV, 9/1/71-4/73. Confidential. A note on the memorandum indicates that the President saw it. The attached memorandum, April 27, is not published.

190. Memorandum From the Director of Central Intelligence (Helms) to the President's Assistant for National Security Affairs (Kissinger), Washington, May 8, 1972¹

Washington, May 8, 1972

8 MAY 1972

MEMORANDUM FOR:

Dr. Henry A. Kissinger

Assistant to the President for National Security Affairs
The White House
Washington, D. C. 20520

SUBJECT:

Mr. Kermit Roosevelt's 26 April Meeting with the Shah of Iran

1. During the last week of April 1972, Mr. Kermit Roosevelt was in Teheran dealing with the Iranian Government on behalf of one of his American business associates. Just prior to his departure from Teheran, Mr. Roosevelt met with the Shah, with whom he has had a close personal relationship dating back more than twenty years. [*text not declassified*]
2. Mr. Roosevelt said the Shah was obviously preoccupied with the prospect of an opportunity to discuss world problems with the President. In this context the Shah indulged in a lengthy discourse on the situation in the region. The following summarizes the principal points made by the Shah:
 - a. Major economic blocs are emerging. Logically the Middle East region should itself organize to deal more effectively with the principal world power blocs. The Shah sees the need for regional development in the Middle East and believes that he probably has as good credentials as anyone for asserting some leadership in the region. The principal objective of the region must be to remain free and independent.
 - b. The Shah is disturbed by events in the subcontinent which have created the possibility that West Pakistan may fragment. He is worried about Soviet capabilities in Afghanistan. The Shah says that

- he understands Bhutto's problems and is more optimistic about Bhutto's character and abilities than he has been in the past. Bhutto will come to see the Shah after the President's visit.
- c. The Shah said that he was very concerned about Turkey, He dwelled on this subject at length. He feels that Turkey does not know where, in terms of its role in world affairs, it is going.
 - d. The Shah said that he had always been hopeful that he could work closely and effectively with King Faisal. He realized that his own actions on the Gulf islands had damaged the relationship and embarrassed King Faisal. He hopes that the action on the Gulf can be relegated to history and not permanently restrict the cooperation between Iran and Saudi Arabia which the Shah feels is essential for regional security. The Shah hopes to soon take the initiative in strengthening his relations with Saudi Arabia.
 - e. *[text not declassified]*
 - f. The Shah found the recent Iraq pact with the USSR "most disturbing a fulfillment of his worst dreams." He sees the Soviet action in Iraq as relevant to Soviet aspirations in the Gulf. In this connection, he described as "dismal folly" the action by SHEIKH ZAYID of Abu Dhabi in agreeing to the establishment of a Soviet Embassy in the New Union of Arab Emirates.
 - g. The Shah has been disappointed by the action of President Sadat of Egypt in the past few months. The Shah has been impressed by President Sadat's performance since taking office and had hoped that he would bring Egypt into closer alignment with Iran. Saudi Arabia and other nations in the Middle East who were determined to oppose the spread of Soviet influence. The Shah will keep an open mind on this question until Sadat's position in Egypt and the trend of his relations with Moscow are clearer. He was disappointed that Sadat had acted so abruptly in breaking relations with Jordan after King Hussein announced his new plan for Palestine.
 - h. The Shah said that, in spite of the difficulties involved, he felt he must play a more active role as a regional leader in organizing anti-communist forces.
3. Mr. Roosevelt said that other well-informed senior Iranians with whom he met have expressed concern that the Shah has pressing domestic problems that are not being given enough attention. They questioned whether the Shah will be able to find the time to play the role of a regional leader. Ambassador Nahmud Foruqi, former Iranian Ambassador in Washington, D.C. and back in Iran after six years as Ambassador in Kabul, told Roosevelt that he thought there was a growing gap between "the government" and the people of Iran. He said that only the Shah's personal influence holds "the government"

and the people of Iran together. He found inflation a serious problem and believed the credibility of the government was badly eroded.

Richard Helms

¹ Source: Central Intelligence Agency, Executive Registry Files, Job 80B01086A, Box 1, Executive Registry Subject Files, I-13 Iran. Secret; Sensitive. The memorandum is a copy that bears Helms' typed signature with an indication that he signed the original.

191. Telegram 2774 From the Embassy in Tehran to the
Department of State, [1](#)

May 11, 1972, 1230Z

TEHRAN 02774 111348Z

ACTION SS-25

INFO OCT-01 /026 W 108490

P R 111230Z MAY 72

FM AMEMBASSY TEHRAN

TO SFCSTATE WASHDC PRIORITY 8365

INFO AMEMBASSY KABUL

AMEMBASSY ANKARA
AMEMBASSY ISLAMABAD

L TEHRAN 2774

EXDIS

SUBJECT:
NARCOTICS

REFS:
(A) STATE 79918
(B) STATE 76744
(C) TEHRAN 2685

1. REF (A) ASKED FOR OUR COMMENTS ON:
 - (A) WHETHER PRESIDENT SHOULD DISCUSS NARCOTICS PROBLEM PRIVATELY WITH SHAH AND RAISE QUESTION OF REGIONAL COOPERATION INCLUDING POSSIBLE "OPIUM FREE ZONE" AND
 - (B) WHAT, IF ANYTHING, SHOULD BE SAID PUBLICLY AND HOW TO USE.
2. REGARDING SECOND POINT OF PUBLIC REFERENCE TO NARCOTICS BY PRESIDENT, AS PRESIDENT'S SCHEDULE IN

TEHRAN IS NOW DEVELOPING THERE WILL BE ONLY TWO OCCASIONS WHEN PRESIDENT WILL BE MAKING STATEMENT THAT COULD BECOME PUBLIC. FIRST IS IN RESPONSE TO SHAH'S TOAST AT STATE DINNER MAY 30 AND SECOND AT TOAST BY PRESIDENT TO SHAH AT LUNCHEON MAY 31. NEITHER OF THESE OCCASIONS SEEMS TO US APPROPRIATE FOR MENTION OF NARCOTICS PROBLEM. ONLY OTHER POSSIBILITY IS FOR REFERENCE TO NARCOTICS PROBLEM IN ANY COMMUNIQUE THAT MAY BE ISSUED. PENDING INSTRUCTIONS FROM WASHINGTON ON PLANS FOR COMMUNIQUE TO GOI, WE HAVE NOT RAISED MATTER WITH IRANIANS. HOWEVER, WE SURMISE GOI WOULD WELCOME COMMUNIQUE AS FURTHER TANGIBLE EVIDENCE OF BENEFITS OF PRESIDENT'S VISIT HERE AND ALSO BECAUSE COMMUNIQUE IS CUSTOMARY ON OCCASION OF CHIEF OF STATE VISIT. ACCORDINGLY, WE RECOMMEND THERE BE COMMUNIQUE AND, IF THIS IS ACCEPTABLE, APPROPRIATE REFERENCE TO NARCOTICS PROBLEM BE INCLUDED IN DRAFT TEXT WE PUT TO GOI. IF COMMUNIQUE DOES NOT EMERGE FROM PRESIDENTIAL VISIT, WE DO NOT SEE ANY OTHER SUITABLE PUBLIC FORUM TO DEAL WITH THIS SUBJECT.

3. REQUEST DEPARTMENTS VIEWS ON COMMUNIQUE AND, IF THESE ARE AFFIRMATIVE, DRAFT OF TEXT INCLUDING LANGUAGE ON NARCOTICS PROBLEM WHICH WE SHOULD RECOMMEND TO GOI.
4. AS FOR SUBSTANCE OF REMARKS WHICH PRESIDENT MIGHT RAISE WITH SHAH ON NARCOTICS PROBLEM, WE RECOMMEND THAT DEPARTURE POINT FOR PRESIDENT WOULD BE TO STRESS SIMILARITY OF INTERESTS AND CONCERNS ON THIS MATTER BETWEEN IRAN AND US:
 - (A) BOTH ARE VICTIM COUNTRIES OF NARCOTICS TRAFFIC.
 - (B) BOTH ARE TAKING STRINGENT ACTION TO CONTROL ILLICIT TRAFFIC AND, FURTHER, IRAN HAS DEVELOPED EXTREMELY EFFECTIVE MEASURES TO CONTROL PRODUCTION WITHIN IRAN AND HAS SUCCESSFUL ENFORCEMENT RECORD. LIKE US, PROBLEM IRAN FACES IS ILLICIT IMPORTS FROM NEIGHBORS TO MEET INTERNAL DEMANDS AND EVENTUALLY THIS TRAFFIC MAY MOVE ACROSS IRAN TO OTHER MARKETS TO THE WEST.
 - (C) BOTH ARE INVESTING TIME AND MONEY IN FINDING WAYS TO TREAT ADDICTION AND TO DISCOVER NEW ANTI-ADDICTION ANTAGONISTS. (C) BOTH ARE ACTIVE IN INTERNATIONAL FORUMS DEALING WITH NARCOTICS

PROBLEM OFTEN COOPERATING CLOSELY ON INTERNATIONAL INITIATIVES.

5. HAVING MADE THESE POINTS, PRESIDENT COULD THEN GO ON TO EXPRESS UNDERSTANDING OF IRAN'S DECLARED POLICY TO CEASE INTERNAL PRODUCTION WHEN NEIGHBORS ALSO BRING THEIR PRODUCTION UNDER CONTROL (AS TURKEY APPEARS TO BE DOING) AND TO EXPRESS HOPE THAT IRAN WILL USE ITS INFLUENCE IN APPROPRIATE BILATERAL AND MULTILATERAL FORUMS TO ENCOURAGE NEIGHBORS TO CEASE OPIUM PRODUCTION AND TO SUPPORT EFFORTS US AND OTHER CONCERNED VICTIM COUNTRIES MAY ALSO UNDERTAKE TO THIS END. IT MIGHT ALSO BE PRODUCTIVE IF PRESIDENT WERE TO EXPRESS PARTICULAR INTEREST IN UN FUND IN ORDER ENCOURAGE GREATER CONTRIBUTION FROM GOI AND POSSIBLY PRIVATE IRANIANS.
6. WE BELIEVE THIS IS AS FAR AS PRESIDENT SHOULD GO, AND WE RECOMMEND HE NOT GET INTO ANY SPECIFIC PROPOSALS WITH SHAH SUCH AS NEW REGIONAL EFFORT OR OPIUM FREE ZONE. WE FAIL TO SEE HOW SUCH PROPOSALS CAN ADVANCE OUR OBJECTIVES OR PROVIDE ADDITIONAL STIMULUS TO BILATERAL EFFORTS IN COUNTRIES SUCH AS TURKEY, AFGHANISTAN AND PAKISTAN. IF PROPOSED REGIONAL GROUP IS TO ACT AS FRONT FOR US, WE DO NOT THINK THAT COUNTRIES CONCERNED WOULD WELCOME THIS ROLE NOR COULD US HAND BE HIDDEN. IF PURPOSE OF REGIONAL EFFORT IS TO BRING PRESSURE TO BEAR ON AFGHANISTAN, IRAN IS HARDLY BEST INSTRUMENT TO USE AS ANY IRANIAN INITIATIVES EVEN REMOTELY DIRECTED TO PROBLEM OF AFGHAN PRODUCTION WOULD BE COUNTER-PRODUCTIVE. FINALLY, CHANGING OF FOCUS FROM BILATERAL PROGRAMS ALREADY UNDERWAY AND BEGINNING TO BEAR FRUIT TO YET ANOTHER REGIONAL APPROACH OR EXPANDED MULTILATERAL PROGRAM WOULD, IN OUR VIEW, ONLY SERVE TO DILUTE EFFORTS CURRENTLY UNDERWAY.
7. EMBASSY CONCLUDES THEREFORE THAT THERE MAY WELL BE ADVANTAGE FOR PRESIDENT TO DISCUSS NARCOTICS PROBLEM WITH SHAH AS OUTLINED ABOVE AND TO EXPRESS APPRECIATION FOR IRAN'S COOPERATION IN BILATERAL CONTROL EFFORTS, INFORMATION EXCHANGE AND ADDICTION TREATMENT.
8. FOREGOING SUGGESTIONS COULD PROVIDE GUIDELINES FOR LANGUAGE IN COMMUNIQUE WHICH MIGHT ALSO NOTE THAT NARCOTICS CONTROL AND IRAN'S EFFORTS IN GENERAL FIELD OF TREATMENT OF ADDICTION ARE ENCOURAGING SIGNS

WHICH US IS FOLLOWING WITH INTEREST AS IT ATTEMPTS TO
IMPROVE ON ITS OWN NARCOTICS CONTROL ACTION
PROGRAM.

HECK

¹ Source: National Archives, RG 59, Central Files 1970-73, SOC 11-5
IRAN. Confidential; Exdis.

192. Memorandum From Secretary of State Rogers to
President Nixon, Washington, May 12, 1972¹

Washington, May 12, 1972

THE SECRETARY OF STATE WASHINGTON
May 12, 1972

SUBJECT:

Meetings with the Shah

MEMORANDUM FOR THE PRESIDENT

The Shah is highly gratified over your prospective visit to Tehran and the recognition it will bring him as an important world figure. You will be warmly welcomed by the Government, the media and the public. Your visit will put both friends and adversaries in the region on notice that we have important interests in the Gulf area we intend to maintain.

Your discussions will assure the Shah that your visits to Peking and Moscow in no way dealt over the heads of Iran or other close friends. You will want to convince him that we are not withdrawing into isolation, and that we remain resolved to stand by our friends and meet our commitments.

The Shah is deeply preoccupied with Soviet gains in South Asia and the Middle East which he regards as threatening to isolate Iran. He considers Iraq openly hostile and the rest of his Muslim neighbors as internally unstable or precariously susceptible to radical subversion. His concern has increased as a result of the recently concluded Soviet-Iraqi treaty of understanding. He looks to us as a counterweight but expects to be treated as an equal. He will want reassurances that we will continue to cooperate with him, particularly in the military field.

You will want to assure him that we regard Iran as an outstanding example of national independence and self-reliance, that we value our close relationship highly, and that we have every intention of continuing to cooperate with it. You will wish to encourage him to continue his policy of trying to find ways of working closely with his neighbors, particularly Pakistan, Turkey and Saudi Arabia, in dealing with regional problems.

You might review sympathetically the narcotics problem we share and the measures that are being taken to deal with it.

Themes to be emphasized in public remarks are Iran as a success story, a close and valued friend and a moderate and responsible regional power willing and able to play a leading role in promoting and protecting area security. At the same time, you will wish to avoid implying that Iran is our "chosen instrument" or that it is dependent on us.

William P. Rogers

¹ Source: National Archives, Nixon Presidential Materials, Presidential Trip Files, Box 479, Briefing Book, Visit of Nixon to Iran, May 1972. Secret. The attached briefing book is not published.

193. Telegram 2890 From the Embassy in Tehran to the
Department of State, May 17, 1972, 0720Z¹

May 17, 1972, 0720Z

TELEGRAM
Department of State
TEHRAN 2890

170736Z

20 11
ACTION NEA-06

INFO OCT-01 SS-14 NSC-10 NSCE-00 PM-03 T-01 OMB-01 INR-05 CIAE-00
NSAE-00 EUR-10 MC-02 L-02 RSR-01 RSR-01 RSC-01 SSO-00 /057 W
019354

P R 170720Z MAY 72

FM

AMEMBASSYTEHRAN

TO
SECSTATE WASHDC PRIORITY 8418

INFO
DOD WASHDC
USCINCEUR

SUBJECT:
PRESIDENTS VISIT—ACQUISITIONS FOR IIAF ON SHAH'S MIND

REF:
ARMISH/MAAG DTG 171031Z MAY 72

1. AS WASHINGTON AWARE, SHAH HAS HAD LONG-TIME AND OFT-REPEATED DETERMINATION TO STRENGTHEN IIAF BY ACQUISITION OF ADDITIONAL WEAPONS SYSTEMS AND REINFORCEMENT OF PRESENT AIRCRAFT STRENGTH. THIS DETERMINATION HAS BEEN INTENSIFIED BY PAKISTANS DEFEAT AND DISMEMBERMENT RESULTING FROM INDO-PAK WAR, GRAVE

UNCERTAINTIES RE FUTURE STABILITY OF WEST PAKISTAN, AND GROWTH OF SOVIET INFLUENCE IN INDIA AND INDIAN OCEAN— ALL OF WHICH HAVE FORCED SHAH TO START PLANNING, REALLY FOR FIRST TIME IN IRANS POST WW II HISTORY, FOR ARMED FORCES WHICH HAVE CAPABILITY TO FACE DANGERS FROM EASTERN AND SOUTHERN BORDERS, AS WELL AS FROM WESTERN FRONTIER.

2. SHAH'S INTEREST IN SUCH ACQUISITIONS HAS NOW JELLED INTO THREE FORMAL REQUESTS WHICH GENERAL TOURANIAN (DEPUTY MIN OF WAR FOR ARMAMENTS) HAS RECENTLY SENT TO ARMISM/MAAG. THESE REQUESTS (REPORTED SEPARATELY IN REFTEL) BOIL DOWN TO (A) REQUEST TO PURCHASE THREE SQUADRONS OF F-15 AIRCRAFT; (B) REQUEST TO PURCHASE UNSPECIFIED NUMBER OF LASER-GUIDED BOMBS, AND (C) REQUEST FOR COST INFORMATION ON POSSIBLE ACQUISITION OF TWO ADDITIONAL SQUADRONS OF F-4E AIRCRAFT AND TWO ADDITIONAL SQUADRONS OF F-5E AIRCRAFT.
3. IT SEEMS CLEAR THAT SHAH INSTRUCTED TOUFANIAN TO GET THESE FORMAL REQUESTS ON TABLE BEFORE PRESIDENTS VISIT MAINLY TO ENSURE PRESIDENT FULLY AWARE OF SHAH'S ACQUISITION PLANS AND ALSO IN EXPECTATION OR HOPE PRESIDENT WILL BE ABLE TO INFORM SHAH ABOVE REQUESTS WILL BE MET BY USG SUBJECT IN CASE OF F-15S TO CAVEATS OF (A) SUCCESSFUL TESTING AND (B) PRODUCTION LINE SCHEDULE (AND PRESUMABLY AGREEMENT ON PRICE).
4. WE, OF COURSE, RECOGNIZE DIFFICULTY THERE MAY BE FOR PRESIDENT TO GIVE DEFINITIVE REPLY TO HIM ON FIRST TWO REQUESTS. WE CONSIDER IT VERY IMPORTANT, HOWEVER, THAT PRESIDENT BE AS RESPONSIVE AS POSSIBLE. GP-3

FARLAND

¹ Source: National Archives, RG 59, Central Files 1970-73, POL 7 US/NIXON. Secret; Limdis.

194. Memorandum From Harold Saunders and Samuel Hoskinson of the National Security Council Staff to the Presidents Assistant for National Security Affairs (Kissinger), Washington, May 17, 1972¹

Washington, May 17, 1972

NATIONAL SECURITY COUNCIL
INFORMATION/4212
May 17, 1972

MEMORANDUM FOR:

DR. KISSINGER

FROM:

HAROLD H. SAUNDERS
SAMUEL M. HOSKINSON

SUBJECT:
Background Reading for Iran Visit

One of the Shah's main concerns in talking with the President will be Soviet penetration in the Middle East, the Persian Gulf and India, as well as the situation in neighboring Pakistan. Since he will ask our assessment, we have put together for you a package of recent intelligence studies and memos done here that should provide you with a firm basis for exchanging assessments with the Iranians. This is for your background; the key points are reflected in your briefing memo to the President. Attached you will find the following papers—summarized below—dealing with these topics:

- At Tab A a memo produced at our request by CIA assessing the development of and future Soviet role in the Persian Gulf.
- At Tab B are two papers we have prepared on the situations in (1) Iraq and (2) Syria. The Shah is always concerned about Iraq, and the Syrian, role is also of considerable interest to him.
- At Tab C is a short memo produced by CIA at our request summarizing the development of Soviet military involvement in Egypt

over the past five years.

- At Tab D is a recently completed National Intelligence Estimate on the short-term problems and prospects of Pakistan.
- At Tab E is a CIA memo that documents how the Soviets increased their supply of arms to India in the months leading up to war and especially in final critical days. It generally confirms our earlier judgments but documents a somewhat higher level of deliveries than we had seen en toto.

You will want to glance through these papers yourself, but just to give you a quick review of what is involved, we have boiled out the main conclusions.

On the Soviet role in the Persian Gulf, CIA concludes (Tab A) that:

- The Soviets have consistently probed the Persian Gulf seeking, as opportunities arose, to extend their political and military influence into this region of traditional Russian concern.
- Most of the Soviet effort has been concerned with developing governmental ties, and Iran, Iraq and Kuwait have all been responsive to Soviet overtures. Moscow has been particularly successful in using economic openings with Iran and Iraq to foster the growth of friendly policies, although military supply has also been a major instrument. As with Kuwait in the 1960s, the Soviets are now pressing for a presence in the new Gulf States of Bahrain, Qatar and the United Arab Emirates as well as in recently emerged Oman.
- The Soviets are being cautious about encouraging subversive activity in the Persian Gulf area.
- Although greater Soviet involvement in the Gulf area is virtually a foregone conclusion, there are definite limits on Moscow's freedom to maneuver. Most importantly, the Soviets seem to place a fairly high value on their bilateral relationship with Iran and greater Soviet activity in and attention to the Gulf could upset this. In the long run, however, a stronger Soviet political position and a more obtrusive military posture can be expected.

On the situation in Iraq and Syria, our conclusions (Tab B) are:

- Neither Iraq nor Syria behave reliably. They are not sure bets as firm Soviet client states or as protectors of Soviet interests in the area, which would include smooth relations with Egypt.
- Neither Iraq nor Syria will be able to sacrifice its dependence on the Soviets for military and economic assistance of compromise its general

political orientation towards the eastern bloc while the Arab/Israeli problem remains important. The Soviets will retain leverage and influence on those accounts. This leverage could give the Soviets a new lease on life in the Persian Gulf via Iraq; it could also give them a somewhat stronger bargaining position on the Arab/Israeli problem if Iraq (because of the treaty) and Syria (moving towards a moderate stance) cooperate with Soviet-Egyptian efforts.

- Iraq, more so than Syria, would seem of special interest to the Soviets, though they will have to be careful to protect their relations with Iran whose arch enemy in the area is Iraq. Iraq is the gateway to the Gulf; Soviet naval facilities there or at a minimum an increased Soviet presence in the area would be useful. Iraq also has potentially rich oil fields; Soviet participation in these (now agreed) will help meet the Soviet's long-range oil requirements and provide an extended reason for staying in Iraq. Iraq could be a Soviet foothold independent of the demands of the Arab-Israeli dispute.
- Syria, less strategically of interest and much poorer, would be useful to the Soviets as part of a pattern of client states in the area, demonstrating Soviet influence and furthering the Soviet bargaining position on the Arab/Israeli problem. A friendship treaty (which the Soviets are reported pressing) would formalize this pattern.
- The US has almost no influence at the present with either state. However, the important checks to Soviet advances in either of them have evolved from their strong sensitivities to outside influence or domination. The Soviets will have to proceed cautiously and especially so in the case of Iraq in order to protect Soviet-Iranian relations.
- Overreaction by the Shah to the present situation in Iraq or overconfidence of the Iraqis because of their Soviet treaty could be the causes for instability in the Gulf.

You are already very familiar with the facts on Soviet military supply to Egypt, but the attached CIA memo (Tab D), which includes a useful fold-out chart, may help to refresh your picture of the pattern of Soviet arms deliveries. The study highlights two basic lines of development:

- The volume of Soviet military deliveries has gone through several high and low points since 1967. But through it all the Egyptians have been built back up to and beyond their pre-war level in terms of equipment, although because of training and manpower problems they still lack the capacity to challenge the Israelis by sustained offensive action. At the same time, the Egyptians now have the capacity to make offensive action and pre-emptive war by the Israelis much more costly.

—There has been a gradual; though substantial, buildup of the Soviets own military position in Egypt, most of it associated with countering the US Sixth Fleet in the Mediterranean.

On the prospects for Pakistan, the NIE (Tab D) concludes that:

- While Pakistan must face pressing challenges and appears unlikely to resolve all of them satisfactorily, it does not necessarily face disaster.
- Given the many variables, it is not possible to estimate with any confidence Bhutto's ability to bring off what is necessary to keep him in power. To a large extent, his future depends on his ability to negotiate with India in a manner that is acceptable to his people, and to deal effectively with Pakistan's social, economic and political problems. If Bhutto falls, a military takeover would be probable, eventually if not immediately. Such a move could be initiated by officers with outlooks similar to those of NASSER's or Qadhafi's in the Arab world; i. e. nationalist radicals.
- For a "brighter future," Pakistan must first achieve an acceptable and amicable settlement with India and a stable political consensus under either Bhutto, another civilian, or a military regime.
- Pakistan does not appear to be facing an immediate economic crisis, and the basic infrastructure which is already sounder than that of many lesser developed countries, is already there to build on. The necessary adjustments caused by the disruptions of the war and the loss of "East Pakistan" are being made, although there undoubtedly will still be some hard days ahead.
- There are centrifugal forces which threaten the breakup of Pakistan but there are also strong unifying forces. Islam and fear of Hindu domination are important factors and the army is still capable of putting down any tribal revolt or other disturbances.

Concerning Soviet military supply to India, CIA has produced a study (Tab E) documenting the extent of deliveries over the last year. The two main points that emerge are:

- The Soviets, as we know, played a very substantial role in building up India's armed forces in the inter-war period (1965-1971) to the point where the Indo-Pak military balance shifted decisively in India's favor.
- In the nine months from the outbreak of fighting in East Pakistan in March 1971 until the outbreak of war between India and Pakistan in September, the Soviets clearly demonstrated their support for India by making new commitments of arms valued at \$300 million and actual shipments from the USSR and Eastern Europe significantly increased

India's inventory of major types of ground force weaponry. As India upped the military and political pressure on Pakistan to the point where war seemed almost inevitable, the Soviets continued to pour in significant ground force equipment.

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Presidential Trip Files, Box 479, Briefing Book, Visit of Nixon to Iran, May 1972. Top Secret/Codeword/Talent-Keyhole. Tab A and Tab B (on Iraq only) are Documents. Tabs B (on Syria), C, D, and E were attached, but are not published.

195. Memorandum From the Deputy Secretary of Defense (Rush) to the President's Assistant for National Security Affairs (Kissinger), Washington, May 18, 1972¹

Washington, May 18, 1972

THE DEPUTY SECRETARY OF DEFENSE
18 MAY 1972

MEMORANDUM FOR THE ASSISTANT TO THE PRESIDENT FOR
NATIONAL SECURITY AFFAIRS

SUBJECT:
Talking Papers for the President's Discussions in Iran

The attached talking papers are submitted for the President's consideration and use in his discussions with the Shah of Iran. They outline Department of Defense positions responding to requests the Shah is expected to make for purchase of our newest and most sophisticated weapons systems and for assignment of U.S. uniformed personnel to assist in their absorption by Iran.

Kenneth Rush

TITLE: Laser Guided Bombs

BACKGROUND:

The USG has released certain information on laser-guided bombs to NATO countries and recently part of this information has been made available to the Government of Iran. This bombing system is currently in use by our Air Force in Southeast Asia and all production for the foreseeable future will be required by the USAF.

LIKELY IRANIAN POSITION:

The Shah will ask that USG approve the sale of laser-guided bombs to GOI.

RECOMMENDED U.S. POSITION:

Recommend you inform the Shah that the USG approves in principle the sale of laser-guided equipment to the GOI and that details on price and availability can be worked out when our own requirements are satisfied. This will include the helicopter launched laser guided antitank missiles.

TITLE: Sale of F-15/F-14 Aircraft

BACKGROUND:

Since 1969 the Shah has focused increasingly on the issue of follow-on aircraft to replace US supplied F-4's in his Air Force during the late 1970's. The Shah argues that a long lead time is required in the budget and procurement cycle for such a major defense acquisition, and that third countries have been trying to interest him in a prototype aircraft, such as the French Mirage VIII, or other British/German MRCA. In addition, the Shah argues that he will need an aircraft of the F-15 caliber to counter the "almost assured" introduction into neighboring countries of the MIG-23 by the Soviet Union. We have briefed representatives of the Government of Iran on the F-14 and F-15 aircraft but have made no commitment for the sale. These aircraft are barely out of the research and development stage, and the F-15's first flight test is not scheduled until September 1972.

LIKELY IRANIAN POSITION:

Shah will ask for assurances that the USG will make available 3 squadrons of F-15 and a few F-14 with Phoenix missiles for sale to the Government of Iran at some unspecified time in the future as follow-on aircraft or as a supplement to his F-4 fighter fleet.

RECOMMENDED U. S. POSITION:

There are two major factors that militate against making a positive F-14/F-15 sales commitment, particularly with firm numbers and delivery dates, to the Shah at this time. First, neither of these aircraft programs has progressed to a point at which we can accurately predict their availability. Second, we cannot foresee the world situation in the latter half of this decade sufficient to permit a positive delivery date and number commitment of these sophisticated and unique aircraft. Conditions in the region by the time of aircraft availability might make a sale counterproductive to USG interests. We must consider the possibility of priority need by our NATO or other allies and additional requirements of our own. Therefore, recommend we tell the Shah that we anticipate

favorable action on the sale but the matter must be held in abeyance until the programs become more stable and predictable. We will, however, keep the Shah apprised of our progress on the development of these weapons systems.

TITLE: MAVERICK Missile

BACKGROUND:

The MAVERICK Missile is a new electro-optical air-to-ground missile manufactured by Hughes Aircraft Corp. The missile in pre-testing proved itself well enough for DoD to approve production in limited quantities in 1971. However, additional testing was ordered. Secretary Laird told the NATO Ministerial Council in December 1971 that additional operational tests would be required prior to a follow-on production decision. After tests are completed, USG will discuss the missile availability for use on NATO assigned aircraft. Subsequently, Secretary Laird also included Iran for possible sale of Maverick under same caveat.

LIKELY IRANIAN POSITION:

Shah will ask for the sale of sufficient MAVERICK Missiles at the earliest possible time to equip his F-4 squadrons.

RECOMMENDED U.S. POSITION:

That you advise the Shah that our operational testing is nearly complete and that as soon as test results have been analyzed, and missile proves out satisfactorily, we intend to act favorably on Iran's purchase request. Production and delivery schedules could be discussed at a later date.

TITLE: Additional F-4E/F-5E Sales to Iran

BACKGROUND:

In the early 1960's the Shah requested USG assistance in modernizing his fighter aircraft fleet. At that time he had 3 squadrons of MAP F-86F's. We assisted the Shah by providing 2 squadrons of F-5A's under Grant Aid and the GOI purchased 4 additional squadrons. In the late 1960's the GOI ordered 2 squadrons of F-4D's and 2 squadrons of F-4E's. Almost before the first F-4's were delivered the GOI ordered 4 additional squadrons. Recently they have indicated an interest in buying 2 more squadrons making a total of 10 squadrons when all are delivered. Last

year the Shah decided to replace the older F-5A with the newer F-5E. He has placed orders with Northrop for 8 squadrons. Recently the Shah has indicated a desire to purchase 2 more squadrons of F-5E's that would produce an inventory of 10 squadrons of this aircraft as well.

LIKELY IRANIAN POSITION:

The Shah will ask that the USG approve the sale of two additional squadrons of F-4E's and two of F-5E's.

RECOMMENDED U. S. POSITION:

Recommend you tell the Shah that the USG will approve the sale of these aircraft and that price and availability is now being studied by the USAF. He will be notified when negotiations can be expected to commence.

TITLE: Technical Assistance by U.S. Armed Forces Personnel

BACKGROUND:

Since 1969 the U.S. Air Force has made available to the Imperial Iranian Air Force (IIAF) on a reimbursable basis a Technical Assistance Field Team to help the IIAF absorb the F-41s. The team has varied in size from 54 to 83, and supplements our 200-man Military Assistance Advisory Group (MAAG). As Iran takes delivery of increasingly more complex U.S. military equipment, the strain on the country's manpower base may become critical; thus the Shah's desire for increased numbers of U. S. military technicians to assist/train his key maintenance personnel. We have resisted the Shah in this matter chiefly to keep our military profile low and to encourage the Iranians to solve their own problems. When additional U.S. assistance has become unavoidable, we have urged the Shah to hire technical personnel from U. S. civilian contractors, a route he considers unduly expensive and not fully responsive to his needs.

LIKELY IRANIAN POSITION:

The Shah will request a "bank account" of several hundred U. S. uniformed technicians on which to draw on a fiscally reimbursable basis. He would like to be assured that we will furnish the GOI a team of skilled personnel at any time a requirement appears.

RECOMMENDED U. S. POSITION:

Although the U.S. generally opposes introducing military items into the inventory of a country that is incapable of operating and maintaining them properly, we recognize that political-military requirements may occasionally dictate such a course. Should Iran acquire advanced items where short-term technical help is required, we should try to help it bridge the gap. Recommend you advise the Shah that, although our policy is to reduce our military presence overseas and although we are under heavy Congressional pressure in this regard, the U.S. Government will try to assist the GOI by providing on a case-by-case basis selective U.S. military technical assistance where such advice cannot be secured through a civilian contractor.

¹ Source: Washington National Records Center, OASD Files, (C) (A), FRC 330-77-0094, Iran 1972, Iran 452. Confidential.

196. Memorandum From the President's Assistant for
National Security Affairs (Kissinger) to President Nixon,
Washington, May 18, 1972¹

Washington, May 18, 1972

THE WHITE HOUSE
WASHINGTON
ACTION/3891-X

MEMORANDUM FOR:

THE PRESIDENT

FROM:

HENRY A. KISSINGER

SUBJECT:

Your Talks with the Shah of Iran—May 30-31

Setting and Purpose

The two main purposes of your talks with the Shah will be (a) to assure his understanding of your global strategy and (b) to encourage him in his efforts to knit tighter regional cooperation among those who want to resist Soviet pressures in the Middle East.

You will find the mood in Iran a mixture of pride and confidence on the one hand and anxiety on the other.

The pride stems from Iran's achievements over the past decade, particularly the progress of the Shah's "white revolution" and Iran's increasing economic independence with a growth rate above 10% yearly over the past five years. With this has gone an enhanced international status, which the Shah symbolized in the 2500th Anniversary celebrations last fall. Iran is a country to be reckoned with in the regional context.

At the same time there is recognition that these rapid changes are producing increasing internal dislocations and pressures against a background of changes in the areas around Iran. This leads to anxiety

on two fronts: (a) The Shah is concerned that the USSR may find ways to facilitate the overflow into Iran of the instability that has developed in Pakistan, Iraq and Turkey. (b) Coupled with this is concern that Iran's stability and progress are too exclusively dependent on the Shah's firm personal leadership and that institutions and leaders are not evolving that could make an orderly transition if he were to pass from the scene. The Shah himself has voiced concern on this point from time to time.

The Shah's Specific Concerns

In the Shah's view, the situation in the Middle East, South Asia and the Indian Ocean has changed markedly over the last year. For this reason, he has been eager to talk with you and to have the demonstration of US support which will come from a visit. His specific concerns are these:

1. He sees the Soviet pacts with Egypt, India and Iraq as evidence of serious changes which have occurred to Soviet advantage in the overall balance of forces in the Middle East and South Asia since a year ago. He has said a number of times that, while he does not oppose East-West detente in Europe this detente will pose dangers for Iran in tempting the Soviets to expand into the Middle East and South Asia. The recent Soviet treaty with Iraq and the quick Soviet move to establish diplomatic relations with the new Union of Arab Emirates were most disturbing to him as evidence that the Soviets now plan to pursue their interests in the Persian Gulf actively. He was deeply shaken by what happened to Pakistan in December.
2. Going hand and hand with this Soviet thrust, he sees the increasing threat posed by situations on both sides of Iran. He is expanding his air defense system so that it will completely ring his borders.
 - The Shah saw December's events in South Asia not only in terms of the Soviets improving their position but with the fear that further disintegration in Pakistan could spill over into Iranian Baluchistan. He is worried about substantial Soviet capabilities in Afghanistan, which is vulnerable to the same kind of disintegration. The Shah has been impressed with President Bhutto's efforts to hold Pakistan together, and he will probably see Bhutto after your visit. Nevertheless, the situation on his eastern borders is a cause of concern as never in the recent past.
 - While Iraq is inherently unstable, the Shah is concerned about the subversive efforts of which Iraq is capable, especially in Kuwait, in the Persian Gulf sheikdoms in Saudi Arabia and in Jordan. These conditions lead him to the conclusion that Iran must be as strong as

possible militarily to serve as a deterrent at least to the regional manifestations of Soviet encroachment.

3. In this connection, he may mention his plans for further modernizing his air force or possibly his new scheme to develop a combination air and naval base at Chah Bahar on the southern coast of Iran outside the Persian Gulf. His most recent requests boil down to a request to purchase three squadrons of F-15 aircraft when they are operational, laser-guided bombs and two additional squadrons each of F-4E and F-5E aircraft. Detailed responses are in your talking points, and I shall be prepared to speak to these issues. Generally, our response is to be helpful within the practical limits of weapons production. On the port, a Defense Department survey team has just submitted a report to the Shah. He is seeking financing through private American banks and contractors, and Robert Elsworth at Lazard Freres has been involved in trying to put together a consortium for this purpose.
4. In addition to providing for Iran's own military strength, the Shah in recent years has worked hard to build a close association with like-minded governments around him. He has, of course, sought to provide for the security of Iran through his country's development and through his participation in international organizations like CENTO and the Organization for Regional Cooperation and Development. But his principal vehicle has been a series of informal and clandestine relationships with Israel and Turkey on the one hand and with Saudi Arabia and Jordan on the other. You will want to read Mr. Helms' memo at Tab B describing these relationships in detail. In short, however, the Shah has made a substantial effort in a quiet way to build a strong relationship with like-minded governments around him. One of the principal channels for maintaining these relationships is Kamal Adham, King Faisal's brother-in-law and chief of Saudi intelligence. He has made a series of stops in Cairo, Amman and Tehran in recent weeks, and it is he who has talked with King Hussein about Jordan's role in the Persian Gulf.
5. The Shah in connection with building his regional associations has made a move since the death of NASSER to build a closer relationship with Egypt. Although he has been disappointed by President Sadat's actions in the past few months and is concerned about his relationship with the USSR, he has been generally impressed by Sadat. Along with Saudi Arabia, he has viewed Sadat as perhaps even a potential defector from the Soviet camp. His interest in promoting such a development has led him over the past year to become increasingly critical of Israel's strategy of stonewalling all efforts at diplomatic movement. Israel has long shared an interest with Iran in cutting Iraq and Egypt down to size, and Iran has provided a reliable source of

Israeli oil despite Arab objections. Mrs. Meir's concern at the shift in the Shah's attitude toward Egypt has caused her to try to mend her fences with the Shah on the eve of your arrival.

6. The Shah recognizes the changes that are taking place in the economic organization of the world. He sees major economic blocs emerging and he feels that the Middle East should organize itself to deal more effectively with the principal world power blocs. He sees the need for regional development in the Middle East and believes that he probably has as good credentials as anyone for asserting some leadership in the region.
7. The Shah has been deeply concerned about Turkey. He feels that Turkey has lost its sense of direction in world affairs, and this is exasperated by its domestic political stresses.

What We Want from the Visit

1. You will be describing to the Shah the strategy lying behind your trips to Peking and to Moscow and the purpose behind your recent decisions on Southeast Asia. The Shah will understand your efforts to establish a framework of relationships between the nuclear powers that will permit regional powers like Iran to play the principal role in contributing to stability in their areas. The Shah has long understood the principles of the Nixon Doctrine—the necessity for great-power relationships that will permit countries like Iran, as the world changes, to develop the capacity to do what the US can no longer do around the world in providing the principal ingredients of regional security and stability.
2. Within this framework we want the Shah to understand that we are alert to the attention that the Soviet Union is giving to the area from Egypt through India and we want to encourage the Shah's efforts to knit a close regional association with those nations in his area that want to resist the Soviet pressures. We want to encourage the Shah in his special associations with Israel and Turkey, with Kings Faisal and Hussein and even with Sadat. In your private conversations with the Shah you can let him know that we are aware of the special relationship which he has developed through his own private channels and that we shall support it. You can tell him that you discussed Jordan's role in the regional context when King Hussein last visited Washington and encouraged King Hussein in this direction as well. You might even wish to comment on the special effectiveness of the kind of special channels which the Shah is using to build this relationship since those channels save the partners the political embarrassment of publicity.

3. Since an important issue in the Shah's mind now is how he will bring President Sadat into this association and away from the Soviet camp, you may wish to talk in some detail with the Shah about his views on those prospects. The answer, of course, will revolve around an Arab-Israeli settlement. We do not envision a specific role for the Shah at this point, but it might be well to ask the Shah how he feels he might play a role, giving his relationship both with Sadat and with Israel. Given Iran's position as Israel's main oil supplier and close communication with Israel, it has been suggested that the Israelis would pay particular attention to any role the Shah might play in participating in a guarantee of the security of the water routes from the Mediterranean into the Persian Gulf. We have no specific idea in this connection, but you might wish to explore it with him tentatively and lay the ground work for later possible involvement.
4. The question of oil relationships will probably come up. The context, of course, is that the US as well as Western Europe will become increasingly dependent on Middle East oil over the coming decade. In the shorter term, the Shah has pressed the oil companies hard for an increasing share of the revenues. You may want to tell the Shah that, while you recognize his concern to maximize oil earnings, you know you can count on him to preserve the stability of energy relationships. You will recall Mr. Flanigan's memo to you urging that you not encourage the Shah to expect special access to the US market for Iranian oil. It is possible that the Shah will put less emphasis on access to the US market than he has in the past because Iran will probably have little difficulty in marketing its oil elsewhere given the expanding world needs. Nevertheless, any remarks you might make on this subject could be put in the context of our need once again to look at our whole situation and to relate suppliers to it.
5. It may be worth mentioning your attack on the narcotics problem. In some ways, Iran shares our part of the problem. Iran had stopped production in the middle 1950s but then was the victim of imports from Afghanistan and Turkey. At that point, Iran tried to close its borders and began producing enough opium again to meet the needs of its own addict population. It has been proposed that we try to move toward an opium free zone which would include not only Turkey and Iran but Pakistan and Afghanistan as well. We are not at the point of being able to carry this through yet, but you might want to mention your concern about the problem to the Shah and your desire to cooperate with him on it. We are proposing a general paragraph in the communique on cooperation in this area.

Backup Papers

Further material is at the following tabs:

- At Tab A are talking points.
- At Tab B is an important memo from Mr. Helms on the Shah's role as a regional leader and his clandestine relationships with Turkey, Israel, Jordan and Saudi Arabia.
- At Tab C is Secretary Rogers' memorandum.
- At Tab D is a copy of the schedule.

In connection with the schedule, it is worth noting that the Shah plans a substantive talk after his dinner for you. Your proposed remarks have been drafted with an eye toward your making a statement on the essential principles of your global strategy. Too often, we feel that this has not been clearly understood, and there would be no better platform for restating your views than Tehran. What you have to say could not be offensive either to your earlier Soviet hosts or to anyone in the Middle East, and yet it is a highly important subject.

May 19, 1972

TALKING POINTS

1. Iran's strength, vitality, bold leadership, and willingness to assume regional responsibility, are a classic example of what the United States under the Nixon Doctrine values highly in an ally. Indeed, the Shah was one of the earliest proponents of the new global approach you have been pursuing. Iran has earned—and will have—our firm support over the long term, because:

- Our support will be effective because of Iran's own national strength and effective regional leadership.
- This kind of supportive role is a role the U.S. will sustain over the long term.
- The US-Iranian partnership is a crucial pillar of the global structure of peace the US is seeking to build. Your trips to Peking and Moscow exemplify your effort to develop a secure balance among the great powers. Great-power restraint—which we are seeking to build into the system—devolves more responsibility onto regional powers. The US is counting on Iran to make a major contribution to regional and Third World stability, in the Persian Gulf and indeed in the Middle East and the whole non-aligned world.

2. We fully recognize—and view with concern—the attention which the Soviet Union is giving to the area from Egypt through India.

- The Soviets have continued to deliver increasingly sophisticated weaponry to Egypt and on the eve of your trip to Moscow there was a show of new weapons systems in Egypt. [There was some indication that the Egyptians are now being trained on the TU-16 bomber with air to surface missiles. The T-62 tank appeared in Egypt for the first time. Soviet TU-22 bombers, the BLINDERS, appeared on a visit to Egypt.]
- The Soviets seem to have opened a new chapter in their longstanding cultivation of Iraq with the recent signing of their Friendship Treaty. This is cause for concern even though Iran would seem to be an inherently unstable base for Soviet operations.
- Stability in the Persian Gulf is far from assured, though the transition following the change in the British status was smoother than we might have anticipated—largely due to the Shah's skillful leadership. We recognize that the Soviets have also moved quickly to establish their relationship with the Union of Arab Emirates and that the Soviets could be moving toward a naval presence with facilities in Iraq.
- As the Shah knows, we were deeply concerned by last December's crisis in South Asia. We very much valued his support. We saw the crisis as an example of Indian and Soviet violations of just the principles which we feel need to be established for a more orderly world. The US is doing all it can to help President Bhutto get on his feet, but in his relationships with India there is not a great deal we can do. We will, however, support his economic program fully. We face a difficult situation in renewing the supply of arms because our Congress is set against it and could destroy a substantial portion of our other military assistance programs over this issue. [Bear in mind that, while the Shah wants to see Bhutto succeed, he has always been suspicious of him.]

3. The US will do what it can to support the efforts of nations in the broader Middle East to hold their own against Soviet pressures, but the keystone of our strategy will be a strong association among those nations of the region that wish to resist Soviet pressures.

- You are aware of the private relationships which the Shah has built with Turkey and Israel on the one hand and with Kings Faisal and Hussein on the other. While the US wishes to leave this a regional

initiative, you want the Shah to know that we encourage it and support it wholeheartedly.

- You fully understand the private manner in which the Shah has conducted these relationships. It permits the partners to relate to each other as their real interests dictate without the inhibitions that publicity poses.
- When King Hussein was in Washington, you discussed Jordan's role in this regional context. You gave him your encouragement. In this case as well, we want this to be essentially a program in which the regional countries take the lead.
- In the Persian Gulf, the US does not have any aspirations to assume the British role. This is an area where a new kind of US presence must evolve; in substantial part it will be provided by American business, technological, educational and diplomatic relationships. We mean this to be a serious and coherent US presence for a long-term constructive relationship with the Islamic world.
- For the moment we are keeping our small naval force in the Gulf. The Shah has some reservations about this, and you may wish him to discuss them frankly with you. [He has recently said he fears that the present US force of three ships is too small to do any good and yet just large enough to provoke the Soviets to seek a presence of their own. He has suggested that perhaps the US should either withdraw or increase its force.] We have maintained what we have there on the grounds that our withdrawal now would give the wrong kind of signals. It is a tangible symbol of the US's interest in the area's security and stability. We plan to beef it up qualitatively. Iran's strength and this visible US support are the best guarantee of regional deterrence.

4. The Arab-Israeli issue has been on dead center for some months now. The Israelis have been increasingly outspoken publicly about their desires for basic territorial changes to enhance their security. Sadat has become increasingly frustrated by this evidence that Israel does not plan to withdraw to anything like pre-war borders. The Soviets have not shown much give. But it is in the interests of the US and its friends to try to remove this impasse, which is a menace to world peace.

- You would welcome the Shah's views from his contacts with the Israelis and Egyptians.
- Does he see any role for himself?

5. The Shah can be assured of continuing US cooperation with Iran. There are some limitations on our resources, but the Shah should rest

assured that the US will do its best to help. On his weapons requests if he raises them:

- Two additional squadrons each of F-4Es and F-5Es: We will approve the sale of these aircraft. The Defense Department is drawing together data on price and availability.
- F-15/F-14 aircraft: These will not become operational with our forces, by present schedule, until late 1974. We anticipate selling them to Iran, but we want to be sure we have a good product before we commit ourselves. We had a bad experience selling the F-III before testing it operationally. But we will stay in close touch with the Shah.
- Laser-guided bombs: We would prefer not to supply these [because they represent our most advanced technology and are in heavy demand in Southeast Asia where our forces have just begun using them]. We are able to supply other guided bombs such as the Walleye and the Hobo.
- If he mentions his concern that the FOXBAT will turn up in Iraq, you can say that we believe that the model of the Phantom (F-4E) that is scheduled for delivery to Iran next year is capable of defending against the FOXBAT.

6. You may wish to describe the major efforts you have made to resolve the narcotics problem in the US. You could put this in the context of how many of the important relationships that will help to build the structure of world peace will be in fields like cooperation in resolving basic human and environmental problems. You are aware that Iran has many of the same problems in the narcotics field that the US has. We would like to move toward fuller cooperation in this area. One of the ideas that has been proposed is having a regionally initiated opium free zone among Turkey, Iran, Afghanistan and Pakistan. We are not pushing a particular proposal now, but we would welcome the Shah's interest and initiative with his neighbors in this important area.

7. In the petroleum field, we will welcome the Shah's help in preserving the stability of energy supply.

—If he mentions access to US markets, you could explain the political difficulties of our import program, while saying we will look sympathetically at any proposal.

One final point is a small one in a similar field. We have invested a great deal in making the INTELSAT system operative worldwide, and we hope that Iran will be able to ratify the convention before the close of

the year. It may be touch-and-go to get the necessary 54 ratifications by December 22.

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 481, Presidential Trip Files, Iran Visit. Secret; Sensitive. Sent for Action. Tab B is published as [Document 185](#). Tabs C and D were not published. A stamp on the document indicated "the President has seen." In the margin of page 3, tab A, next to a paragraph on the U.S. naval force in the Persian Gulf, the President wrote, "K—increase it."

197. Hakto 46 Message From Lord/Rodman to Haig, May
27, 1972, 1810Z¹

May 27, 1972, 1810Z

WHB097
ZZ WTE
DR KXTSZ XDR YDK
ZZ WTE DE WTE 17 087 1481811

Z 271810Z MAY 72

FM

LORD/RODMAN

TO
GEN HAIG

ZEM
HAKTO 46
ATTACHED IS FLANIGAN NEMO FOR PRESIDENT WHICH
HOSKINSON AND HORMATS SHOULD STAFF ASAP.
MAY 25, 1972

MEMORANDUM FOR:

THE PRESIDENT

FROM:

PETER M. FLANIGAN

SUBJECT:
POSSIBLE OIL DISCUSSIONS WITH THE SHAH IN TEHRAN

ATTACHED AT TAB A IS AN APRIL 27 MEMORANDUM DESCRIBING
THE CONTINUING DISCUSSIONS BETWEEN THE SHAH AND THE OIL
CONSORTIUM REGARDING THE TERMS OF CONSORTIUM'S
CONCESSION. THE CONSORTIUM, WHICH CONTROLS VIRTUALLY
ALL OF IRAN'S OIL PRODUCTION, IS 54 PERCENT BRITISH, 40

PERCENT US AND 6 PERCENT FRENCH. THE CHAIRMAN OF THE CONSORTIUM'S DISCUSSION GROUP IS KEN JAMIESON OF ESSO.

JAMIESON LAST MET WITH THE SHAH ON MAY 22 AND 27 AND WAS UNABLE TO RESOLVE THE BASIC ISSUE OF AGREEING TO PROVIDE THE GOVERNMENT OIL COMPANY WITH OIL AT COST.

HOWEVER, NEGOTIATIONS WITH THE SHAH REMAIN ON A GOOD BASIS WITH THE NEXT MEETING SCHEDULED FOR MID-JUNE. AN OIL INDUSTRY TEAM PRESENTED THE OPEC OIL PRODUCING COUNTRIES A NEW OFFER IN GENEVA ON MAY 23 WHICH WAS REJECTED. THE PROGRESS IN THE OPEC TALKS COULD AFFECT THE OUTCOME OF THE CONSORTIUM'S NEGOTIATIONS.

IF OIL IS BROUGHT UP IN YOUR DISCUSSIONS WITH THE SHAH, I RECOMMEND THAT YOU:

- (A) EXPRESS YOUR UNDERSTANDING THAT BOTH SIDES ARE WORKING TOWARD AN EQUITABLE AND LONG-LASTING RELATIONSHIP.
- (B) EXPRESS SATISFACTION AT THE SUBSTANTIAL INCREASES IN IRANIAN OIL SHIPMENTS IN 1972 AND THE PROPOSED DOUBLING OF THOSE SHIPMENTS OVER THE NEXT FEW YEARS, WITH THE RESULTING INCREASE IN REVENUES FOR IRAN.
- (C) IF ASKED FOR SPECIAL ACCESS TO THE US MARKET FOR IRANIAN OIL, POINT OUT THE GREAT DIFFICULTIES THAT GRANTING SPECIAL ACCESS TO ONE COUNTRY WOULD CAUSE US IN OUR RELATIONS WITH ALL OTHER OIL EXPORTING COUNTRIES.
- (D) INDICATE THAT YOU ARE AWARE OF THE DISCUSSIONS BETWEEN THE NATIONAL IRANIAN OIL COMPANY AND SEVERAL PRIVATE US OIL COMPANIES REGARDING JOINT VENTURES IN THE CARIBBEAN AND THE US.

ATTACHMENT:

TAB A - APRIL 27 MEMORANDUM.

APRIL 27, 1972

MEMORANDUM FOR:

THE PRESIDENT

FROM:

PETER M. FLANIGAN

SUBJECT:

POSSIBLE OIL DISCUSSION WITH THE SHAH IN TEHRAN

THE CONSORTIUM OF FOREIGN OIL COMPANIES CONTROLLING ALL PRODUCTION AND REFINING OF OIL IN IRAN IS CURRENTLY IN EXTENDED NEGOTIATIONS WITH THE SHAH. THE NEGOTIATING TEAM IS HEADED BY KEN JAMIESON, CHAIRMAN OF STANDARD OIL OF NEW JERSEY, EVEN THOUGH EUROPEAN COMPANIES CONTROL 67 1/2 PERCENT OF THE CONSORTIUM.

TO DATE THEY HAVE AGREED TO (1) RAISE LIFTINGS OF OIL FROM IRAN TO 8 MILLION BARRELS PER DAY BY OCTOBER 1976 (FROM APPROXIMATELY 4 MILLION B/D IN 1972); (2) CONSTRUCT A \$100 MILLION NATURAL GAS LIQUIDS PLANT; (3) CONSTRUCT A 200,000 B/D REFINERY AND GIVE THE EXISTING ABADAN REFINERY TO IRAN TO PROVIDE FOR DOMESTIC CONSUMPTION.

THE SHAH'S INITIAL INSISTENCE ON ACCESS TO THE U.S. MARKET HAS BEEN SUCCESSFULLY REFUSED BY JAMIESON. THE AGREEMENTS REACHED TO DATE ARE GOOD ONES FROM BOTH THE SHAH'S AND THE CONSORTIUM'S POINTS OF VIEW. IT IS ESSENTIAL THAT THE SHAH NOT BE ENCOURAGED IN HIS DESIRE FOR ACCESS TO THE U.S. MARKET FOR IRANIAN OIL. SUCH ACCESS WOULD MAKE OUR RELATIONS WITH OTHER PERSIAN GULF COUNTRIES, AS WELL AS WITH VENEZUELA, EXTRA-ORDINARILY DIFFICULT, AND WOULD MAKE IMPOSSIBLE THE ALREADY DIFFICULT TASK OF MANAGING THE MANDATORY OIL IMPORT PROGRAM. YOU DID INDICATE SYMPATHY FOR THIS POLICY TO HIM DURING HIS VISIT TO WASHINGTON IN 1969. IF THE SHAH BRINGS UP OIL RELATIONS, YOU MIGHT SAY THAT YOU ARE PLEASED TO HEAR PROGRESS IS BEING MADE IN THE DISCUSSIONS WITH THE CONSORTIUM. YOU COULD INDICATE PARTICULAR PLEASURE THAT THE CONSORTIUM'S PROJECTED LIFTING OF OIL FROM IRAN ON FAVORABLE TERMS WILL REACH BY 1972 THE MAXIMUM AMOUNT SUPPORTABLE BY IRAN'S CURRENT PROVED RESERVES. IF THE SHAH BRINGS UP ACCESS TO THE U.S. MARKET, YOU MIGHT POINT OUT THE GREAT DIFFICULTY THAT GRANTING ACCESS TO ONE COUNTRY WOULD CAUSE US IN OUR RELATIONS WITH ALL OTHER OIL EXPORTING COUNTRIES.

NEXT MEETING BETWEEN THE SHAH AND THE CONSORTIUM
NEGOTIATORS WILL BE ON MAY 22, 24. JAMIESON WILL INFORM
ME OF ANY SIGNIFICANT DEVELOPMENTS IN THOSE MEETINGS.

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box
481, Presidential Trip Files, Iran Visit (Cherokee) [pt. 1]. Secret; Flash.

198. Memorandum From Samuel Hoskinson of the National Security Council Staff and the President's Deputy Assistant for National Security Affairs (Haig) to Winston Lord and Peter Rodman of the National Security Council, Washington, May 27, 1972¹

Washington, May 27, 1972

THE WHITE HOUSE
WASHINGTON
May 27, 1972

TO:
LORD/RODMAN FOR KISSINGER

FROM:

HAIG AND HOSKINSON

REF:
HAKTO 46

The referenced Flanigan memo to the President on possible oil discussions with the Shah in Tehran appears appropriate and useful. This is an important area for the Shah and one in which there have been some developments since you departed which require additional briefing materials. Flanigan's talking points appear right on the mark.

Recommend that you send Flanigan's memo forward to the President prior to your arrival in Tehran. END

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 481, Presidential Trip Files, Iran Visit (Cherokee) [pt. 1]. Secret. A note on the first page indicates that the document was sent to Kissinger in Moscow on May 27.

199. Telegram 3166 From the Embassy in Iran to the
Embassy in Moscow, May 28, 1972, 0915Z¹

May 28, 1972, 0915Z

TELEGRAM
Department of State
TEHRAN 3166
281034Z

12 S

ACTION NEA-4

INFO OCT-01 E-11 SSO-00 NSCE-00 CCO-00 INRE-00 SS-14 NSC-10 L-03
PRS-01 CIAE-00 INR-06 NSAE-00 RSC-01 OMB-01 RSR-01 /061 W 108220

0 280915Z MAY 72

FM AMEMBASSY TEHRAN

TO
AMEMBASSY MOSCOW IMMEDIATE

INFO
SECSTATE WASHDC IMMEDIATE 8549

SUBJECT:
PRESIDENT SHAH TALKS

REF:
MOSCOW 4996: STATE 094444

1. INFO CONCERNING CONSORTIUM/SHAH TALKS ESSENTIALLY CURRENT. HOWEVER FOLLOWING SUPPLEMENTS BACKGROUND PAPER IN BRIEFING BOOK. WHILE SHAH WILL LIKELY MENTION MATTER, WE AGREE WITH DEPTS ESTIMATE THAT THESE NEGOTIATIONS WILL NOT RPT NOT "FIGURE HEAVILY."
2. STATUS OF CONSORTIUM/GOI PARTICIPATION TALKS: IRAN HAS BEEN CAREFUL TO ENSURE THAT THE RESOLUTIONS OF THE ORGANIZATION OF PETROLEUM EXPORTING COUNTRIES (OPEC) ON PARTICIPATION BY MEMBER COUNTRIES IN PRODUCING COMPANIES OPERATING ON THEIR TERRITORIES GAVE MEMBERS

THE CHOICE OF NEGOTIATING WITH THEIR COMPANIES INDIVIDUALLY OR IN GROUPS. FURTHERMORE, THESE RESOLUTIONS, AGAIN AS A RESULT OF IRANIAN DIPLOMACY, DELIBERATELY DO NOT DEFINE "PARTICIPATION" IN ANY WAY. THIS POINT IS VERY IMPORTANT TO THE GOI WHICH RESENTS ARAB ATTEMPTS TO REPRESENT THE 20PC OWNERSHIP FORMULA AS THE AUTHORIZED OPEC STANDARD FOR PARTICIPATION. THE IRANIANS INSIST THAT THEIR APPROACH OF NEGOTIATING FOR SPECIFIC AMOUNTS OF MONEY AND OIL AND FOR EXPANDED FACILITIES MEETS OPEC REQUIREMENTS JUST AS FULLY AS THE ARABS DEMAND FOR RIGID OWNERSHIP FORMULA. THE GOI CONSIDERS THAT THIS ARAB DEMAND LEAVES NO ROOM FOR NEGOTIATION, IS TOO EXPENSIVE FOR IRAN SINCE IT WOULD FORCE IRAN TO PUT UP 20PC OF THE CAPITAL FOR THE VERY EXTENSIVE EXPANDING FACILITIES THE CONSORTIUM WILL UNDERTAKE HERE IN THE NEXT FEW YEARS (UNDER THE CONSORTIUM AGREEMENT THESE FACILITIES BELONG TO IRAN AS SOON AS COMPLETED IN ANY CASE), AND THAT IT OFFERS NO ASSURANCE OF GREATLY INCREASED OIL INCOME TO IRAN. FINALLY, AND MOST FUNDAMENTALLY, THE PARTICIPATION IRAN SEEKS IS BY ITS NATIONAL OIL COMPANY IN THE INTERNATIONAL OIL INDUSTRY AS A WHOLE WITH THE HELP OF CONSORTIUM MEMBERS. OIL COMPANY REPRESENTATIVES WHO WERE INVOLVED IN THE PARTICIPATION NEGOTIATIONS ON BOTH SIDES OF THE GULF HAVE CONFIRMED TO US THAT THE DIFFERENCES IN IRANIAN AND ARAB ATTITUDES HAS PRODUCED TOUGH BUT AMICABLE AND PROGRESSING NEGOTIATIONS IN IRAN. IN THESE NEGOTIATIONS THE GOI SOUGHT IN PARTICULAR:

- A. PROVISION OF OIL AT A PREMIUM PRICE TO THE NIOC IN AMOUNTS INCREASING ANNUALLY TO 550,000 BPD BY 1979:
 - B. PROVISION OF OIL AT COST TO THE ABADAN REFINERY WHICH WOULD BE GIVEN OVER TO THE NIOCI:
 - C. A NEW REFINERY FOR EXPORT PRODUCTS:
 - D. MUCH EARLIER PARTICIPATION BY NIOC IN MANAGEMENT DECISIONS AND POLICY MAKING.
3. THE MAJOR ISSUES STILL TO BE SETTLED ARE THE PRICE POINTS IN ITEMS ONE AND TWO ABOVE AND THE QUESTION OF SOME POSSIBLE LIMITATIONS ON WHERE NIOC MAY MARKET CONSORTIUM OIL. THE PRICE PROBLEMS MAY WELL BE RESOLVED BY A COMPROMISE PRICE TO APPLY TO BOTH THE ABADAN REFINERY OIL AND THE OIL FOR NIOC MARKETING AGREEMENT ON THE EXTENT OF NIOC MARKETING OF

CONSORTIUM OIL WILL TAKE LONGER SINCE THIS IS A CHANGE FROM THE LONGSTANDING "NO COMPETITION" AGREEMENT BETWEEN THE GOI AND THE CONSORTIUM WHICH SEVERAL OF ITS MEMBERS ARE VERY RELUCTANT TO MAKE. HOWEVER, BOTH SIDES HAVE RECENTLY REAFFIRMED TO US THAT DESPITE THE INTENSITY OF THE NEGOTIATIONS AND THE DIFFICULTY OF THESE REMAINING ISSUES, THE ATMOSPHERE IS ENTIRELY ONE OF MUTUAL RESPECT AND FRIENDLINESS. THE NEXT SESSION IS EXPECTED IN MID-JUNE.

FARLAND.

¹ Source: National Archives, RG 59, Central Files 1970-73, PET 3 OPEC. Secret. Immediate. Repeated Immediate to the Department of State.

200. Memorandum of Conversation, Tehran, May 30, 1972,
5:35 to 6:35 p.m.¹

Tehran, May 30, 1972, 5:35 to 6:35 p.m.

THE WHITE HOUSE
WASHINGTON

MEMORANDUM OF CONVERSATION

PARTICIPANTS:

Mohammed Reza Pahlavi, Shahanshah of Iran
The President
Henry A. Kissinger, Assistant to the President for National Security Affairs

DATE AND TIME:

Tuesday, May 30, 1972—5:35 to 6:35 p.m.

PLACE:

Saadabad Palace, Tehran, Iran

The Shah welcomed the President warmly to Tehran. He congratulated the President on the success of our foreign policy and the Moscow Summit in particular. It was a masterpiece of strength on one side and dexterity on the other. Our friends, the Shah emphasized, were indeed reassured. But the Shah was worried about "this region" [the Middle East].

The President thanked the Shah for his welcome and his kind words. When we arranged this trip, he explained, it all had to come together. Going to China made the Russian trip possible. Taking strong action in Vietnam [the May 8 measures] did not thwart the Moscow Summit. There was no reason for euphoria or for the assumption that the Soviet leaders had changed their long-term goals. What convinced us of that was Soviet behavior in the 1971 India-Pakistan crisis. The Soviet leaders placed security considerations above Communism. What was on their mind was Europe and almost certainly China; they were trying to outflank the Middle East.

The United States, the President continued, was proceeding on a step-by-step basis. We made agreements where it was in the common interest. The President had told BREZHNEV we would see Indochina through, but he had told him a confrontation with the US was more likely in the

Middle East. The Politburo wanted better relations with us. We, for our part, wanted better relations with them. But we wanted to make sure no small crises would blow into big ones.

We appreciated the Shah's role in South Asia, the President said. His personal view was that if India with the support of Soviet arms had gobbled up West Pakistan, other states would have been in danger—not from the Indians, because of their incompetence, but from the Soviets. We came to visit Iran because we considered it symbolic of our strong support for our friends. We would not let down our friends.

The President then asked Dr. Kissinger if he had anything to add.

Dr. Kissinger summed up the Soviet strategy of selective detente. They would make settlements on some matters with some adversaries in order to isolate others, particularly the Chinese. We had to be careful. It was important to establish the principle of great-power restraint. We had sought to bring this home to the Soviets.

The Shah expressed his agreement that a policy of confrontation was impossible. There were key areas, he stressed, which could not be neglected—such as Europe and the Middle East. The Shah gave the figures on Europe's and Japan's dependence on oil from the Middle East. Libya's oil would go dry in another decade and a half, he said. The US would have to get more and more of its oil from the Middle East. We could not allow ourselves to get in a position where we could be cut off. That crazy fellow Mossadegh did it, the President remarked. He was nuts, the Shah agreed.

Last year, two months after signing the treaty with the Soviets the Indians attacked, the Shah said. He didn't want to be told that the Soviets were restraining their clients. "We will not hand over our country. We will pursue a scorched earth policy. They will have to shoot their way in."

The President asked the Shah if our allies were afraid of the Summit. Not if you have the right allies, the Shah replied. If they are self-reliant they will welcome it. If they have the principle of fighting until the last American they will not welcome it. Iran, like Israel, must be able to stand alone. The Shah therefore hoped that we had more blue suiters available; Iran also had to have the most modern weapons. We could not have a situation where the US cut off arms to any client of the Soviet Union. He was afraid the Soviets would establish a coalition of the

Kurds, the Baathists, and the Communists; the Kurdish problem instead of being a thorn in the side could become an asset to the Communists.

Dr. Kissinger asked what could be done. Turkey needs strengthening, the Shah replied. Iran can help with the Kurds.

How about Greece, the President asked. The Shah replied that the King was a nice man but a fool. He was objectively worried about Papandreou. The colonels must be supported. The King could stay if he kept quiet.

The President asked about Afghanistan. The Shah replied that the King of Afghanistan was lazy. There were pressures in West Pakistan and Pushtunistan and Baluchistan. This would then encircle Iran and give the USSR a corridor to the sea. The Shah had warned Yahya about his stupidity, but he could not accept this naked deliberate aggression.

The President then discussed the circumstances under which we would restore economic aid to India. The Shah remarked that if we could give some aid to India to save Pakistan, that was okay. But the main problem was to save West Pakistan. The President agreed that the Shah was right, and suggested they talk the next day about this. Iran could be a proxy for Pakistan, the Shah suggested. Dr. Kissinger noted that we then had to reestablish Pakistan's arms program to make Pakistan eligible for third-country transfers from Iran. That we must do, the President agreed. Otherwise Pakistan will be jumped. The Shah pointed out that he was offering Afghanistan everything.

The President then said that the US was willing to reconsider the question of the US naval deployment in the Persian Gulf. The Shah stated that he had wanted to exclude the other major powers from the Gulf after the British left and had therefore expressed concern about the small US naval force. But after the Soviet-Indian treaty there was something to be said for showing the flag there. Iran nevertheless was the only country capable of dealing with any situation without any outside help. He would study it.

¹ Source: Library of Congress, Kissinger Papers, Box TS-28, Kissinger Telcons, Geopolitical Files, Iran, Memcons, Notebook 30 May 72-15 September 73. Top Secret; Sensitive; Exclusively Eyes Only. The conversation took place in the Saadabad Palace in Tehran. According to

Henry Kissinger's memoirs, the President during this visit also agreed that, "without American support, the existing Kurdish uprising against the Baghdad Government would collapse. American participation [in the effort to aid the Kurdish insurgency] in some form was needed to maintain the morale of such key allies as Iran and Jordan " (Kissinger, *Years of Renewal*, pp. 582-3.) No record of this conversation was found.

201. Memorandum of Conversation, Tehran, May 31, 1972,
10:30 a.m. to 12:00 p.m.¹

Tehran, May 31, 1972, 10:30 a.m. to 12:00 p.m.

THE WHITE HOUSE
WASHINGTON

MEMORANDUM OF CONVERSATION

PARTICIPANTS:

Mohammed Reza Pahlavi, Shahanshah of Iran
The President
Dr. Henry A. Kissinger, Assistant to the President for National Security Affairs

DATE & TIME:

Wednesday, May 31, 1972 10:30 a.m. to 12:00 noon

PLACE:

Saadabad Palace Tehran, Iran

The Shah began the conversation with a discussion of terrorism and the pressures on him from the left wing. There was pressure on the Shah from Brandt. The Shah claimed that the trouble came mostly from Baghdad, or at least Baghdad would take credit for it. There were dangers emerging in Oman, the Shah continued, where the rebels were completely supported by the Communists. There was also a great danger facing the Saudis. The regime was very backward; there was no inclination to reform. The King had a Bedouin army to deal with the regular army.

After a brief digression on the pure Iranian architectural style of the mausoleum, the Shah returned to the subject of Saudi Arabia. The Shah was convinced the Saudis would not be spared by the Egyptians once the Israeli problem was settled. They had a superiority complex but they were lousy fighters. The head of the Saudi CIA proposed to the U.S. through the Shah to work out a Saudi-Iranian-Egyptian grouping to stop Communism. The Shah had told Oman that we would fulfill any request they had for assistance in defeating the guerrillas. He would discuss with the British the questions of the Indian Ocean and possible joint maneuvers in the Persian Gulf.

The Shah emphasized the importance of making some progress toward an Arab-Israeli settlement. He recognized the Israelis' concerns for their security after their having fought three wars for it. Still he thought they were too stubborn. On the other hand the Arabs were not mature; they were flamboyant and always trespassing on the rights of others.

As for Iran, the Shah continued, the Persian Gulf was key. Iran had established relations with Ethiopia and South Africa to make sure there was a common policy in the Indian Ocean. Iran would deal even with Australia for this purpose. Turkey was an essential element of this strategy. If its domestic structure disintegrated this would be a total disaster. But they may pull through. They had just cracked down on subversives and arrested another 2,000.

What had been the problem with Erim? the President asked. The military wanted to dominate, the Shah replied. But they also wanted to keep the existing institutions. It was a hard balance to strike. The problem was the absence of reforms. "So you ascribe your success to staying ahead of the discontent?" the President asked. The Shah said "yes. Our farmers own their own land. As for the universities, we just put subversives into jail." The Shah even thought Mao wanted a strong Iran; he had the impression that the PRC preferred to have good ties with Iran. The Chinese were reliable friends, as they proved in Pakistan. The Empress was going to visit Peking.

If you looked at Russia under the Tsars, it had a rough government—the same system, with secret police and priests (now commissars). Communism became legitimate with victory in the Second World War. How come China couldn't be ruled for centuries? It needed an iron fist, and the only iron fist the world accepted was this sort of regime. Only a Communist regime there could stand up to the Russians. Communism was a pretext to rule China with a firm hand. The USSR was an imperialist country.

The President returned to the question of the Arab-Israeli conflict. Didn't Mrs. Meir refuse a settlement? He asked the Shah if other Israelis were more reasonable. Less and less as time goes on, the Shah replied. Eban used to say he was willing to leave alone all the territories except for minor rectifications with Jordan. But now even he was less flexible. The President had to urge Israel to be more flexible. The Shah personally thought a Sinai settlement giving one-third to Israel was possible. Israel, he affirmed, was Iran's natural ally. The President wondered if one

could sell this to the Arabs. Only to the King of Jordan, the Shah replied.

Nasser was a disaster, the Shah continued. An evil man. The question was how could we check Soviet penetration. The Egyptians suffered from megalomania. The President commented that they reminded him of the Indians, tricky and withdrawn. The Shah remarked that the Indians could fight and kill but the Egyptians could not. There was practically an aerial bridge of military supply from Moscow to Cairo but the Soviets gave all the electronic counter-measure equipment to the Indians.

The President said he has been impressed by the number of Iranians who had gone to school in the U. S. He wondered if they would be turned into subversives. "Are your students infected? Can you do anything?" The Shah mentioned that our military personnel are no problem. He wanted blue suiters [U. S. military technical personnel], military men who would not leave in a pinch.

At the conclusion of the discussion, the President agreed to furnish Iran with laser bombs and F-14s and F-15s. He asked the Shah to understand the purpose of American policy. "Protect me," he said. "Don't look at detente as something that weakens you but as a way for the United States to gain influence." The Nixon Doctrine was a way for the U. S. to build a new long-term policy on support of allies. This was the President's view: the American intellectual community didn't reflect U. S. policy. Who is bad, who is good, among intellectuals? The President asked rhetorically. It was hard to tell. The majority were failures.

¹ Source: Library of Congress, Kissinger Papers, Box TS-28, Kissinger Telcons, Geopolitical Files, Iran, Memcons, Notebook 30 May 72-15 September 73, Box TS-28. Top Secret; Sensitive; Exclusively Eyes Only. The conversation took place in the Saadabad Palace in Tehran.

202. Telegram 3254 From the Embassy in Iran to the
Department of State, May 31, 1972, 0837Z¹

May 31, 1972, 0837Z

TELEGRAM

Department of State
TEHRAN 3254 310927Z

ACTION NEA-12

INFO OCT-01 EUR-20 IO-12 SSO-00 CCO-00 NSCE-00 INRE-00 USIE-00
CIAE-00 DODE-00 PM-06 H-02 INR-06 L-03 NSAE-00 NSC-10 P-03 RSC-01
PRS-01 SS-14 OMB-01 T-03 EA-11 AID-20 E-11 AGR-20 COM-08 TRSE-00
BNDD-05 SNM-01 JUS-02 RSR-01 /174 W 123536

O R 310837Z MAY 72

FM AMEMBASSY TEHRAN

TO

SECSTATE WASHDC IMMEDIATE 8587
WHITE HOUSE WASHDC IMMEDIATE
AMEMBASSY BONN IMMEDIATE

INFO

AMEMBASSY AMMAN
AMEMBASSY ANKARA
AMCOUNSUL DHAHRAN
AMEMBASSY ISLAMABAD
AMEMBASSY JIDDA
AMEMBASSY KUWAIT
AMEMBASSY NEW DLHI
AMEMBASSY TEL AVIV
USMISSION GENEVA
AMEMBAY BEIRUT
AMEMBASSY KABUL
AMEMBASSY MOSCOW

DEPT PASS ABU DABI, MANAMA AND USINT CAIRO

SUBJECT:

PRESIDENT'S VISIT: JOINT COMMUNIQUE

FOLLOWING IS TEXT OF JOINT US-IRANIAN COMMUNIQUE
RELEASED AT 12:00 NOON TEHRAN TIME BY GOI AND WHITE
HOUSE (TEHRAN):

BEGIN-QUOTE AT THE INVITATION OF HIS IMPERIAL MAJESTY THE
SHANSHAH ARYA. MEHR AND HER IMPERIAL MAJESTY THE
SHBANOU OF IRAN, THE PRESIDENT OF THE UNITED STATES OF
AMERICA AND MRS. RICHARD NIXON PAID AN OFFICIAL VISIT TO
IRAN FROM MAY 30 TO MAY 31, 1972. THE PRESIDENT AND MRS.
NIXON WERE RECEIVED WITH EXCEPTIONAL FRIENDLINESS AND
WARMTH BY THEIR IMPERIAL MAJESTIES AND BY THE
GOVERNMENT AND PEOPLE OF IRAN.

DURING HIS VISIT THE PRESIDENT HELD DISCUSSIONS WITH HIS
IMPERIAL MAJESTY THE SHANSHAH IN A WARM AND CORDIAL
ATMOSPHERE, REFLECTING THE CLOSE AND FRIENDLY RELATIONS
THAT EXIST BETWEEN THE TWO COUNTRIES.

THE PRESIDENT AND HIS IMPERIAL MAJESTY DISCUSSED RECENT
DEVELOPMENTS ON THE INTERNATIONAL SCENE. THE PRESIDENT
TOLD HIS IMPERIAL MAJESTY OF HIS VISITS TO MOSCOW AND
PEKING AND OF HIS EFFORTS TO REDUCE EAST-WEST TENSIONS
AND RESTORE PEACE AND STABILITY TO SOUTHEAST ASIA. THEY
HELD THE VIEW THAT THE CONFLICT IN INDOCHINA SHOULD BE
SETTLED THROUGH NEGOTIATIONS AND THAT THE GENEVA
AGREEMENTS COULD SERVE AS A BASIS FOR RESOLVING PROBLEMS
AMONG THE STATES IN THE AREA AND FOR GUARANTEEING
THEIR RIGHT OF SELF- DETERMINATION WITHOUT ANY OUTSIDE
INTERFERENCE.

THE PRESIDENT AND HIS IMPERIAL MAJESTY ALSO DISCUSSED
DEVELOPMENTS IN THE MIDDLE EAST. THEY WERE GRATIFIED
THAT A CEASEFIRE CONTINUES TO BE OBSERVED BUT EXPRESSED
THEIR CONCERN OVER THE SERIOUS SITUATION EXISTING IN THE
MIDDLE EAST AND REAFFIRMED THEIR SUPPORT FOR A PEACEFUL
SETTLEMENT IN ACCORDANCE WITH SECURITY COUNCIL
RESOLUTION 242.

THE PRESIDENT AND HIS IMPERIAL MAJESTY AGREED THAT THE
SECURITY AND STABILITY OF THE PERSIAN GULF IS OF VITAL
IMPORTANCE TO THE LITTORAL STATES. BOTH WERE OF THE VIEW
THAT THE LITTORAL STATES BORE THE PRIMARY RESPONSIBILITY
FOR THE SECURITY OF THE PERSIAN GULF.

HIS IMPERIAL MAJESTY REAFFIRMED IRAN'S DETERMINATION TO BEAR ITS SHARE OF THIS RESPONSIBILITY.

THE PRESIDENT AND HIS IMPERIAL MAJESTY ALSO AGREED THAT THE ECONOMIC DEVELOPMENT AND WELFARE OF THE BORDERING STATES OF THE PERSIAN GULF ARE OF IMPORTANCE TO THE STABILITY OF THE REGION.

IRAN DECLARED ITSELF READY AND WILLING TO COOPERATE WITH ITS NEIGHBORS IN FOSTERING AN ATMOSPHERE IN WHICH STABILITY AND PROGRESS CAN FLOURISH.

THE PRESIDENT AND HIS IMPERIAL MAJESTY VOICED THE HOPE THAT PAKISTAN AND INDIA WOULD FIND WAYS TO REACH A JUST AND HONORABLE SETTLEMENT OF THE EXISTING ISSUES. THEY NOTED WITH SATISFACTION THE INITIATIVE TAKEN BY BOTH COUNTRIES FOR MEETINGS WHICH HOLD THE PROMISE THROUGH FURTHER TALKS OF PROGRESS TOWARD A PEACEFUL SETTLEMENT IN SOUTH ASIA BUILT ON LASTING RELATIONSHIPS OF FRIENDSHIP AND MUTUAL RESPECT.

THE PRESIDENT EXPRESSED HIS ADMIRATION FOR IRAN'S IMPRESSIVE RECORD IN THE DEVELOPMENT OF A STRONG ECONOMY AND THE SUCCESSFUL IMPLEMENTATION OF HIS IMPERIAL MAJESTY'S "WHITE REVOLUTION". HIS IMPERIAL MAJESTY OUTLINED THE MAIN FEATURES OF IRAN'S NEW FIVE YEAR PLAN WITH PARTICULAR EMPHASIS ON AGRO-INDUSTRY AND SOCIO ECONOMIC PROJECTS. THE PRESIDENT REITERATED THE READINESS OF THE UNITED STATES TO COOPERATE WITH IRAN AS APPROPRIATE IN THIS EXTENSIVE PROGRAM AND IMPORTANT ENTERPRISE.

THE PRESIDENT AND HIS IMPERIAL MAJESTY ALSO DISCUSSED THE WORLDWIDE NARCOTICS PROBLEM. THEY NOTED THAT IRAN AND THE UNITED STATES WERE TAKING VIGOROUS ACTION AGAINST THE ILLICIT INTERNATIONAL NARCOTICS TRAFFIC. BOTH TOOK SATISFACTION IN IRAN'S EFFECTIVE MEASURES TO CONTROL DOMESTIC OPIUM PRODUCTION. THE PRESIDENT EXPRESSED UNDERSTANDING OF IRAN'S DECLARED POLICY TO CEASE INTERNAL CULTIVATION OF THE OPIUM POPPY WHEN IRAN'S NEIGHBORS ALSO CEASE INTERNAL CULTIVATION OF THE OPIUM POPPY. THEY AGREED THAT THE TWO GOVERNMENTS SHOULD CONTINUE THEIR CLOSE COOPERATION IN INTERNATIONAL

FORUMS DEALING WITH NARCOTIC MATTERS. THE PRESIDENT NOTED WITH APPRECIATION THE ACTIVE SUPPORT PROVIDED BY IRAN AT THE RECENT UNITED NATIONS CONFERENCE WHICH ADOPTED A PROTOCOL AMENDING THE 1961 SINGLE CONVENTION ON NARCOTIC DRUGS. THE PRESIDENT REAFFIRMED UNITED STATES' SUPPORT FOR REGIONAL COOPERATION IN SOLVING INTERNATIONAL NARCOTICS PROBLEMS.

BOTH SIDES EXPRESSED DEEP SATISFACTION OVER THE EXCELLENCE OF RELATIONS BETWEEN THEIR TWO-COUNTRIES AND THE EXPECTATION THAT THEY WOULD CONTINUE IN NE FUTURE. HIS IMPERIAL MAJESTY STRESSED ONCE AGAIN IRAN'S DETERMINATION TO STRENGTHEN ITS DEFENSIVE CAPABILITY TO ENSURE-THE NATION'S SECURITY. THE PRESIDENT CONFIRMED THAT THE UNITED STATES WOULD, AS IN THE PAST, CONTINUE TO COOPERATE WITH IRAN IN STRENGTHENING ITS DEFENSES. THEY REAFFIRMED THEIR RESPECT FOR THE SOVEREIGN RIGHT OF EVERY NATIONAL TO CHOOSE ITS OWN DESTINY IN ITS OWN WITHOUT ANY OUTSIDE INTERFERENCE.

IN EXPRESSING APPRECIATION FOR THE WARM HOSPITALITY SHOWN HIM AND MRS. NIXON, THE PRESIDENT INVITED THEIR IMPERIAL MAJESTIES TO VISIT THE UNITED STATES AT A MUTUALLY CONVENIENT TIME. THE INVITATION WAS ACCEPTED WITH DEEP APPRECIATION. END QUOTE.

NOTE BY OC/T: NOT PASSED ABU DABI, MANAMA AND CAIRO.

FARLAND

¹ Source: National Archives, RG 59, Central Files 1970-73, POL US/NIXON. Unclassified. On June 6, Kissinger conveyed a message from President Nixon to the Shah, thanking him for Nixon's recent visit and informing him that former Treasury Secretary John Connally would be dispatched to Iran in early July to continue U.S.-Iranian discussions. (Ibid., Nixon Presidential Materials, NSC Files, Box 425, Backchannel, Backchannel Messages, Middle East, 1972.)

203. Intelligence Note RNAN-18, Prepared by the Bureau of Intelligence and Research Washington, June 12, 1972¹

Washington, June 12, 1972

INTELLIGENCE NOTE
BUREAU OF INTELLIGENCE AND RESEARCH
JUNE 12, 1972

IRAN: INTERNAL DISSIDENCE—A NOTE OF WARNING

The bombings in Tehran during President Nixon's visit highlight the existence of internal dissidence in Iran. In itself, such dissidence is nothing new. For many years it did not pose a serious problem for SAVAK, the Iranian National Security and Intelligence organization. However, dissident activities over the past two years show that a violence-inclined "youth underground" has taken root in Iran with possibly serious consequences for the country's long-term stability.

In public, the Government of Iran prefers to blame outside instigation for domestic dissidence. The available intelligence indicates that SAVAK, however, knows there is more to the problem than that. While many Iranian dissidents are linked clearly to the radical regime in Iraq or to other organizations and movements outside Iran, even the intelligence information received directly from official Iranian sources indicates that Iran now has its own indigenous "alienated youth" movement. The activities of persons in this movement, including bombings, attacks on police, assassinations, bank robberies, kidnappings (so far unsuccessful), and shootouts with security forces, are part of a pattern that has become familiar elsewhere in the world.

Intelligence reports on arrests and interrogations, with public and private statements by SAVAK and the Iranian police, indicate that, at a minimum, several hundred, mainly middle-class, Iranian young people, educated overseas or at home, are sufficiently alienated from their government and society to accept the hardships of longterm clandestinity and personal danger in pursuit of radical change, frequently no more than "revolution for the sake of the revolution." Few of them seem to have a clear concept of what is to replace the present social order in Iran, though most are more or less leftist and claim some title to being

Marxist, Marxist-Leninist, or Maoist. The dissidents have no single overall organization. Though identifiable small groups sometimes appear to overlap or maintain occasional liaison with one another, uncovering, penetrating, and rolling up their networks is a constantly renewed task for SAVAK since new groups are always springing up among the students and recent university graduates in Iran.

Though rightly deemed no immediate threat to the general security of the Iranian state, these groups still pose a threat greatly in excess of their numbers. The current political stability and orderly economic development of Iran depend overwhelmingly for their continuation on one man, the Shah. The Shah's sudden death by any means would be a setback to the continued implementation of the basically evolutionary political, social, and economic reforms of his "White Revolution." It would remove the ruler's will, dynamism, sense of direction, and authority which have spurred Iran's rapid emergence as a strong pro-Western regional power. The Shah's death at the hands of an assassin would create an atmosphere of suspicion and insecurity exploitable by Iran's dissidents even if an individual not connected with the movement did the act. In the short run, popular revulsion at the killing of the ruler could facilitate the immediate task of the Shah's successors and help to legitimize firm security measures. The law of succession in Iran calls for the Empress to act as Regent for the Crown Prince Reza during his minority (he is now 11 years old). The Empress Farah is genuinely popular in Iran, and in the immediate aftermath of her husband's assassination could be expected to carry through a relatively smooth transfer of power, while SAVAK and the armed forces guaranteed public order. In the longer run, however, the lack of broadly-based political institutions, the absence of the Shah's firm hand, a likely atmosphere of doubt and fear fuelled by increased dissident activities and perhaps also by excessive security measures, could undermine public confidence and impair the country's reputation as a stable and modernizing nation.

There is no reliable evidence that Iranian dissident groups or individuals as yet have focussed on the Shah as a target. It must be expected, however, to occur to them as the toll of arrests and executions demonstrates the futility of "armed propaganda" against a regime with the Shah's resources. The Shah is a difficult target to hit, but no man is invulnerable.

Iran's home-grown dissidents are concerned almost exclusively with domestic issues in their anti-regime activity. To a young dissident with the anarchistic outlook of the "New Left," the level of disruption and

uncertainty that the killing of the Shah would generate represents a positive gain. He would expect to see a weaker, probably clumsier successor regime, one sufficiently frightened to inaugurate its rule with a crackdown on internal disorder but unable in the long run to maintain concentrated pressure on internal dissidents. He might even see opportunities in such a situation for gaining a measure of popular support for a genuine revolution in Iran, a support he has been prepared to do without since it has been largely unobtainable from a population convinced that the Shah holds all the cards.

The apparently self-renewing proliferation of dissident "cells" and reported attempts to re-establish guerrilla outposts in the mountains of rural northern Iran indicate the potential for something more than hit-or-miss urban terrorism in the future. A question of some relevance now is when Iran's dissidents will raise their sights high enough to pass from "guerrilla theater" to attempt a decisive act which could have repercussions far beyond Iran's borders.

INR/Near East and South Asia

Director: Curtis F. Jones

Analyst: Peter S. Maher

Ext.: 21430

Released by :

¹ Source: National Archives, RG 59, Central Files 1970-73, POL 23-8 IRAN. Secret; Controlled Dissem. Drafted by Maher; approved by Jones.

204. Memorandum From Harold Saunders of the National Security Staff to the President's Assistant for National Security Affairs (Kissinger), Washington, June 12, 1972¹

Washington, June 12, 1972

NATIONAL SECURITY COUNCIL
ACTION
June 12, 1972

MEMORANDUM FOR:

DR. KISSINGER

FROM:

HAROLD H. SAUNDERS

SUBJECT:
Guidance for Follow-up on Shah-President Talks

When we were in Tehran, you agreed that it would be desirable to record as instructions for the bureaucracy those specific commitments which the President made to the Shah on provision of military equipment so we can establish the basis for follow-up. A memorandum is attached [Tab A] for this purpose.

In reading my formulation, you will want to bear in mind (a) the practical limitations which we face in providing some of this equipment and (b) the rather free interpretation the Shah is making of the President's promises [Tab B]. In my memo, I have tried to convey the President's commitment while giving Defense latitude to deal with some of its problems. Specifically:

1. On the F-14 and F-15 aircraft, Defense feels our own units should have preference on delivery and also wants to avoid what happened when we committed the F-111 to Australia before full operational testing. I should think we could handle this, having committed ourselves in principle, by keeping the Shah posted at each major milestone in the testing and production so we can agree on the time when it would be appropriate for Iran to place its order.

2. On the laser-guided bombs, the Shah feels the President promised to provide "all available sophisticated weapons short of the atomic bomb." The laser-guided bombs, of course, represent very advanced technology which we would not want compromised. In any case, our forces in Southeast Asia are using our full production at the moment. Defense may come back with one of two responses: either a timetable for delivery after our Vietnam needs have peaked or the suggestion to provide "smart bombs" short of the laser-guided bombs until they are available.
3. On the "blue-suiters," the Shah is saying that the President promised "any number that is needed in Iran"—this, in the context of the Shah's remark that the Soviets have 10-20,000 technicians in Egypt. The Pentagon will have to find a way to cope with a legislative limit on the numbers of such people that we have stationed overseas. It may be possible to deal with them outside the normal MAAG framework, but as you know the provision of "advisers" has a sticky history with the Congress.

The memo at Tab A asks the Pentagon, coordinating with State, to come back by June 30 with a timetable and method for carrying out these commitments.

Two other questions relating to follow-up:

- Was there any discussion of our Persian Gulf naval force and did the President promise to
 - re-study it? _____
 - enlarge it? _____
 - reduce it? _____
 - withdraw it? _____
 - no discussion _____
- Did the Shah urge the US to take more Iranian oil?
 - Yes _____
 - No _____

Recommendation: That you sign the memorandum at Tab A if you feel it captures the main elements in the President's commitment.

Concurrence: Jeanne W. Davis
Richard T. Kennedy

DEPARTMENT OF DEFENSE
NATIONAL MILITARY COMMAND CENTER

MESSAGE CENTER

VZCZ CHLT738

MULT

ACTION A8D818A (10)

DISTR CJC3(01) DJS(03) 8JDC8(03) J4(07) J6(02) NMCC 850DEF(07)
ABDEIL(04) OC(01) 8ECDEF

FM

CARMISH/MAAG TEHRAN IRAN

TO

RUEKJOS/SECDEF WASH DC
RUEHC/SECSTATE WASH DC RUSNAA/DCINCEUR STUTTGART GER

SECTION I OF II

SECDEF FOR OSD/ISA/MESA; SECSTATE FOR IRAN DESK; DCINCEUR
FOR GEN SURCHINAL

SUBJ:

AUDIENCE WITH HIS IMPERIAL MAJESTY

1. MAJOR GENERAL WILLIAMSON HAD ONE AND ONE-HALF HOUR AUDIENCE WITH HIS IMPERIAL MAJESTY ON 5 JUN 72. THIS IS THE FIRST AUDIENCE THAT WAS AT THE REQUEST OF HIS IMPERIAL MAJESTY AS OPPOSED TO MY REQUEST.
2. HIM ASKED ABOUT BRIGADIER GENERAL PRICE'S CONDITION AND EXPRESSED HIS EXTREME REGRET FOR THE BOMBING INCIDENT. HE STATED ALTHOUGH HIS COUNTRY HAS RELATIVELY FEW DISSIDENT INDIVIDUALS, IT APPEARS THAT EVERY COUNTRY HAS A FEW SICK MINDS THAT CAN ONLY BE SATISFIED THROUGH VIOLENCE. HE STATED THAT THE ECONOMIC PROGRESS AND THE SOCIAL REFORMS THAT ARE BEING IMPLEMENTED APPEAR TO BE ADEQUATE FOR MOST ALL THINKING PEOPLE, HOWEVER, IT IS IMPOSSIBLE TO COMPLETELEY STAMP OUT VIOLENCE.
3. HIM STATED HIS COMPLETE SATISFACTION WITH PRESIDENT NIXON'S VISIT AND EXPRESSED THE THOUGHT THAT IT WAS A GREAT PSYCHOLOGICAL BOOST TO THIS PART OF THE WORLD AS WELL AS A PRACTICAL RECOGNITION OF WHAT NEEDS TO BE

DONE OVER HERE. HIM STATED THAT HE FELT THAT HE RECEIVED TWO MAJOR UNDERSTANDINGS FROM THE PRESIDENT. FIRST, IRAN WILL GET ALL AVAILABLE SOPHISTICATED WEAPONS SHORT OF THE ATOMIC BOMBS. SECOND, THE UNITED STATES WILL PROVIDE THE NECESSARY TECHNICIANS AND ADVISORS TO PERMIT IRAN TO ADVANCE ITS ARMED FORCES AS RAPIDLY AS POSSIBLE.

4. HIM STATED THAT HE SPECIFICALLY AVOIDED IDENTIFYING A NUMBER OF TECHNICIANS THAT THE UNITED STATES SHOULD FURNISH, HOWEVER, HE DID MENTION THAT THE USSR HAS PLACED SOMEWHERE BETWEEN 10,000 AND 20,000 TECHNICIANS IN EGYPT. AFTER HIM MENTIONED THIS NUMBER, THE PRESIDENT IS REPORTED TO HAVE SAID THAT THE U.S. WILL FURNISH ANY NUMBER THAT IS NEEDED IN IRAN.
5. HIM EXPRESSED HIS SATISFACTION WITH THE THIRTY-SIX ADDITIONAL SPACES THAT HAVE BEEN AUTHORIZED FOR ARMISH/MAAG AND ASKED IF THERE WAS A LEGAL LIMIT TO THE SIZE OF THE MAAG. I EXPLAINED THE CONGRESSIONAL ACTIONS OF LAST JANUARY AND TOLD HIM THAT, IN MY JUDGMENT, THE MAAG, AS IT FURNISHES TOP-LEVEL ADVISORS, IS PROBABLY STILL NEEDED. WE AGREED THAT THE MAJOR REQUIREMENT AT THIS TIME IS MIDDLE MANAGERS AND TECHNICIANS, AS PERSONIFIED BY THE TAFT TEAM APPROACH. IT WAS AGREED THAT MAJOR PROGRAMS SUCH AS THE IMPROVED HAWK MISSILE SYSTEM, GROUND FORCES AVIATION, AERIAL REFUELERS, ETC., WOULD BE THE YARDSTICKS BY WHICH THE REQUIREMENTS FOR TECHNICIANS WOULD BE MEASURED.
6. I EXPLAINED THE LATEST INFORMATION WITH RESPECT TO THE IMPROVED HAWK MISSILE, SHOWING TENTATIVE DELIVERY SCHEDULES AND FORMAL TRAINING REQUIRED TECHNICIANS. IT WAS AGREED THAT THE MAIN TIME-SAVING APPROACH ON THE PART OF THE IRANIANS WOULD BE SELECTION OF QUALIFIED ENGLISH-SPEAKING PERSONS FOR THE TRAINING PROGRAMS. AT THIS TIME, HIM STATED THAT HE WOULD CONSIDER TRANSFERRING QUALIFIED PERSONNEL FROM THE OTHER SERVICES INTO THE AIR FORCE IF NECESSARY TO ACCELERATE THE TIME OF OPERATIONAL READINESS.
7. HIM EXPRESSED SOME CONCERN REGARDING THE U.S. NAVY STANDARD MISSILE. SEVERAL COUNTRIES' REPRESENTATIVES, SPECIFICALLY BRITAIN, FRANCE, AND BELGIUM, HAVE RECENTLY INDICATED THAT THEIR COUNTRIES EXTENT THEY ARE USING AS THEIR BASIS A REUTERS RELEASE OF A G.A.O. REPORT OUT OF WASHINGTON, DATED 4 APR 72. THIS REPORT STATES THAT

THE UNITED STATES HAS SPENT OVER ONE BILLION DOLLARS DEVELOPING THE U.S NAVY STANDARD MISSILE AND HAS NOT YET SUCCEEDED. IN FACT, THE REPORT STATES THAT [UNCLEAR] STANDARD MISSILE IS EXPERIENCING A DECREASE IN EFFECTIVENESS. I EXPLAINED TO HIM THE ATMOSPHERE IN WHICH SOME GAO REPORTS ARE SUBMITTED AND COVERED THE FACT THAT OFTEN THESE REPORTS ARE SUBMITTED AND STATED IN A MANNER DESIGNED PRIMARILY TO AVOID FUTURE MISTAKES. WE COVERED THE DANGER OF TAKING A DEROGATORY REPORT OUT OF CONTEXT BEFORE THE CHALLENGES HAVE BEEN DULY INVESTIGATED. I EXPLAINED THE RATIONALE BEHIND THE STANDARD MISSILE, WHICH HIM APPEARED TO ACCEPT QUITE READILY. (AS A MATTER OF INFORMATION, GENERAL TOUFANIAN, THE DEPUTY MINISTER OF WAR FOR ARMAMENTS, AND GENERAL AZHARI, THE CHIEF OF THE SUPREME COMMANDER'S STAFF, HAVE BOTH MADE TRIPS TO EUROPE WITHIN THE LAST MONTH TO ATTEND DEMONSTRATIONS AND RECEIVE SALES PITCHES. BOTH HAVE EXPRESSED THE THOUGHT THAT THEY PREFER U.S. EQUIPMENT, HOWEVER, OTHER COUNTRIES ARE MAKING UNUSUALLY OPTIMISTIC CLAIMS.

8. WITH RESPECT TO THE INTERNATIONAL SCENE, HIM AGAIN SPOKE FOR SOME TIME, EXPLAINING HIS VIEWS OF THE SURROUNDING COUNTRIES. WITH REGARD TO PAKISTAN, HIM AGAIN EXPLAINED THAT HE WAS QUITE FEARFUL THAT THE COUNTRY WOULD NOT BE ABLE TO HOLD TOGETHER. HE STATED, HOWEVER, THAT PRESIDENT BHUTTO, WHO IS VISITING HERE THIS WEEK, IS THE BEST THAT APPEARS TO BE AVAILABLE AND CAN HOLD THE COUNTRY TOGETHER IF ANYONE CAN.
9. HIM DESCRIBED KUWAIT AS A REAL TRAGEDY OF THE DECADE, EXPLAINING THAT HE WAS FEARFUL THAT KUWAIT WAS DEVELOPING INTO THE CATALYST THAT WOULD SPREAD DIFFICULTIES THROUGHOUT THE AREA.
10. REGARDING IRAQ, HIM STATED THAT THE RECENT USSR/IRAQI AGREEMENT HAS FORCED HIM TO CHANGE HIS VIEWS WITH RESPECT TO THE MIDDLE EAST AREA. HE STATED THAT HIS INITIAL OBJECTIVE WAS TO GET THE BRITISH OUT AND TO INSIST THAT NO OTHER MAJOR POWER COME IN. SINCE THE SIGNING OF THE USSR/IRAQI PACT, HIM SAYS THAT HE IS COMPLETELY WILLING FOR THE U.S. TO COME INTO THIS AREA IF IT WILL DO SO WITH QUALITY. HE REPEATED THAT HE WAS THINKING OF QUALITY AND NOT QUANTITY, STATING THAT A FEW CORVETTES ARE NOT APPROPRIATE. HE WOULD LIKE FOR

US TO PUT ON DISPLAY, IN THIS AREA, THE MOST MODERN PIECES OF EQUIPMENT THAT WE CAN. HE DID NOT GO INTO FURTHER DETAIL.

11. MOVING FARTHER SOUTH, HIM EXPRESSED THE THOUGHT THAT SAUDI ARABIA HAD MANY POSSIBILITIES, BUT IS PROGRESSIVELY BECOMING SURROUNDED BY DISSIDENT ELEMENTS TO SUCH AN EXTENT THAT HE IS MOST FEARFUL THAT THE COUNTRY WILL BE UNDER FATAL CHALLENGE IN TEN TO FIFTEEN YEARS.

12.

REGARDING DISPOSITION OF MILITARY FORCES WITHIN THE COUNTRY OF IRAN, HIM ONCE AGAIN COVERED THE IMPORTANCE OF HAVING ADEQUATE GROUND FORCES STRATEGICALLY POSITIONED TO ASSIST IN MAINTAINING STABILITY AND THE DEVELOPMENT OF HIS COUNTRY. AT THIS TIME HE WAS SPECIFICALLY REFERRING TO CHAH BAHAR AND ZAHEDAN. HE STATED THAT THE PUBLICATIONS COMING OUT OF IRAQ WERE SURPRISING AS THEY EXTENDED THE BALUCHISTAN AREA NORTH THROUGH AFGHANISTAN. HOWEVER, THEY WERE EVEN MORE SHOCKING AS THEY MOVED THE BORDER WEST OF SANDAR ABBAB. AS HIM DEPLOYS HIS ARMED FORCES IN THE EASTERN PART OF THE COUNTRY, HE STATED THAT HE WOULD PROBABLY ORGANIZE ANOTHER ARMORED DIVISION TO COVER THE EXTREME EAST TO INCLUDE THE ZAHEDAN AND CHAH BAHAR AREA AND THAT UTILIZING THE ADDITIONAL FIGHTER SQUADRONS THAT HE HAS IN MIND AND REDUCING HIS CONCENTRATION AT VAHDATI, HE CAN PLACE AIRCRAFT AT CHAH BAHAR AND KERMAN. (NO AIRCRAFT TO BE PERMANENTLY STATIONED AT ZAHEDAN.) HIM STATED THAT HIS REFUELING CAPABILITY WOULD PERMIT HIM TO COVER ZAHEDAN WITH AIRCRAFT COMING OUT OF KERMAN, SANDAR ABBASS, AND CHAH BAHAR.

SECTION II OF II

13. HIM SPENT CONSIDERABLE TIME DISCUSSING THE KHUZISTAN AREA AND THE FACT THAT IT NOW REPRESENTS ALMOST A COMPLETE BALANCED SOCIETY. HE STATED THAT ITS AGRICULTURAL OUTPUT IS NOW EQUAL TO ALL OF THE REST OF THE COUNTRY AND THAT ITS STEEL, OIL, AND PETROCHEMICAL INDUSTRIES MAKE IT AN EXTREMELY VALUABLE AREA. HE IS CONTEMPLATING BUILDING A 200,000

BARREL PER DAY OIL REFINERY ON KHARG ISLAND. HE STATED, HOWEVER, THAT HE BELIEVED IT ESSENTIAL THAT HE NOT RUN HIS NATURAL RESOURCES DRY IN A PERIOD OF TWELVE YEARS, SUMMING UP WITH THE STATEMENT THAT HE IS THINKING IN TERMS OF UTILIZING HIS OIL RESOURCES OVER A PERIOD OF AT LEAST THIRTY YEARS. AT THAT TIME HE AGAIN COVERED THE FACT THAT JAPAN AND EUROPE CANNOT SURVIVE WITHOUT OIL FROM THIS AREA AND THAT THE UNITED STATES WOULD BE EXTREMELY HARD-PRESSED MAINTAIN ITS PRESENT PROJECTIONS. HE STATED THAT HE FULLY SUPPORTS A DETENTE IN EUROPE, BUT IS QUITE INSISTENT THAT IT NOT BE ACCOMPLISHED IN ISOLATION. HIS GREAT CONCERN IS THAT THE OIL-PRODUCING COUNTRIES OF THE MIDDLE EAST MAY BECOME FRAGMENTED AND AT LEAST SOME OF THEIR OUTPUT BE DENIED THE WESTERN WORLD.

14. HIM STATED THAT, IN HIS JUDGMENT, RELATIONS BETWEEN THE UNITED STATES AND IRAN WERE THE BEST THEY HAVE EVER BEEN AND THAT HE WAS CONFIDENT THAT WE WOULD CONTINUE OUR CLOSE TIES.

¹ Source: Library of Congress, Kissinger Papers, Box CL-152, Iran Chronological File. Secret. Sent for action. Tab A is published as [Document 205](#).

205. Memorandum From the President's Assistant for National Security Affairs (Kissinger) to Secretary of State Rogers and Secretary of Defense Laird, Washington, June 15, 1972¹

Washington, June 15, 1972

THE WHITE HOUSE
WASHINGTON
June 15, 1972

MEMORANDUM FOR:

THE SECRETARY OF STATE
THE SECRETARY OF DEFENSE

SUBJECT:

Follow-up on the President's Talk with the Shah of Iran

During the President's talks with the Shah of Iran in Tehran on May 30-31, the President was forthcoming in response to the Shah's general request for continued US support in meeting Iran's needs for military equipment. The President made the specific commitments described below which now require follow-up:

1. The US is willing in principle to sell 17-14 and F-15 aircraft to Iran as soon as we are satisfied as to their operational effectiveness.
2. The US is prepared to provide laser-guided bombs to Iran.
3. The US will assign in Iran an increased number of uniformed military technicians from the US services in accordance with the so-called "blue-suiter" approach to work with the Iranian services.

The Defense Department is requested to prepare by June 30, in coordination with the State Department, a memorandum describing the manner in which each of these programs can be carried out in a way that will be consistent with the President's commitment.

Henry A. Kissinger

¹ Source: Library of Congress, Kissinger Papers, Box CL-152, Iran Chronological File. Secret.

206. Memorandum From Harold Saunders of the National Security Council Staff to the President's Assistant for National Security Affairs (Kissinger), Washington, June 23, 1972¹

Washington, June 23, 1972

June 23, 1972

PRESIDENT'S SATURDAY BRIEFING

For HAK—Iranian Concern over US Bahrain Facility: The Iranian Foreign Minister has expressed concern over recent Congressional actions on US arrangements for our naval force at Bahrain.

As you know, Senator Case is pressing an amendment to the Foreign Assistance Act demanding that the Azores and Bahrain facilities, now under executive agreements, be submitted to the Senate as treaties. Each time there is a Congressional step on this, it receives media coverage and arouses both Iranian and Bahraini concern. A few days ago, the Senate voted down efforts by Sparkman to delete the amendment from the bill, and it now goes to the House. There is still some chance it may never get through.

The Iranian Foreign Minister told Ambassador Farland that Iran is concerned that if the Bahrain executive agreement ever gets transformed into a bilateral treaty between the US and Bahrain this would provide justification for the Soviets to formalize a similar naval presence in Iraq. The Foreign Minister expressed the hope we are taking the right tack with Congress in making clear the Bahraini arrangement is not a new one. He added that Iran values the MIDEASTFOR presence and hopes it will continue as long as it can do so under present arrangements.

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 1282, Saunders Files, Middle East Negotiations, Iran 6/1/72-9/30/72. Confidential. Saunders submitted the memorandum to Kissinger for possible submission in the President's Saturday Briefing of June 24. Attached, but not published, was telegram 3780 from Tehran, June 22.

207. Intelligence Note RECN-15, Prepared by the Bureau of Intelligence and Research, Washington, June 27, 1972¹

Washington, June 27, 1972

INTELLIGENCE NOTE
BUREAU OF INTELLIGENCE AND RESEARCH
June 27, 1972

OPEC OPENS OIL MINISTERS' MEETING IN ATMOSPHERE OF
UNCERTAINTY

The OPEC(1) Ordinary Ministerial Council Conference opened June 27 in Vienna with important issues unresolved. The main issues facing the conferees are: (1) OPEC failure to make any headway with the oil companies on implementation of the 20 percent participation agreed to in principle by the companies last March; (2) Iraq's nationalization of the Iraq Petroleum Company (IPC) on June 1; and (3) Iran's agreement with the consortium of oil companies operating in that country to extend the consortium's concession beyond the current expiration date in 1979.

[footnote] (1) OPEC members are: Abu Dhabi, Algeria, Indonesia, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, and Venezuela.

Participation

OPEC won the first round in the participation negotiations when Aramco, acting on behalf of all the major oil companies operating in the Persian Gulf, agreed to the principle of 20 percent participation in company operations by host countries. Since March OPEC and the oil companies have not even been able to agree on the form participation will take—stock in the company, share of oil production, and/or share of the profits, not to mention the more difficult matter of how much the companies should be compensated for the loss of assets and future profits. Lack of progress in negotiating details of participation will generate acrimonious debate at the Conference. The minimum position the Conference seems likely to agree to is one calling for immediate transfer of a 20 percent share of oil production to host governments, a timetable for attainment of a controlling interest, and deferring a decision on the thorny issue of compensation.

IPC Expropriation

Two sobering realizations have been brought home by the Iraqi expropriation of IPC. Coming on the heels of Libya's expropriation of BP's holdings in that country and Algeria's seizure last year of majority interest in French companies operating there, Iraq's action has made the companies more acutely aware of how fragile the control they have over their concessions has now become. On the other hand, Iraq's difficulties in resuming oil exports from the expropriated fields—there have been no exports from these fields since the expropriation—have once again reminded producer countries of their dependence on the companies for distributing the oil. (Libya has experienced similar difficulty in marketing oil from the nationalized BP fields). In initial statements most OPEC member states promised to support Iraq's move against IPC by not increasing oil exports to make up for the reduction in flow from the former IPC held fields in northern Iraq and to oppose any retaliatory actions taken by the IPC shareholders⁽²⁾ against Iraq. The Ministers at the Conference will probably follow up this earlier action by issuing a statement whose general thrust would be to support nationalization of oil production whenever current owners fail to meet the "reasonable" demands of host governments. A statement of this type would satisfy the "radicals" and the "moderates" since "reasonable" means different things to different countries and leaves them free to act according to their own national interests.'

[footnote] (2) BP, Shell, CFP, Esso, Mobil, and the Gulbenkian Foundation.

Iran's Agreement

Iran has agreed to extend the Consortium's⁽³⁾ exclusive production rights in the "agreement area" fifteen years beyond the current expiration date in 1979. In return for the extension the Consortium has agreed to increase oil production from the current level of 4.3 million barrels per day (b/d) to about 8 million b/d in 1976, turn over the large Abadan refinery to the government for its use, build a new Consortium refinery at Kharg Island, and provide crude oil to the National Iranian Oil Company (NIOC) for Iranian domestic consumption and marketing abroad. The agreement makes no provision and a group of smaller American companies—the remaining 5%. for participation by Iran in the Consortium's crude output, a point that will be roundly criticized by other OPEC members at the Conference. However, Iran owns the fixed

assets in the "agreement area" and in effect has achieved many participation objectives using a different approach.

[footnote] (3) Shareholders in the Consortium are: BP—40%, Shell—14%, CFP—6%, Esso, Mobil, Gulf, Texaco, Socal—7% each,

Iran is not alone in following a different approach to participation. Iraq's expropriation of IPC is in effect participation with a vengeance and certainly takes a long step ahead of the plan for 20 percent participation now, with the understanding that majority or full ownership would come after a period of phased increments in participation. Nigeria has taken a slightly different tack in insisting on an initial minimum 35 percent participation in its older concessions (in new concessions Nigeria has retained a controlling interest in production). Venezuela is apparently satisfied with its own agreements that will give it control over virtually all oil production in the country by 1983. Libya is demanding 51 percent participation in current negotiations for production rights with the Italian national oil firm, ENI. The picture that is developing is one of general OPEC agreement on the principle of participation, while the form, payment for, timing, and other critical details will be left to individual countries to work out on a case by case basis in accordance with their own interests.

Consumer Country Action

While the different approaches to participation taken by various OPEC members may signal incipient divergence in that group, the important change in the relationship between the companies and host governments has not served to unite the consumer country governments vis-a-vis the producers. A Dutch proposal that OECD governments use their oil stockpiles to back up the companies in negotiations with producer governments was sidestepped at the June 19 meeting of the working group of the OECD Oil Committee and deferred to the group's next meeting scheduled for November. Other consumer governments are less interested in supporting the predominantly American, British, and Dutch oil companies. As long as oil supplies do not appear seriously threatened, consumer governments seem to prefer leaving the participation matter to the companies to work out with OPEC. Whether a supply crisis would lead consumer countries to form a united front vis-a-vis the producing countries is not clear and is probably not a choice that will have to be made in the near future.

INR/Economic

Director: JGhiardi

Analyst: LCecchin

Ext. 21187

Released by:

¹ Source: National Archives, RG 59, Central Files 1970-73, PET 3 OPEC.
Confidential; No Foreign Dissem. Drafted by Leo F. Cecchini, Jr.
Approved by John F. L. Ghiardi.

208. Memorandum From Harold Saunders of the National Security Council Staff to the President's Assistant for National Security Affairs (Kissinger), Washington, June 28, 1972¹

Washington, June 28, 1972

NATIONAL SECURITY COUNCIL
June 28, 1972

MEMORANDUM FOR:

DR. KISSINGER

FROM:

HAROLD H. SAUNDERS

SUBJECT:

Message to the Shah on the Oil Settlement—Telegram for Clearance

Peter Flanigan recommends a Presidential telegram to the Shah of Iran commending him for the manner in which the Shah concluded the recent negotiations with the oil consortium. This idea was suggested by Mr. Jamieson, Chairman of Standard Oil of New Jersey and negotiator with the Shah.

At Tab A is a memorandum for the President seeking his approval of this message. If the President approves the memo at Tab A, then the telegram at Tab B should be cleared.

RECOMMENDATION: That you seek the President's approval of the attached message for dispatch before your departure for California. To be timely, it should arrive this week.

MEMORANDUM FOR:

THE PRESIDENT

FROM:

HENRY A. KISSINGER
PETER FLANIGAN

SUBJECT:

Message to the Shah on the Oil Settlement

The Shah of Iran last week reached agreement with the members of the oil consortium on a variety of measures to increase oil production in Iran, to increase Iran's overall oil income, to increase Iran's direct involvement in the petroleum operation and to extend the companies' role in Iran for another fifteen years beyond 1979 with periodic review. The negotiations were tough, but the main point from our vantage is that these negotiations were conducted in a responsible way. In addition, the Shah has taken a different direction from the other oil producing nations, thus weakening the position of OPEC in its negotiations with the oil companies.

Ken Jamieson, Chairman of Standard Oil of New Jersey, and chief negotiator with the Shah suggested this to Flanigan. This suggestion is supported both here and in the State Department, that a message from you to the Shah commending the manner in which these negotiations were carried out would be an appropriate gesture. This would not require you to make any judgment on the terms of the settlement but would simply follow up your discussion with him on the necessity of preserving stability in the flow of oil by letting the Shah know that you have noted his contribution.

RECOMMENDATION: That you approve dispatch of the following message to the Shah:

"It was with great satisfaction that I learned of the successful conclusion of negotiations between your government and the oil consortium member companies. Your efforts to establish a new framework for your future relations have been of great interest to me and I have been most impressed by the seriousness of purpose and the pragmatic approach that have characterized the attitudes and positions of both sides. I sincerely hope that the mutual respect and confidence that both sides exhibited in the negotiations will continue to characterize your relations and that this agreement will be the basis for further cooperation to the mutual benefit of all parties concerned. With warm personal regards."

Mr. PRICE has cleared the text.

Approve [HK for RN] Other_____

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 1282, Saunders Files, Middle East Negotiations, Iran 6/1/72-9/30/72. Confidential. Sent for action. Tab B is not published. A handwritten note by Kissinger reads "I signed off for Pres. HK"

209. Backchannel Message From the President's Assistant for National Security Affairs (Kissinger) to the Embassy in Singapore for Former Secretary of the Treasury (Connally), Washington, June 29, 1972¹

Washington, June 29, 1972

June 29, 1972

[text not declassified] CHANNELS

TO:

AMEMBASSY SINGAPORE

ATTN:

SAMUEL M. HOSKINSON WITH SECRETARY CONNALLY

FOR:

SECRETARY CONNALLY

FROM:

HENRY A. KISSINGER

SUBJ:

Background and Suggested Talking Points for Your meeting with the Shah of Iran

I. Purpose and Setting.

The purposes of your stop in Tehran are to demonstrate as the President's visit did our continued view that Iran is an important contributor to stability in the Middle East, to follow up on subjects only briefly covered in the President's talks with the Shah and to continue the ongoing general exchange of views with the Shah. You should be aware that the President in asking the Shah to see you sent a telegram after departing from Tehran saying that you would be prepared to discuss, among other subjects, the security of Pakistan, the Gulf, oil, and the Kurdish problem. The latter issue will be covered in a separate message. The others are covered below in Section IV.

You will find the mood in Iran a mixture of pride and confidence on the one hand and concern on the other.

The pride stems from Iran's achievements over the past decade, particularly the progress of the Shah's extensive domestic reforms such as land reform and Iran's increasing economic independence with a growth rate above 10% yearly over the past five years. The Shah and Minister of Finance Amouzegar have negotiated steady increases in the revenues from oil, which are the basis for Iran's progress, but they are energetically diversifying against the day when the wells run dry. With this progress has come an enhanced international status. Iran is a country to be reckoned with in the regional context.

At the same time there is recognition that these rapid changes are producing increasing internal dislocations and pressures against a background of changes in the areas around Iran. This leads to anxiety on two fronts: (a) The Shah is concerned that the USSR may find ways to facilitate the overflow into Iran of the instability that has developed in Pakistan, Iraq and Turkey. (b) Coupled with this is concern that Iran's stability and progress are too exclusively dependent on the Shah's firm personal leadership and that institutions are not evolving that could make an orderly transition if he were to pass from the scene. The Shah himself has voiced concern on this point from time to time, although not in the President's recent conversations.

II. The President's Talks with the Shah.

Based on the Shah's conversation with the President, you can expect the following to be the main elements in the line the Shah will take with you:

1. In the Shah's view, the situation in the Middle East, South Asia and the Indian Ocean has changed markedly over the last year in ways that increase the threat to the security of Iran.
2. He sees the Soviet friendship treaties with Egypt, India and Iraq signed over the past year as evidence of serious changes which have worked to Soviet advantage in the overall balance of forces in the Middle East and South Asia since a year ago. While he does not oppose East-West detente in Europe, he points out that this detente will pose dangers for Iran in tempting the Soviets to feel more free to expand into the Middle East and South Asia.
3. Going hand-in-hand with this Soviet thrust, he sees an increasing threat posed by situations on both sides of Iran. He is expanding his military defenses so that they will cover Iran on all sides and not just on the Soviet and Iraqi borders.

- a. The Shah saw December's events in South Asia not only in terms of the Soviets improving their position but with fear that further disintegration in Pakistan could spill over into southeastern Iran (Baluchistan). With this in mind, he urged the President to do everything possible to help make Pakistan viable. He also regards Afghanistan as vulnerable to the same kind of disintegration he fears in Pakistan.
- b. While Iraq is inherently unstable, the Shah is concerned about the subversive efforts of which Iraq is capable, especially in Kuwait, in the Persian Gulf sheikhdoms, in Saudi Arabia and in Jordan.
4. These situations on his borders lead him to point out that it is necessary for Iran to be able to defend itself. He described to the President his needs in modernizing his military forces, and the President made certain promises. Below, you will find a formulation for addressing these commitments. He may also describe to you his current efforts to find financing through private American banks and contractors for a combination air and naval base which he would like to build at Chah Bahar on the southern coast of Iran near the Pakistan border. (Robert Ellsworth at Lazard Freres has been involved in trying to put together a consortium for this purpose.)
5. He generally expressed the following concerns in the other countries around him: He fears that Saudi Arabia is particularly vulnerable to subversion because the King has not moved quickly enough with reform programs. He has promised to help the Sultan of Oman who faces what the Shah regards as a Communist supported insurgency on his borders. He respects the King of Jordan. Despite his concern about the Saudis, he has maintained a close relationship with both King Faisal and King Hussein.
6. The Shah in connection with his effort to build closer regional associations has moved since the death of NASSER to build a closer relationship with Egypt. Although he has been disappointed by President Sadat's actions in the past few months and is concerned about his relationship with the USSR, he has been generally impressed by Sadat and would like to help him get out from under the Soviet thumb.
7. The Shah recognizes the changes that are taking place in the economic organization of the world. He sees major economic blocs emerging and feels that the Middle East should organize itself to deal more effectively with the principal world power blocs. He sees the need for regional development in the Middle East and believes that he probably has as good credentials as anyone for asserting some leadership in this region. This is one subject which you might want to draw him out on. It was not discussed in any detail during the

President's talks, and we are aware of his views mainly from others who have talked with him.

8. The Shah sees the above political situation as of particular concern to the US and Western Europe. He is very much concerned over what would happen to the US and Europe if radical trends in the Arab world created a threat to the continued flow of oil.

During the President's visit to Tehran, the President covered the following ground: 1. He described the background and purpose of his summit meetings in relation to developments last fall in South Asia and this spring in Vietnam. He noted that he has no over-expectations about what these meetings by themselves will achieve, important as they were. The Soviets have not changed their overall objectives.

2. In response to the Shah's specific requests for modern weapons, the President was forthcoming. Specifically, he committed us in principle to sell F-14 and F-15 aircraft as soon as we are satisfied that these are operationally effective; he agreed to provide laser-guided bombs; he agreed to assign in Iran additional military technicians from the US services to work with the Iranian services. (Since the President's return to Washington, a memorandum has been sent to the Secretaries of State and Defense asking Defense to develop a plan for following up on these Presidential commitments. There will be difficulties connected with some of these deliveries, but we will keep the Shah informed at each stage of progress so that he will have a sense that there is determination on our side to follow through on these commitments as soon as physically practicable.

3. The President spoke from a general US position of strong support for regional cooperation and a closer relationship among Iran, Saudi Arabia and Jordan in blunting the Soviet thrust.

III. Points for You to Stress.

In general, you will want to stress the following points:

1. Since the President has already talked with the Shah about his summit meetings, your conversations in Tehran will probably have less to do with this than at any of your other stops. However, the President's purposes at the summits will provide the framework for your general discussion, and since the Shah has heard the President himself on the subject you start from common ground. It is still worth repeating the fact, which the Shah will understand, that the US wants to establish a

framework of relationships between the nuclear powers which will permit regional powers like Iran to play the principal role in contributing to stability in their areas. Contrary to the view sometimes put forward by the uninformed, the Nixon Doctrine is not a formula for US withdrawal from the world. It is just the opposite. It is designed to assure a strong and positive American role. We are seeking to establish a framework for greater cooperation with our allies in meeting our mutual security interests. We share a common interest in a strong and secure Iran.

2. Within this framework, we want the Shah to understand that we are alert to the attention that the Soviet Union is giving to the area from Egypt through India and we want to encourage the Shah's efforts to knit a close regional association with those nations in his area that want to resist the Soviet pressures. We want to encourage the Shah in his special associations with Israel and Turkey, with Kings Faisal and Hussein and with President Sadat of Egypt.
3. Within the framework of discussing regional cooperation, you may wish to tell him the President in his conversations with King Hussein in Washington in April encouraged King Hussein to play a constructive role in helping provide the basis for stability in the Persian Gulf in cooperation with Saudi Arabia and Iran.
4. Since you will just have come from South Asia, the Shah will be intensely interested in your talks there. The main points to make are our continued support for Pakistan and Bangladesh and our desire to put our relationship with India on a sound basis.
5. The question of oil relationships will probably come up. There are two aspects to the problem: (1) The near term aspect is that the Shah has recently concluded an agreement with the Western oil consortium which is tough but responsible. (2) The broader context, of course, is that the US as well as Western Europe will become increasingly dependent on Middle East oil over the coming decade. The main point we want to make is to emphasize the need for responsible negotiations such as those just concluded by the Shah—as relationships between the producing countries and the companies change.
6. Since the subject did not come up during the President's conversations, it may be worth your mentioning the President's vigorous campaign on the narcotics problem. In some ways, Iran shares our part of the problem. Iran stopped production in the middle 1950s but then was the victim of imports from Afghanistan and Turkey. At that point, Iran tried to close its borders and began producing enough opium again to meet the needs of its own addict population. We are not at the point of being able to propose a regional attack on the narcotics problem, but you might want to mention the

President's concern about this problem to the Shah and the US desire to cooperate with him and others in the region in attacking it.

IV. Specific Issues.

On the specific issues which the President has mentioned to the Shah that you might talk about, the following are the positions that you might take:

1. The Security of Pakistan. Perhaps a good take-off point for your conversation would be for you to give the Shah your impressions on South Asia, since this is an area of primary concern to him. You can reassure the Shah, as the President did, that the US will continue to provide economic support for Pakistan. The President and the Shah discussed the difficulty the US faces in trying to supply the Shah with military equipment. There was some discussion of whether Iran could be a channel for US military equipment not provided directly to Pakistan, and in the President's conversation with the Shah it was noted that there are legal complications stemming from our Foreign Assistance Act which make this impossible for us at the moment. It was left up in the air in the President's conversation with the Shah that this would be an important item and that we would have to address it later.
2. The Persian Gulf. The Shah can be encouraged to talk in greater detail about how he sees the security situation in the Sultanate of Oman and in the new Union of Arab Emirates at the lower end of the Persian Gulf. One new element in this situation is the fact that the Jordanians have shown as interest in playing a constructive role in the Gulf states, and they have been encouraged by King Faisal to do so. The President did not really have a chance to discuss Jordan's role in any detail with the Shah, and it might be well for you to let the Shah know that the President has given Hussein his encouragement, provided anything Jordan does is done in coordination with Saudi Arabia and Iran. The President intimated in his discussions that we would make every effort to meet King Hussein's requirements for military assistance.
3. Oil. The Shah will be concerned about the nationalization of the Iraq petroleum company and about the generally increasing dependence of the Western world on Persian Gulf oil. Since you have spoken to this problem yourself, you may want to get the Shah's general views on it. In addition, the Shah from time to time has pressed for special access to the US market. This interest has decreased recently, but if it comes

up again, you will have to explain the political difficulties involved in altering our import system.

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 425, Backchannel, Backchannel Messages, Middle East, 1972. Secret. Haig signed the memo for Kissinger. The memorandum was sent to the Embassy in Singapore for Connally through HOSKINSON. The source text is the White House message as approved for transmission. The separate message on the Kurdish problem was not found, but it is clear from previous and subsequent documentation that Connally was instructed to confirm U.S. willingness to cooperate with the Shah in aiding the Kurds.

210. Memorandum From the President's Assistant for
National Security Affairs (Kissinger) to President Nixon,
Washington, undated¹

Washington, undated

THE WHITE HOUSE
WASHINGTON
ACTION

MEMORANDUM FOR:

THE PRESIDENT

FROM:

HENRY A. KISSINGER

SUBJECT:

Follow-up on Military Equipment Commitment to the Shah of Iran

During your talks with the Shah on May 30-31, you made the following specific commitments:

1. The US is willing in principle to sell F-14 and F-15 aircraft to Iran as soon as we are satisfied as to their operational effectiveness.
2. The US is prepared to provide laser-guided bombs.
3. The US will assign in Iran an increased number of uniformed military technicians from the US services to work with the Iranian services.

The Defense Department was asked to come up with a course of action for following up on these promises which would take account of the state of availability and testing on our side and the desirability of following up as promptly as possible with the Shah. Based on their recommendations, the following course of action on each item is recommended:

1. F-14 and F-15 aircraft. Briefings would be offered to Iran by service teams on the capabilities of these aircraft and on training and logistics requirements associated with them. In order to allow sufficient grounds for comparison of the two aircraft initial briefings will be supplemented

by appropriately spaced progress reports by service teams as each aircraft moves toward the operationally effective stage. The Defense Department recommends that “any Iranian decision should be delayed until adequate operational experience has been acquired on both aircraft.” The F-14 will be in operational units in early 1973, but the F-15 not until mid-1975, so the Defense position would delay decision until 1975. I would modify that to leave the decision to the Iranians in the light of the briefings that are provided with the understanding that we will want to be confident of the operational soundness of any plane we sell.

2. Laser-guided bombs. Briefings would be offered soon by a US Air Force team. Weapons deliveries could commence seven months after those briefings if the Iranians wish to place a formal order.
3. Uniformed technicians. These are the so-called “blue-suiters” the Shah asked for—the technicians from our uniformed services to work with the Iranian military. The Defense Department says that it will work out detailed requirements with our military advisory group in Iran and then work out the composition of teams, terms of reference and costs with the Iranians.

RECOMMENDATION: That you approve the attached decision memorandum which reflects the course of action described above.

Approve K for RN Other_____

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 602, Country Files, Middle East, Iran, Vol. IV, 9/1/71-4/73. Secret. Sent for action. Kissinger approved for the President. The document date is either July 5 or after, since the Department of Defense memorandum to which Kissinger refers (not published) was sent on that date. The decision memorandum, which was approved by Kissinger for Nixon, is not published.

211. Memorandum From Harold Saunders of the National Security Council Staff to President Nixon, Washington, July 12, 1972¹

Washington, July 12, 1972

July 12, 1972

IRAN

Secretary Connally talked with the Shah for about three hours. They apparently covered much of the same ground that you did. Some of the most interesting points which the Shah made were:

- He would not be able to sustain his recent agreement with the oil companies if they caved in to the demands of the Arab producers. He felt that he had taken a reasonable and responsible approach to the oil issue and should not be penalized for doing so.
- He expressed at length his concerns about the entire Persian Gulf area. In particular, he indicated his concern over the lack of social and economic progress in Saudi Arabia, Soviet influence in Iraq and the Kurds.
- He asked again about his request to you for F-15s, “smart” bombs, and training slots. [A separate memo deals with final guidance for following up on your commitments.]

TALKING POINTS

1. Ask the Secretary what he thinks might be the best general approach to take on the oil negotiations with the Arabs. What else, if anything, can be done to encourage both sides to take a responsible approach to these problems? What, if any, should the U.S. official role be in these negotiations?
2. You might elicit the Secretary’s thoughts or the role he thinks we should be playing in the Persian Gulf area.

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 1282, Saunders Files, Middle East Negotiations, Iran 6/1/72-9/30/72. Secret.

According to the President's Daily Diary, the President dined with Connally on July 13 at the San Clemente Compound residence. (Ibid., White House Central Files, Staff Members and Office Files, President's Daily Diary, June 1, 1972–July 31, 1972.) No other record of the meeting was found.

212. Memorandum From Harold Saunders of the National Security Council Staff to the President's Assistant for National Security Affairs (Kissinger), Washington, July 14, 1972¹

Washington, July 14, 1972

NATIONAL SECURITY COUNCIL
ACTION
Outside System No Number

MEMORANDUM FOR:

DR. KISSINGER July 14, 1972

FROM:

HAROLD H. SAUNDERS

SUBJECT:
Message from Ambassador Farland

Ambassador Farland has sent you the message at Tab B. In it he notes that British, French and Italian arms salesmen are putting the hard sell on the Iranian armed forces and are encountering increasing receptivity. He says that his MAAG Chief has hesitated to push US weapons—which the Iranians would prefer—since there is a point of view “in certain echelons of the USG to the effect that we should do what is possible to prevent Iran, in our studied wisdom, from overbuying.” Farland says his view is that “as long as Iran can financially afford both guns and butter there is no reason for us to lose the market, particularly when viewed over the red ink on our balance of payments ledger.” He asks for your guidance and says that his MAAG chief will be instructed accordingly.

The message I propose in reply [Tab A] quite simply states that we should leave decisions on what to buy to the Government of Iran and confine ourselves to assuring that the Iranian Government has good technical advice from our military people on the capabilities of the equipment involved.

You are separately receiving a decision memorandum on the items which the President promised to the Shah when he was in Tehran. I have included the above guidance in the decision memorandum in that package as well. Therefore, you can reply to Farland both by telling him what our position is and by saying that this position will be confirmed by a Presidential directive here in the next few days.

RECOMMENDATION: That you approve sending the message at Tab A to Farland by the back channel.

Approve [HAK]

Other _____

BY WIRE (BACK CHANNEL [text not declassified])
July 15, 1972

TO:

Ambassador Farland
AmEmbassy Tehran

FROM:

Henry A. Kissinger

With regard to the question of U. S. arms sales in Iran, the President's policy is to encourage purchase of U.S. equipment. Decisions as to desirability of equipment acquisition should be left in the hands of the Iranian Government and the U. S. should not undertake to discourage on economic grounds. The U.S. should offer technical advice on the capabilities of the equipment in question. If the Government of Iran has decided to buy certain equipment, no restrictions other than the normal licensing and legal requirements should be placed on U.S. firms which are prepared to supply it, and normal Embassy facilitative services should be made available.

This general principle will be confirmed here in a Presidential directive in the next few days when instructions are issued in connection with the specific items that the President promised the Shah when he was in Tehran. You will receive instructions on those through normal channels as soon as the directive is issued. Warm regards.

R 121236Z JUL 12

FM

TEHRAN

TO
THE WHITE HOUSE

FROM:

AMBASSADOR, TEHRAN, IRAN 041

TO:
HENRY KISSINGER

GENERAL WILLIAMSON, CHIEF, ARMISH/MAAG, HAS INFORMED ME ENGLAND, FRANCE AND ITALY ARE PUTTING HARD SELL ON IRANIAN ARMED FORCES AND ARE ENCOUNTERING INCREASING RECEPTIVITY. WILLIAMSON FURTHER ADVISED THAT IRANIAN ARMED FORCES WOULD PREFER US EQUIPMENT, I.E. 200 M60 TANKS, MAVERICK AND HAWK MISSILES, LIGHT VEHICLES, ETC. SUM INVOLVED IN EXCESS OF \$250 MILLION. WILLIAMSON HAS HESITATED TO PUSH US ARMAMENT SALES SINCE THERE IS DEFINITELY A POINT OF VIEW IN CERTAIN ECHELONS USG TO EFFECT THAT WE SHOULD DO THAT WHICH IS POSSIBLE TO PREVENT IRAN, IN OUR STUDIED WISDOM, FROM OVERBUYING. I HEARD THIS POSITION VOICED EXTENSIVELY BY JAMES H. NOYES, DEPUTY ASST. SECRETARY DOD, ON MAY 11 LAST. FURTHER, IT WAS THIS STANCE WHICH ACTIVATED THE RECENT SALE OF 800 CHIEFTAIN TANKS BY ENGLAND TO IRAN SINCE IRAN BELIEVED US POSTURE ON TANK PURCHASE WOULD BE NEGATIVE. MY VIEW IS THAT AS LONG AS IRAN CAN FINANCIALLY AFFORD BOTH GUNS AND BUTTER THERE IS NO REASON FOR US TO LOSE THE MARKET, PARTICULARLY WHEN VIEWED OVER THE RED INK ON OUR BALANCE OF PAYMENTS LEDGER. WOULD GREATLY APPRECIATE YOUR GUIDANCE AND WILLIAMSON WILL BE COUNSELED ACCORDINGLY. WARM REGARDS.

250

4488

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 602, Country Files, Middle East, Iran, Vol. IV, 9/1/71-4/73. Top Secret; Sensitive. A handwritten note on the memorandum reads "Haig and

HAK sent with addition of sentence pencilled on draft at Tab A. 7/17/72. No further action required." The additional pencilled sentence at the end of the first paragraph of Tab A reads, "In short, it is not repeat not our policy to discourage Iranian arms purchases." Next to the addition was a handwritten note, "Change added by HAK." Tab A is the backchannel message as submitted by the White House for transmission.

213. Telegram 4274 From the Embassy in Iran to the
Department of State, July 15, 1972, 1112Z¹

July 15, 1972, 1112Z

TELEGRAM
Department of State
TEHRAN 4274 151155Z

ACTION SS-25

INFO OCT-01 SS0-00 NSCE-00 /026 W 077423

R 151112Z JUL 72

FM AMEMBASSY TEHRAN

TO
SECSTATE WASHDC 9079

EXOIS

PASS TREASURY FOR DIXON
PASS WHITE HOUSE FOR MRS. DAVIS

SUBJ:
SECRETARY CONNALLY'S CONVERSATION WITH SHAH OF IRAN

1.

SUMMARY: SECRETARY CONNALLY MET WITH HIM JULY 8. SHAH EXTENSIVELY REVIEWED PROBLEMS OF AREA, WITH PARTICULAR EMPHASIS ON DANGERS SAME AS AFFECTING IRAN. SECRETARY CONNALLY, IN TURN, VOICED HIS OBSERVATIONS DERIVED FROM VISITS TO DACCA, NEW DELHI AND ISLAMABAD, AMONGST OTHER CAPITALS VISITED. HIM DWELT ON RECENT OIL AGREEMENT, EXPRESSING CONCERN FOR REPORT FROM PRINCE SAUD THAT ARAMCO OFFER OF HAD UNDERCUT HIS LEADERSHIP. DRAFT NOT CLEARED BY SECRETARY DONNALLY.

END SUMMARY.

2. SECRETARY CONNALLY AND I MET WITH HIS IMPERIAL MAJESTY IN SAADABAD PALACE AT 1300 HRS. ON JULY 8. THE CONVERSATION WHICH ENSUED LASTED FOR A LITTLE OVER TWO HOURS, FOLLOWED BY A LEISURELY LUNCHEON. FOREIGN MINISTER KHALATBARY AND FIANCE MINISTER AMUZEGAR JOINED IN THE AUDIENCE TOWARD THE END OF THE INITIAL CONVERSATION AND ALSO WERE GUESTS AT THE AFOREMENTIONED LUNCHEON THAT FOLLOWED.
3. HIM INITIATED THE CONVERSATION BY EXPRESSING HIS APPRECIATION FOR SECRETARY CONNALLY'S VISIT AND NOTED HIS BELIEF THAT THE SECRETARY'S PRESENCE, COMING AS A SPECIAL ENVOY OF PRESIDENT NIXON, COMPLEMENTED THE PRESIDENT'S, STATE VISIT MAY 30-31. HIM THEREUPON SUGGESTED TO SECRETARY CONNALLY THAT IT MIGHT SERVE A USEFUL PURPOSE IF HE (HIM) UNDERTOOK A REVIEW OF THE PROBLEMS EXTANT IN LFE NEAR EAST, INCLUDING THE RIPARIAN AREAS OF THE GULF, AND HIS CRITICAL CONCERNS WHICH AROSE THEREFROM. THE SHAH THEREUPON FOR A PERIOD OF APPROXIMATELY ONE HOUR STEERED THE CONVERSATION THROUGH A CATHOLIC TOUR D'HORIZON TOUCHING ON THE USSR, IRAQ, SAUDI ARABIA, KUWAIT, BAHRAIN, THE UAE, PAKISTAN AND AFGHANISTAN. THE COMMENTS OF THE SHAH WERE IN ALL RESPECTS IN KEEPING WITH THOSE HE HAS PREVIOUSLY MADE ON NUMEROUS OCCASIONS AND HERETOFORE REPORTED IN DEPTH. FROM AN INTELLIGENCE STANDPOINT NOTHING NEW EMERGED EXCEPT THE FURTHER REAFFIRMATION OF THE SHAH'S CONCERN FOR WHAT HE TERMS "MAJOR THREATS" TO THE SECURITY OF IRAN AND HIS DESIRED MILITARY REQUIREMENTS TO BALANCE THE SAME. IN THE COURSE OF HIS CONVERSATION, HOWEVER, HE DID DISCLOSE:
 - (A) THAT USSR HAD INVITED HIM FOR A STATE VISIT DURING THE MONTH OF SEPTEMBER; HE DID NOT DISCLOSE, HOWEVER, WHETHER OR NOT HE HAD ACCEPTED, AND
 - (B) THAT THE EMPRESS WOULD VISIT CHINA IN LATE SEPTEMBER. (THIS HAS BEEN REPORTED BY SEPTTEL.)
4. SECRETARY CONNALLY REITERATED THE SENTIMENTS EXPRESSED BY PRESIDENT NIXON DURING THE STATE VISIT AND VOICED HIS OWN APPRECIATION FOR THE PRESENTLY AFFORDED AUDIENCE WITH HIM AFTER APPROPRIATE COMMENTS ON THE MATTERS LENGTHILY DISCUSSED BY HIM, THE SECRETARY SUGGESTED THAT IT MIGHT BE USEFUL FOR THE SHAH'S ADDITIONAL UNDERSTANDING OF THE PROBLEMS OF THE SUBCONTINENT TO

MAKE NOTE OF CERTAIN OBSERVATIONS DERIVED FROM HIS RECENT STOPS IN DACCA, NEW DELHI AND ISLAMABAD. (THE SUBJECTS DISCUSSED WITH SHEIKH MUJIBUR RAHMAN. INDIRA GANDHI AND ZULFIKAR ALI BHUTTO HAVE BEEN REPORTED SEPARATELY.) IN ESSENCE THE THRUST OF THE CONVERSATION WAS THAT THE SECRETARY FELT GUARDED OPTIMISM BOTH FOR THE FUTURE OF BANGLADESH AND FOR THE HOPE OF PEACE IN THE SUBCONTINENT AS AN OUTGROWTH OF THE SIMLA ACCORD.

5. AT THIS JUNCTURE I MADE MENTION OF THE FACT THAT I HAD BEEN PLEASED TO CONVEY TO HIM THE LETTER FROM PRESIDENT NIXON WHICH EXPRESSED APPROBATION FOR THE MANNER AND RESULT OF THE RECENT ACCORD WHICH HAD BEEN WORKED OUT BETWEEN HIS MAJESTY'S GOVERNMENT AND THE OIL CONSORTIUM (STATE 120017). THE SHAH ACKNOWLEDGED THE VALUE WHICH HE ATTACHED TO THE RECEIPT OF THIS COMMUNICATION AND THE THOUGHTFULNESS WHICH PROMPTED IT. HE SAID, HOWEVER, THAT AS OF AN HOUR BEFORE OUR ARRIVAL HE HAD RECEIVED CERTAIN DISCOURAGING AND DISTRESSING INFORMATION FROM MINISTER AMUZEGAR AND HE SAID THAT HE WOULD LIKE FOR US TO HEAR DIRECTLY FROM AMUZEGAR WHAT HAD BEEN TOLD TO HIM HERETOFOR. THE FOREIGN MINISTER AND FINANCE MINISTER JOINED THE GROUP AND THE CONVERSATION CONTINUED, CONCLUDING WITH LUNCHEON. MINISTER AMUZEGAR STATED THAT HE HAD TALKED TO PRINCE SAUD THAT MORNING AND HAD BEEN INFORMED THAT ARAMCO HAD OFFERED YAMANI AND THE OPEC GULF GROUP SETTLEMENTS ON A NUMBER OF POINTS INVOLVED IN PARTICIPATION WHICH WERE CONSIDERABLY MORE GENEROUS THAN THOSE ON THE SAME POINTS IN THE FORTHCOMING GOI/CONSORTIUM AGREEMENT. BEFORE THE MINISTER COULD BEGIN A DESCRIPTION OF THESE DIFFERENCES, THE SHAH INTERRUPTED TO SAY THAT HE DID NOT BELIEVE THE COMPANIES WOULD DO THIS. HOWEVER, HE CONTINUED, THIS IS A CAUSE FOR CONCERN BECAUSE, ALTHOUGH IRAN'S INTERESTS ARE PROTECTED BY MOST FAVORED NATION ARRANGMENTS WITH THE CONSORTIUM, SHOULD ARAMCO YIELD TO THE ARABS' INTRANSIGENCE THIS COULD MAKE THEIR TACTICS SEEM MORE EFFECTIVE THAN THE MODERATION AND REASONED NEGOTIATION WHOSE APPARENT SUCCESS AT ST. MORITZ HAD ENCHANCE THE EFFECTIVENESS OF THE SHAH'S LEADERSHIP OF THE PRODUCING NATIONS AS PRESIDENT NIXON

HAD ACKNOWLEDGED. UNDERMINING THE SHAH AS A SYMBOL OF THE SUCCESSFULNESS OF REASON AND COOPERATION BETWEEN PRODUCING NATIONS AND COMPANIES WOULD ENCOURAGE THE IRRESPONSIBLE RADICALS IN OPEC. THE SECRETARY AND I BOTH TOLD HIM THAT WE HAD NO INDICATION THAT ARAMCO HAD DONE ANYTHING OF THE SORT. THE SHAH THEN DIRECTED THE MINISTER OF FINANCE IMMEDIATELY TO MAKE EVERY EFFORT TO CONFIRM OR DENY SAUD'S REPORT. (TRIMBLE, CONSORTIUM ACTING CHAIRMAN AND GENERAL MANAGING DIRECTOR, HAS SINCE TOLD US THAT AMUZEGAR HAS ASKED HIM TWICE ABOUT THIS AND THAT HE HAD USED INFORMATION SUPPLIED BY ARAMCO TO REASSURE AMUZEGAR THAT THE EVENTUAL SETTLEMENT WILL NOT EMBARRASS IRAN.

6. AS THE LUNCHEON WAS CONCLUDED SECRETARY CONNALLY AGAIN EXPRESSED HIS APPRECIATION FOR THE OPPORTUNITY OF AN AUDIENCE WITH HIM, AND REAFFIRMED, THE CLOSE CONTINUING FRIENDSHIP WHICH EXISTED BETWEEN THE US AND IRAN. HIS MAJESTY, IN TURN, ON HIS PART ACKNOWLEDGED SIMILAR SENTIMENTS.
7. THIS COMMUNICATION WAS NOT PREPARED BEFORE SECRETARY CONNALLY'S DEPARTURE AND THEREFORE WAS NOT CLEARED BY HIM.

FARLAND

¹ Source: National Archives, RG 59, Central Files 1970-73, POL 7 US/CONNALLY. Confidential; Exdis. Repeated to Treasury and White House.

214. Memorandum From the President's Assistant for National Security Affairs (Kissinger) to Secretary of State Rogers and Secretary of Defense Laird, Washington, July 25, 1972¹

Washington, July 25, 1972

THE WHITE HOUSE
WASHINGTON
July 25, 1972

MEMORANDUM FOR:

THE SECRETARY OF STATE
THE SECRETARY OF DEFENSE

SUBJECT:

Follow-up on the President's Talk with the Shah of Iran

The President has considered the memorandum of the Secretary of Defense of July 5, 1972, "Follow-up on the President's Talk with the Shah of Iran," and has approved the following course of action:

1. F-14 and F-15 aircraft. Briefings should be offered as soon as possible to Iran by service teams on the capabilities of the aircraft and the training and logistics requirements associated with them. In order to allow sufficient grounds for comparison of the two aircraft, these initial briefings should be supplemented by appropriately spaced progress reports by service teams as each aircraft moves toward the operationally effective stage. The President has told the Shah that the US is willing in principle to sell these aircraft as soon as we are satisfied as to their operational effectiveness. Within that context, decisions on purchases and their timing should be left to the Government of Iran.
2. Laser-guided bombs. Briefings should be offered to the Iranians as soon as possible by a US Air Force team. It is understood that weapons deliveries could commence seven months after the Iranians place a formal order. The President has told the Shah that the US is prepared to provide this equipment to Iran.

3. Uniformed technicians. Requirements should be obtained promptly from the Embassy and the MAAG in Tehran, and team compositions, terms of reference and costs should be worked out with the Government of Iran as quickly as possible. The President has informed the Shah that the US will assign in Iran an increased number of uniformed military technicians from the US services to work with the Iranian military services.

The Department of Defense, in cooperation with the Department of State, should proceed to implement the above as promptly as possible.

The President has also reiterated that, in general, decisions on the acquisition of military equipment should be left primarily to the government of Iran. If the Government of Iran has decided to buy certain equipment, the purchase of US equipment should be encouraged tactfully where appropriate, and technical advice on the capabilities of the equipment in question should be provided.

Henry A. Kissinger

¹ Source: Library of Congress, Henry Kissinger Papers, Box CL-152, Iran Chronological File, 28 May 1971-1 December 1972. Secret.

215. Paper Prepared in the Department of State, Undated.¹

Undated.

BACKGROUND

Iran enjoys a privileged status among the friends and allies of the U.S. in the Middle East, a status that is commensurate with the important role it assumes in our diplomatic, economic and military policies in the region. Iran's special position is evident from Dr. Kissinger's memorandum of July 26, 1972, which states: "The President also reiterated that, in general, decisions on the acquisition of military equipment should be left primarily to the government of Iran. If the government of Iran has decided to buy certain equipment, the purchase of U.S. equipment should be encouraged tactfully where appropriate, and technical advice on the capabilities of the equipment in question should be provided."

In the absence of some overriding national policy consideration, therefore, this Presidential decision on U.S. arms transfer policy regarding Iran would clearly entitle Iran to the data which it has requested on the Redeye missile and to the missile itself if the GOI so decides. In view of the strong Iranian interest in Redeye, refusal to release the weapon unless supported by a persuasive justification, would be likely to lead the Shah to raise the question directly with the President during his visit here in July.

US-USSR Relations

One such possible overriding consideration is the potential effect of the transfer of Redeye to Iran on US-USSR relations. The USSR's involvement in this issue dates from November 1972. At the suggestion of Secretary of Defense Laird (in a letter to Secretary Rogers), a Department official called in the Counselor of the Soviet Embassy in Washington on November 9, 1972, and expressed U.S. "concern over the possibility that a portable anti-aircraft missile of the Redeye type might fall into terrorist hands and be used against civilian aircraft". In transmitting this message to the Soviet Counselor, the U.S. official added that the U.S. had "refrained from transferring the Redeye to governments in the Near East area" and suggested the Soviets reciprocate this restraint.

The USSR official responded on November 16, 1972 that "the Soviet Government has taken and continues to take every step to insure that (Soviet weapons comparable to Redeye) do not fall into the hands of irresponsible persons."

In the weeks that followed, reports were received (initially from Israeli sources) that the SA-7 was in Syrian hands. We have now received confirmation of this transfer. While we also received reports beginning early this year that the USSR has "provided" the SA-7 to Iraq, confirmation of these reports is still lacking.

The net effect of (a) the ambiguous Soviet reply of November 16, and (b) confirmation of the SA-7 in Syria, has been to erode earlier arguments against making Redeye available to Iran. The DOD, whose concern for the safety of commercial aviation prompted the Department's demarche of November 9, has altered its position and no longer opposes approval of Redeye for Iran. Both DOD and State would propose to make known our continuing concern about the dangers of the weapon, should it be approved for Iran, by emphasizing in writing to the GOI the indiscriminate nature of the weapon and by urging the GOI to institute its most stringent security controls and safeguards to insure that Redeye does not fall into hands of terrorists. We would hope that these same controls and safeguards could be exercised to maximize the delay in the information that Iran has Redeye from becoming known to such countries as Pakistan, Turkey, and Israel with which Iran has frequent and close intelligence exchanges. Otherwise pressures would increase from these and other countries in the region which wish to acquire Redeye.

It is also proposed that we brief the Shah fully in presenting technical data on Redeye, including a full presentation of its drawbacks, and leave the decision on acquisition to him.

In the light of the situation, described above, we further conclude that the U.S. decision to approve Redeye for Iran could not, by any reasonable interpretation, be construed by the USSR as violating the "Text of Basic Principles" signed in Moscow on May 29, 1972.

U.S. Security Interests

Continued denial of Redeye to Iran might be justified, however, if there were a real and present danger that the missile might fall into the hands of terrorists and/or be used against civilian aircraft, U.S. personnel or

property. In response to the Department's review of these security concerns, Embassy Tehran replied on May 12, vouching for Iranian security practices as "more than adequate to protect Redeye hardware and technical data."

Meanwhile, plans are underway to update the 1967 field survey of Iranian security. The Department has received a request that a survey team visit Tehran this fall but has asked that the visit be postponed in the expectation that the "General Security of Information Agreement" will be signed prior to the survey. The proposed Agreement, which has the Shah's approval in principle, has been held up because of communications problems between the Iranian Ministries of Foreign Affairs and Defense.

Weapons Proliferation

Because of the terrorist movement and the special danger for civilian aircraft posed by the Redeye missile, the U.S. has refrained from making it available to countries in the Middle East. The possibility that acquisition of Redeye by Iran would stimulate demands for the missile from Middle Eastern countries, or precipitate a decision by the USSR to give its SA-7 to Iraq, justifies a review of the danger of proliferation of this weapon in that area.

Egypt and Syria

INR has affirmed that two countries in the Middle East, Egypt and Syria, have received SA-7 missiles from the USSR, missiles which are under the control of Syrians and Egyptians.

Iraq

There is an unconfirmed report that Iraq has received the SA-7. INR concludes that the appearance of the SA-7 in Iraq "would not be surprising given Soviet efforts over the last year to improve Iraqi air defense capabilities."

Lebanon

In 1963, Lebanon requested Redeye missile by diplomatic note. Its request was turned down because the weapon was still at the stage of research and development (R&D). In 1972, the Government of Lebanon by diplomatic note renewed its request for technical data. The Department

has not replied to the note and Lebanon's request is still considered to be pending. Because Lebanon has not included Redeye on recent lists of urgently desired military equipment or raised the matter in discussion with American officials, there is no reason to believe that Lebanon has a pressing interest in acquiring this weapon.

Israel

Israel has twice been denied information on Standard Redeye. A renewed Israeli request for Standard Redeye submitted to DOD in 1972 is still outstanding. The Israelis have not been pressing the matter, but would likely begin to do so should they believe we intended to release Redeye to any Arab state. Furthermore, Israel may well be developing the simple technology for itself.

Saudi Arabia

Saudi Arabia communicated its interest in Redeye prior to Prince Sultan's visit to Washington in June 1972. Briefing papers at that time recommended that the Saudis be discouraged from procuring the weapon on grounds (a) that it could be used indiscriminately and (b) we were not selling it elsewhere in the Middle East. As far as we know, the Saudis have not pursued the matter further.

Turkey

General Dynamics Corporation, manufacturer of Redeye, has submitted two requests to the United States Government, for approval of the export of technical data (a) one on Standard Redeye, and (b) one on Naval Redeye to Turkey. Both these requests are pending. Unless the Government of Turkey submits an official request, there is no intention to grant approval of either of the above requests. However, if the GOT submits an official request for technical data and/or the weapon itself, such a request would be approved because Turkey is a NATO member.

Summary

The Soviet introduction of its SA-7 into the Middle East, i.e. to Egypt and Syria, coupled with its ambiguous reply to our demarche last November, means that there is no serious possibility of excluding this type of weapon from the area. If, despite our objective presentation to the Shah, Iran decides to acquire the Redeye, and if as a result Saudi Arabia should renew interest in it, there would clearly be added pressure on us

to let the Saudis acquire it. However, such a request, and any others that might be received in the area, should be considered on their merits and in the light of our national interest.

Arms Control Policy

From an arms control standpoint there appear to be no compelling reasons to disapprove Iran's request for technical data on Redeye, or the missile itself, provided that the USG receives satisfactory assurances from Iran with respect to the safeguard of this system.

On the basis of the indications noted above, it is likely that the approval of Redeye for Iran may lead in the future to a renewal of interest on the part of some countries in the Middle East to acquire that missile. ACDA recommends that such requests be subject to a case-by-case review, including an assessment of the capabilities of prospective recipient countries to safeguard against the possible capture or other devious acquisition of the missile by terrorist groups operating in those countries.

¹ Source: National Archives, RG 59, Central Files 1970-73, DEF 12-5 IRAN. Secret; NoFORN.

216. Memorandum From Harold Saunders of the National Security Council Staff to the President's Assistant for National Security Affairs (Kissinger), Washington, August 2, 1972¹

Washington, August 2, 1972

NATIONAL SECURITY COUNCIL
August 2, 1972

MEMORANDUM FOR:

DR. KISSINGER

FROM:

HAROLD H. SAUNDERS

SUBJECT:
US Military Personnel Support for Iran

In the back channel message at Tab B, Ambassador Farland directed your attention to an embassy telegram which I have attached under Farland's incoming message and asked for your guidance. The subject is the "blue-suiters"—the US military technical personnel—which the President promised to the Shah. We are now getting into the specifics of exactly how this is to be worked out, and it is in that context that Farland sent his message.

Since that message, Farland has sent another regular telegram [Tab C] which removes the issue he raised. However, I want you to be aware of the issue and believe you will want to respond to Farland in any case.

Just to put Farland's initial cable into context and to tell you where we stand on this whole subject, there will be two general questions to be addressed as we work out the kind of mission we send:

—A lot of work will have to be done at the military level in cooperation with the Iranians to identify the jobs that need to be done, and that in turn will affect the numbers of US technicians required. This will

take about two months in Iran and here. At that point, there may be some question about the magnitude of our operation. The number could reach 2500-3000 and with dependents that could raise the American military presence toward 10,000. But we cannot intelligently discuss the total number until the jobs to be done are identified, and that is what the Pentagon and the Iranians are working on now.

—The immediate issue is to get clear exactly what kinds of jobs the US is committed to doing, and it is on this point that Farland sent his first cable. For the most part, that is a job for the military to figure out, but there is one policy issue that should be addressed now.

The issue is that the Iranian air force presented to our MAAG chief projections which include US personnel to occupy operational positions in Iranian units. As we have previously talked about and applied the “blue-suiters” approach, we have not envisioned operational personnel such as air crews to fly the F-4s; our picture has been that we would supply people to work alongside Iranians in their units to train them in the use of equipment and in US operational concepts. In military terms, we have operated and envisioned a very sophisticated on-the-job training program. Now the Iranians have added this new element.

To make this more concrete, our MAAG so far has had requests for: (1) 50 USAF pilots to fly F-4s; (2) 6 boom operators for air refuelers (KC-707); (3) 24 USAF crewmen for P3E aircraft to fly maritime patrol; (4) 12 pilots and flight engineers for air refuelers. The last two requests could be met by civilian contract personnel as well as by USAF men. Other requests could surface from the army and navy.

The issue, therefore, is whether as a general practice we will draw a line short of manning combat elements of Iranian units with USAF personnel.

Ambassador Farland in his first embassy telegram proposed that this line be drawn. He used it tentatively when faced with the initial Iranian proposal. He proposed telling the Iranians that our concept is to expand the well defined technical training teams which have operated in Iran so far but to draw a distinction between those and the assignment of US personnel for online operational responsibilities. Farland would make it clear that we are prepared to help in every way possible but recommended telling the Iranians now that an operational role “is not possible and was not contemplated in previous discussions.” This could be discussed fully with the Shah, so it would not appear that we were backing out on a promise. Presumably the Shah himself has an interest in not looking as if his forces are being run by the US.

As I understand it, US forces do have arrangements with, some of the countries of the British Commonwealth for exchanging operational officers. The logic is that if we were some day to conduct joint operations, as we have in the past, it would be useful for each side to understand the operating procedures of the other. We could do this on a small scale with Iranians, too, if it seemed mutually beneficial. However, that exchange relationship is a somewhat different concept from sending active-duty US military personnel to operate some combat elements of the Iranian forces.

US operational personnel could be provided if necessary, but since that so far is a relatively small portion of the overall job, it is worth considering some of the problems that would arise. The main one at home is the issue of our intimate military involvement in ways that would give other governments some control over further US involvement. The Congressional implications are obvious. Then the question of doing this for others like the Saudis or Pakistanis might arise. Also, if the Shah were to use his military forces against someone in the Gulf with Saudi opposition, for instance, we would face the problem of whether to allow our personnel to participate in such an operation.

The most important consideration, which stands in a class by itself, is that the US has made a major issue with the USSR for its operational role in Egypt. Our doing the same in Iran—especially in the wake of Sadat's decision—would have implications that you can assess better than I. Simply moving 2500-3000 advisers into Iran may have some implications, but I assume they are manageable.

The basic point, it seems to me, is that we can do most of what the Shah wants without getting into these problems. A substantial enlargement of our technical assistance field teams can make a major contribution to speeding up the training and effectiveness of the Iranian forces, while our doing the job for the Iranians is not all that helpful in the long run. In the few cases where operational people are required for a time, civilian contractors could do the job and we might even let a few USAF technicians slip in as an exception. But as a general rule to start, it might be wise to stop short of operational personnel in combat units.

My assumption is that this issue really was not addressed by the President at all in Tehran, and in any case the Shah himself has now told his people that he does not want Americans in an operational role. After Farland's initial cable, he was informed by Court Minister Alain

that Iran did not envisage an operational role for US technicians and that these proposals were the result of overzealousness at lower levels. This essentially removes the issue, but I proposed that you still give Farland an answer to his question.

RECOMMENDATION: That you approve the message at Tab A to be sent back-channel to Ambassador Farland and that I use this as guidance in formulating Farland's formal instructions.

Approved [HK]
Other _____

Tab A

August 2, 1972
[*text not declassified*] CHANNEL

TO:
AMEMBASSY TEHRAN

FOR:
AMBASSADOR FARLAND/EYES ONLY

FROM:

THE WHITE HOUSE/HENRY A. KISSINGER

I have read Tehran's 4467, and Hal Saunders has involved himself in formulating the formal response to it. I apologize for the delay in my own response. As you note I have been traveling again. Now I have read Tehran 4639 which seems to resolve the issue, but I want you to have the response in any case.

For your personal guidance only, this is one of those cases where the commitment made was a broad one without specific reference to the kinds of details which we must now address. My own feeling is that the distinction you described in your initial telegram--that we should do all we possibly can to provide technical assistance and training short of actually having US personnel occupy operational positions in the Iranian forces—is a sensible one as a general practice. However, it was very important that this not be handled in such a way as to dissipate the advantage gained from the President's very forthcoming response. Your talk with ALAM seems to indicate that we are over that hurdle.

If you need to discuss the subject confidentially any further, you might consider noting the following points:

- The Pentagon and MAAG have been instructed to work with the Iranian forces to identify the tasks where US personnel can be useful. You understand this will take a couple of months in Iran and in Washington. We want to be sure we are organizing ourselves to do this properly and do not want to go at it piecemeal and find later that we have to go back and start over. You are sure that consultations will go smoothly. We will assure that they go as quickly as possible.
- We continue to envision our role as working alongside Iranians with a training rather than an operational mission. We would like to maintain that distinction for two important reasons: (1) Operational involvement would raise domestic opposition over military involvement which we could otherwise avoid. (2) having attacked the Soviets persistently for their operational role in Egypt, we would prefer not to assume that role now ourselves, and we want to avoid anything that would make it appear as if Iran were somehow dependent on US forces. Since training is the main mission, we feel almost all of what the Shah wants done can be done this way and we do not feel making this distinction as a general practice will significantly limit the effectiveness of the new program. If there were a few cases where minor exceptions seemed logical for a period, we could certainly be flexible.

You may not need to use this, but I did want to confirm that we are in accord with the distinction you have made.

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 602, Country Files, Middle East, Iran, Vol. IV 9/1/71-4/73. Secret. Tab A is the White House backchannel message as sent for transmission. Tabs B and C are not published. At the top of this memorandum, Kissinger wrote, "Al—OK—but what do you think? HK." Haig responded "I agree." Kissinger initialed his approval. In Telegram 4467 from Tehran, July 24, the Embassy requested clarification as to the nature and extent of the U.S. military support to be provided to Iran. While recommending a forthcoming response, the Embassy also urged that Washington emphasize the non-operative role contemplated for U.S. personnel assisting the Iranian forces. (Ibid., RG 59, Central Files 1970-73, DEF 19-9 US-IRAN.) In Telegram 4639 from Tehran, August 1, Farland conveyed ALAM's assurance that Iran did not foresee an operational role for U.S.

military technicians. (Ibid., Nixon Presidential Materials, NSC Files, Box 1282, Saunders Files, Middle East Negotiations, Iran Military 1/1/72-12/31/72.)

217. Telegram 4789 From the Embassy in Iran to the
Department of State, August 10, 1972, 0400Z¹

August 10, 1972, 0400Z

TELEGRAM
Department of State
TEHRAN 4789 100506Z

16

ACTION NEA-12

INFO OCT-01 OMB-01 T-03 AID-20 IO-12 CIAE-00 DODE-00 PM-06 H-02
INR-06 L-03 NSAE-00 NSC-10 P-03 RSC-01 PRS-01 SS-14 USIA-12 SNM-02
BNDD-05 CUL-04 SY-03 OPR-02 TRSE-00 JUS-02 GAC-01 RSR-01 /127 W
127546

R 100400 AUG 72

FM AMEMBASSY TEHRAN

TO
SECSTATE WASHDC 9341

SUBJECT:
CONTINUING TERRORIST ACTIVITIES IN IRAN

REF:
TEHRAN'S A-077 OF MAY 15, 1972: TEHRAN 3312

SUMMARY: TERRORIST ACTIVITIES IN IRAN SEEM TO BE INCREASING INSTEAD OF USUAL SUMMER SUBSIDENCE DUE TO VACATION FOR STUDENTS, PERHAPS INDICATING BETTER ORGANIZATION AND BROADENING OF APPEAL TO NON-STUDENT GROUPS. VIGOROUS ANTI-GUERRILLA CAMPAIGN ON PART OF IRANIAN SECURITY ORGANIZATIONS IS NETTING NUMBERS OF INDIVIDUALS BUT HARSH GOI POLICY APPARENTLY UNABLE BRING GUERRILLAS UNDER CONTROL AND MAY IN FACT BE HARDENING ATTITUDES OF GUERRILLAS AND THEIR SYMPATHIZERS. WHILE TERRORIST GROUPS NOT YET THREAT TO REGIME, GOI UNLIKELY SUCCEED IN HALTING THEIR ACTIVITIES WITHOUT FIRST

ADDRESSING BASIC QUESTION OF POLITICAL, SOCIAL AND ADMINISTRATIVE REFORMS.

END SUMMARY

1. DESPITE CONTINUING LARGE-SCALE CAMPAIGN ON PART OF GOI SECURITY ORGANS, URBAN GUERRILLAS ARE MAINTAINING RATE OF ACTIVITY. DURING PAST FOUR MONTH PERIOD THERE HAVE BEEN 28 CONFIRMED EXPLOSIONS (11 OF WHICH DIRECTED AGAINST US PRESENCE), TEN SHOOTOUTS AND SEVERAL OTHER INCIDENTS INCLUDING UNSUCCESSFUL ATTEMPT TO KIDNAP DAUGHTER OF COURT MINISTER ALAM, AND PLOT TO SABOTAGE ISFAHAN STEEL MILL. OTHER UNCONFIRMED INCIDENTS REPORTED ON ALMOST DAILY BASIS.
2. IRANIAN SECURITY ORGANS, INCLUDING SAVAEAAAAA GENDARMERIE AND LOCAL POLICE, REACTING VIGOROUSLY AND WITH HEAVY HAND. DURING SAME PERIOD AT LEAST 16 GUERRILLAS KILLED IN CONFRONTATIONS WITH AUTHORITIES, 13 OTHERS ANNOUNCED EXECUTED, TEN SENTENCED TO DEATH BUT REPRIEVED AND SENTENCE TO LIFE IN PRISON, NINE OTHERS GIVEN LIFE, AND 39 CONVICTED AND GIVEN SENTENCES RANGING FROM 3 TO 15 YEARS. ALL OF ABOVE TRIED BY MILITARY TRIBUNALS, AND MAJLES HAS RECENTLY PASSED LAW PROVIDING SPECIFICALLY THAT ALL THOSE ENGAGING IN ACTS OF SABOTAGE WILL BE TRIED BY MILITARY COURTS WITH POSSIBLE SENTENCES RANGING FROM ONE YEAR TO DEATH. GOI HAS COMMITTED CONSIDERABLE RESOURCES TO SO FAR UNSUCCESSFUL ATTEMPT TO CONTROL TERRORISTS—FOR EXAMPLE, TWO OF OFFICERS NORMALLY DETAILED TO WORK WITH BNDD AGENTS ON NARCOTICS MATTERS HAVE BEEN REASSIGNED TO GUERRILLA PROBLEM.
3. IT IS WIDELY BELIEVED IN TEHRAN THAT URBAN GUERRILLA ACTIVITY IS INCREASING AND IT IS CERTAIN THAT A GREATER NUMBER OF INCIDENTS ARE BEING REPORTED IN THE CONTROLLED LOCAL MEDIA. BUT INCREASED RAPPORTAGE, WHICH MAY RESULT AS MUCH FROM REPUTED PRESSURE FROM LOCAL PRESSMEN ON GOI AS FROM CONTINUING GOVERNMENT DESIRE TO EXPLOIT LESS SAVORY ASPECTS OF GUERRILLA OPERATIONS DOES NOT COVER ALL INCIDENTS INDEPENDENTLY CONFIRMED BY EMBASSY LET ALONE THE MANY GUERRILLA ACTIVITY WHICH ARE RUMORED BUT NOT CONFIRMED. MOREOVER FREQUENCY OF UNCONFIRMED INCIDENTS HAS INCREASED BY A FACTOR AT LEAST AS GREAT AS THAT OF

THOSE GIVEN MEDIA COVERAGE, LEADING TO PRESUMPTION THAT STEPPED UP TERRORIST ACTIVITY IS A REALITY AND NOT A RESULT OF INSPIRED PUBLICITY. PERHAPS MORE SIGNIFICANT THAN INCREASED GUERRILLA ACTIVITY IS FACT THAT HIGH LEVEL OF INCIDENTS HAS CONTINUED INTO SUMMER WHEN STUDENTS, WHO HAVE IN PAST PROVIDED BULK OF RECRUITS FOR GUERRILLAS, DISPERSED FOR VACATIONS. THIS MAY MEAN THAT UNDERGROUND MOVEMENTS ARE BECOMING BETTER ORGANIZED AND ARE CATCHING ON WITH NON-STUDENT GROUPS, WHICH IF TRUE, WOULD HEIGHTEN DIFFICULTY OF PENETRATING AND CONTROLLING GUERRILLA GROUPS.

4. DESPITE GOI APPARENT INABILITY TO SUPPRESS GUERRILLAS, EMBASSY CONTINUES TO BELIEVE THAT TERRORISTS AT PRESENT CONSTITUTE AN IRRITANT AND EMBARRASSMENT BUT POSE NO THREAT TO REGIME. HOWEVER, IT IS APPARENT TO US, AGAIN VERY TENTATIVELY, THAT GOI TACTICS OF HARSH REPRESSION AGAINST GUERRILLAS ARE NOT WORKING VERY WELL AND MAY PROVOKE SNOWBALL EFFECT OF ACTION AND REACTION PART OF SAVAK TERRORISTS, LEADING TO BROADENING RESENTMENT AMONG POPULACE AGAINST SAVAK PERVASIVENESS AND TACTICS. EVENTUALLY REGIME WILL HAVE TO IMPLEMENT PROGRAMS RESPONSIVE TO AT LEAST SOME OF THE POLITICAL, ECONOMIC AND SOCIAL COMPLAINTS WHICH FORM BASES OF GUERRILLA DISSATISFACTION. WE DO NOT ENUMMERATE THESE COMPLAINTS HERE, PARTIALLY BECAUSE THEY ARE NOT COMPLETELY FORMED AND DEFINED IN OUR OWN MINDS OR EVEN, PERHAPS IN THE MINDS OF THE TERRORISTS THEMSELVES. MOREOVER, TERRORIST MOVEMENT IS NOT IDEOLOGICALLY OR ORGANIZATIONALLY UNIFIED AND NATURE OF THEIR COMPLAINTS VARIES FROM GROUP TO GROUP. WE SHALL BE EXAMINING FURTHER AND REPORTING ON THESE AND OTHER ASPECTS OF THE GUERRILLA MOVEMENT. MEANWHILE, WITHOUT SOUNDING ANY ALARM BELLS, THIS MESSAGE IS INTENDED TO ALERT THE DEPARTMENT THAT THE URBAN GUERRILLA MOVEMENT IN IRAN CONTINUES TO BE A FACT OF LOCAL POLITICAL LIFE WHICH BEARS CONTINUING SCRUTINY.
5. THE U.S. PRESENCE IN IRAN, WHILE TARGETED BY THE TERRORISTS, IS NOT THEIR PRIMARY TARGET AND SOME SORT OF INCENTIVE SUCH AS PRESIDENT NIXON'S MAY VISIT (SEE REFTTEL) OR THE JANUARY SAVAK TV SHOW WHICH PRECEDE LAST SPRING'S SHOW TRIALS HAS BEEN NECESSARY TO BRING ON BOMBINGS AT AMERICAN INSTALLATIONS. WE ARE CONTINUING ALL REASONABLE SECURITY PRECAUTIONS.

FARLAND

¹ Source: National Archives, RG 59, Central Files 1970-73, POL 23-8
IRAN. Confidential.

218. Telegram 5055 From the Embassy in Iran to the
Department of State, August 22, 1972, 0927Z¹

August 22, 1972, 0927Z

TELEGRAM
Department of State
TEHRAN 5055 230939Z

ACTION NEA-12

INFO OCT-01 OMB-01 T-03 CIAE-00 DODE-00 PM-06 H-02 INR-06 L-03
NSAE-00 NSC-10 P-03 RSC-01 PRS-01 SS-14 USIA-12 AID-20 RSR-01 /096
W 086723

R 220927Z AUG 72

FM AMEMBASSY TEHRAN

TO
SECSTATE WASHDC 9461

SUBJ:
CONTINUING TERRORIST VIOLENCE

REF:
TEHRAN 4887

SUMMARY: FOLLOWING ASSASSINATION OF GENERAL SAID TAHERI,
BOMBING AND OTHER TERRORIST ACTIVITIES HAVE CONTINUED
TO INCREASE. SAVAK MAINTAINING ITS POLICY OF WIDESPREAD
PREVENTIVE ARRESTS AND, WHILE THIS RUNS RISK OF
HEIGHTENING RESENTMENT AMONG POPULACE, OFFICIALS SEEM
CONFIDENT THAT GUERRILLAS ARE ON THE RUN. WE ARE
SKEPTICAL ABOUT THE OFFICIAL OPTIMISM AND FEEL THAT
SANGUINE PUBLIC STATEMENTS AND THE GUERRILLA REACTION
THEY USUALLY PROVOKE MAY FURTHER ERODE CREDIBILITY OF
SECURITY ORGANS IN MIND OF PUBLIC.

END SUMMARY

1. IN WAKE OF SMOOTHLY HANDLED ASSASSINATION AUGUST 13 OF HEAD OF PRISONS BRIGADIER GENERAL SAID TAHERI (REFTEL) WHO WAS ALSO CHIEF OF AN ANTI-GUERRILLA SUBCOMMITTEE WITH RESPONSIBILITY FOR UNIVERSITY STUDENTS, FREQUENCY OF TERRORIST ACTIVITIES HAS INCREASED. RECENT CONFIRMED INCIDENTS HAVE INCLUDED A BOMB IN A TEHRAN DEPARTMENT STORE WHICH INJURED THE TERRORIST PLANTING IT, BOMB IN TEHRAN NATIONAL IRANIAN OIL COMPANY BUILDING WHICH KILLED WATCHMAN, APPREHENSION OF A TERRORIST IN SOUTH TEHRAN WHICH RESULTED IN ONE KILLED AND FIVE WOUNDED, AND SHOOTING TO DEATH OF THREE POLICEMEN IN A SMALL BAZAAR IN SOUTH TEHRAN. NUMEROUS OTHER BOMBINGS AND SHOOTINGS RUMORED BUT NOT VERIFIED BY EMBASSY OR CONFIRMED BY GOI.
2. SAVAK AND OTHER SECURITY ORGANS ARE PROCEEDING WITH A WIDESPREAD AND, WE HEAR, NOT VERY WELL TARGETED ROUND-UP OF SUSPECTS, AIDED BY LISTS OF NAMES AND OTHER DOCUMENTS FOUND IN DWELLING OF A RECENTLY SLAIN TERRORIST LEADER. POLICE NETS, WHICH ARE REPORTEDLY HAULING IN THE INNOCENT WITH THE GUILTY, HAVE EXTENDED AS FAR AFIELD AS ISFAHAN WHERE A NUMBER OF SUSPECTS WERE ARRESTED TWO WEEKS AGO.
3. DESPITE INCREASING LEVEL OF GUERRILLA ACTIVITY, POLICE OFFICIALS REMAIN OPTIMISTIC. CHIEF OF NATIONAL POLICE LTG JAFFARQOLI SADRI ASSURED EMBOFF AUG. 17 THAT CURRENT FLURRY OF INCIDENTS CONSTITUTES DYING GASP OF GUERRILLAS WHO, HE CLAIMS, HAVE BEEN REDUCED BY TWO THIRDS IN PAST YEAR AND ARE FORCED TO ACT NOW TO SHOW THEY STILL EXIST. IN A MEDIA INTERVIEW PUBLISHED IN LOCAL PRESS AUG. 19, SADRI UPPED FIGURE FOR REDUCTION OF GUERRILLA FORCES TO THREE FOURTHS, PREDICTED THAT REMAINING TERRORISTS WOULD SOON BE WIPED OUT AND REITERATED STANDARD GOVERNMENT LINE THAT GUERRILLAS ARE CONFUSED MISGUIDED INDIVIDUALS OF MARXIST-LENINIST BENT BUT WITHOUT GOALS OR PROGRAM. IN DISCUSSION WITH EMBOFF SADRI ATTACHED NO PARTICULAR IMPORTANCE TO MURDER OF GENERAL TAHERI, ASSERTING THAT TERRORISTS WOULD HAVE BEEN SATISFIED WITH ANY HIGH-RANKING OFFICER AND CHOSE TAWERI ONLY BECUASE OF IOSLATED LOCATION OF HIS HOUSE AND HIS PREFERENCE FOR LONG WALKS ALONE. SADRI ALSO DISCOUNTED POSSIBILITY THAT ASSASSINS WERE OF HIGHER CALIBER THAN RUN-OF-THE-MILL

GUERRILLAS, POINTING OUT THAT SHOTS WHICH KILLED TAHERI HAD BEEN FIRED FROM 50 CENTIMETERS AND THAT "A CHILD COULD HIT A MAN FROM THAT DISTANCE."

COMMENT: WE CONSIDER IT MORE LIKELY THAT TAHERI WAS PERSONALLY TARGETED DUE TO HIS DIRECT INVOLVEMENT IN ANTI-GUERRILLA ACTIVITIES. MOREOVER, SKILLFUL MANNER IN WHICH ASSASSINATION CARRIED OUT, REQUIRING CAREFUL PLANNING AND RECONNAISSANCE AS WELL AS DEFT EXECUTION, APPEARS TO INDICATE THAT THOSE INVOLVED WERE MUCH BETTER TRAINED THAN AVERAGE TERRORISTS, SOME OF WHOM HAVE BEEN BLOWN UP BY THEIR OWN BOMBS.

IT IS POSSIBLE THAT NUMBER OF GUERRILLA INCIDENTS WILL BEGIN TO TAPER OFF, BUT WE DO NOT SHARE SADRI'S CONFIDENCE THAT HIS TACTICS AND THOSE OF SAVAK CAN COMPLETELY HALT TERRORIST ACTIVITY. IN FACT OVER REACTION AND TOO ZEALOUS A REPRESSION BY SECURITY ORGANIZATIONS SEEM AT LEAST AS LIKELY TO RECRUIT NEW GUERRILLAS AS TO STAMP OUT OLD ONES. IN ADDITION WISDOM SEEMS QUESTIONABLE OF SECURITY OFFICIALS MAKING PUBLIC PRONOUNCEMENTS ABOUT BREAKUP OF GUERRILLA GROUPS AND PREDICTIONS OF THEIR DEMISE. WE RECALL THAT THE LAST SUCH ANNOUNCEMENT LAST JANUARY WAS FOLLOWED BY SERIES OF EXPLOSIONS ON US-PROPERTIES AND OTHER SITES IN TEHRAN. IN OUR VIEW SUCH PUBLIC DECLARATIONS RUN RISK OF INCREASING CREDIBILITY GAP AND RESENTMENT ON PART OF PUBLIC WHO LIKELY BE INCREASINGLY APPREHENSIVE OF INDISCRIMINATE ARRESTS THAT DO NOT SEEM TO BE STAMPING OUT TERRORISTS.

THE PROGNOSTICATION THEREFORE IS FOR A CONTINUATION OF THE TERRORISM BUT, DESPITE SUCCESSFUL MURDER OF TAHERI, WE DO NOT CONCLUDE THAT GUERRILLAS WILL NOW PLACE GREATER RELIANCE ON ASSASSINATION AS A TOOL. REASON IS THAT TERRORISTS STILL LACK ENOUGH TRAINED PERSONNEL TO PULL OFF ASSASSINATIONS ON REGULAR BASIS.

FARLAND

¹ Source: National Archives, RG 59, Central Files 1970-73, POL 23-8 IRAN. Confidential.

219. Telegram 161337 From the Department of State to the Embassy in Tehran, September 5, 1972, 1644Z¹

September 5, 1972, 1644Z

TELEGRAM
Department of State 161337

NEA/IRN:MAGNICHAUD/HM

SSEPT72 EXT. 20639

NEA/IRN:JACK C. MIKLOS

NEA/P - J. EAVES, JR. |42

PRIORITY TEHRAN

SUBJECT:
JACK ANDERSON COLUMN ON NARCOTICS

1. TODAY'S WASHINGTON POST CARRIES COLUMN BY JACK ANDERSON BASED ON CIA REPORTS ON NARCOTICS. PASSAGES RELATING TO IRAN FOLLOW: QUOTE EVEN OUR MIDEASTERN ALLY, IRAN, HAS STARTED TO GROW ITS OWN OPIUM UNDER GOVERNMENT CONTROL, BUT THE GOVERNMENT MAY NOT BE ABLE TO STOP ILLEGAL SHIPMENTS FROM BEING DIVERTED TO AMERICA . INNER QUOTE RUMORS PERSIST THAT SOME MEMBERS OF THE ROYAL FAMILY AND PARLIAMENT ARE NARCOTICS USERS. SWISS AUTHORITIES RECENTLY CHARGED AN IRANIAN PRINCE, WHO ACCOMPANIED THE SHAH TO SWITZERLAND, WITH HAVING TRANSFERRED PURE OPIUM. END INNER QUOTE AFGHANS ALREADY HAVE INNER QUOTE PROFESSIONAL SOPHISTICATED MEANS OF GETTING HASHISH BY AIR TO TEHRAN, BEIRUT AND FRANKFURT AND BY SEA TO KARACHI. SOME HAS REACHED THE U.S. IRAN STILL DOESN'T PRODUCE ENOUGH LEGAL OPIUM FOR THE COUNTRY'S REGISTERED ADDICTS, WHO RECEIVE THE DRUG UNDER A NATIONAL PROGRAM. BUT THE HARVEST IS INCREASING. MEANWHILE, ALLEGE THE DOCUMENTS, INNER QUOTE THE ESTIMATED 100-300 TONS CURRENTLY BEING SMUGGLED INTO

IRAN, THAT COULD BECOME AVAILABLE, EXCEEDS THE TOTAL OPIUM EQUIVALENT NEEDED TO SUPPLY THE U.S. MARKET END INNER QUOTE

2. ANDERSON QUOTES CIA MEMOS DATED JUNE 26 AND JUNE 9. INTELLIGENCE MEMORANDUM OF JUNE 23 TITLED SOUTH ASIA: A POTENTIAL SOURCE OF ILLICIT OPIUM FOR THE U.S. MARKET APPEARS TO BE A BE PRIMARY SOURCE FOR COLUMN. MEMORANDUM OF JUNE 7 IS ON NARCOTICS IN IRAN.
3. WE PLAN NO COMMENT ON THIS COLUMN.
4. GDS. YY

¹ Source: National Archives, RG 59, Central Files 1970-73, SOC 11-5 IRAN. Unclassified; Priority.

220. Airgram 151 From the Embassy in Iran to the
Department of State, September 9, 1972¹

September 9, 1972

Department of State A-151
AIRGRAM

DATE:

September 9, 1972

TO:

Department of State

FROM:

AmEmbassy TEHRAN

SUBJECT:

Journalist Argues that Unchecked SAVAK Power Constitutes Long Term Danger to Iranian
Regime

REF:

Tehran 4789

SUMMARY

Associated Press correspondent in Iran, Parviz Raein, cites the mistreatment by SAVAK (The Iranian Security and Information Organization) of a prominent Iranian citizen and SAVAK's mis-handling of student protests over increased bus fares in Tehran two years ago as examples of unchecked power by the Iranian security authorities that, in his view, create opposition rather than dispose of it. Raein charges that SAVAK Chief, General Nematollah Nassiri, has become extremely corrupt and that Iranian officials, even those very close to the Shah, are afraid to cross the Intelligence Organization. Raein professed to be personally worried, as were many of his friends, about what the future holds for Iran unless the power of Iran's security apparatus is checked.

During a recent call by the reporting officer on Associated Press Iran representative, Parviz Raein (protect), the subject of urban terrorism came

up. Whereupon Raein launched into a dissertation, the central theme of which was that SAVAK itself is primarily responsible for the phenomenon. Raein said he was not attempting to deny that there were basic tensions and strains in present day Iranian society on which terrorists might feed. Rather, he was arguing that over reaction and inflexibility by SAVAK constituted the critical spark that had led to violence. Raein continued that with a terrorist incident, such as a bombing or shooting, occurring almost every day in Tehran, it was hard to remember that there was no real terrorism in Iran before the summer of 1970. In that year bus fares were suddenly increased in Tehran from two to five rials^{*}. Students at Tehran University had reacted vigorously against the hike in fares, breaking bus windows and overturning some vehicles. SAVAK had then reacted savagely.

Raein charged that SAVAK had arrested hundreds of students, beaten some of them nearly to death and expelled 50 of them permanently from the University. The expelled students were not permitted to work, to go abroad to study or to enter any other university in Iran. In short, they were left in limbo. That is still the situation they find themselves in. The students had signed an apology and various efforts by family and friends had been made to secure clemency from the Shah, but all attempts had failed. The supplicants had gotten to General Fereidun Jam, Chief of the Supreme Commanders Staff at that time, with a petition, pointing out that at least two of the expellees were in their next to last year of medical school and that it seemed unfair to prevent them from completing their professional training. But Jam refused on grounds that he could not intercede with the Shah in what was SAVAK's business.

The Associated Press representative said it was no wonder that university students made up the bulk of the terrorists. University students all over Iran believed that SAVAK was acting unjustly in keeping the expelled students in a state of "living death," and bitterly resented SAVAK's high handedness. It was outraged students who made up the bulk of the terrorist groups, Raein contended. Moreover, the students had plenty of sympathizers, not only among their families and friends but among others who feared SAVAK power.

Raein said he wished to cite another example of SAVAK tyranny that had even less justification than had SAVAK repression against the students. This example involved a single individual, Sadiq Behdad, and since SAVAK's action against him had occasioned no public outcry, or even notice, Raein felt a little uneasy because he realized that the same thing could happen to anyone in present day Iran, including himself.

Sadiq Behdad was described as a highly successful Tehran lawyer. Three years ago he was making the equivalent of more than \$100,000 a year. He had been in the opposition as a student but that had been many years before. Now he was legal counsel to a dozen important Iranian firms and a pillar of the establishment.

Suddenly in the late summer of 1969 Behdad disappeared. Nothing was heard of him for 52 days. On the 52nd day his wife was driven to a house in Tehran where she found her husband dazed and inquiring why she would be coming to see him in the night time. In fact the sun was shining brightly outside. Behdad told his wife that he was the prisoner of SAVAK, as she had already surmised.

Behdad's friends eventually put together the incidents which had aroused the suspicions of SAVAK. These were that one of Behdad's close relatives had died. Letters of condolence had arrived from all over Iran and some had come from abroad. One of these was from General Taimour Bakhtiar written from Switzerland. Bakhtiar, a former SAVAK Chief, was in exile at the time. Although the General's letter was entirely innocuous and contained only Bakhtiar's regrets over the death in Behdad's family, the latter remembering his opposition days as a student and SAVAK's reputation for being super suspicious, decided on impulse to destroy the letter. This he did by tearing it to bits and flushing it down the drain.

A few days later Behdad was arrested by SAVAK who queried him as to whether he had heard anything recently from Bakhtiar. The hapless Behdad foolishly replied that he had heard nothing, not realizing that SAVAK knew better. For what had happened was that SAVAK had intercepted Bakhtiar's letter at Behdad's old address photostated it and had it delivered, apparently unopened, at Behdad's newer and more expensive address. Not to drag the story out unduly, Behdad was tried in secret and given a seven year sentence. Every effort by his friends to secure his release failed until just a few days ago. Court Minister Alam and the Prime Minister himself were represented as unwilling to approach the Shah on the case, on grounds that "SAVAK's business is SAVAK's business." Raein himself, who claims to be a friend of ALAM, said he had personally seen ALAM three times on the case. When he last saw ALAM about a month ago, ALAM tipped him off that Behdad and some others were about to be released. Subsequently, according to Raein, Behdad has been set free but nothing has appeared in the media to this effect. Raein says Behdad's problem now is to try to pick up the threads of his life, but it is doubtful if he can ever again become a prominent

lawyer due to the residue of suspicion that will attach to him as a former prisoner.

Raein said that the corruption of General Nassiri is widely known. Next to the Shah, Nassiri has become the biggest landowner on the Caspian Sea. SAVAK power has become more and more unchallengeable; and as its power has grown so has its corruption. The Shah unfortunately pays greater heed to SAVAK counsels than he does to anybody else. This is very dangerous because SAVAK believes in handling criticism and dissidence with an iron fist when what is needed is more flexibility and clemency towards dissenters. The handling by SAVAK of the Tehran University students was a perfect example of how iron repression had backfired. If the Shah would only pardon the expelled students much of the heart would go out of the terrorist movement. But Raein had little hope that he would do so because SAVAK was surely advising him against clemency.

The Associated Press representative said he is very much disturbed by the omnipotence of the Security Organization. His own material well-being was about everything he could hope for. He had no real needs and his professional life was full, successful and satisfying. Should he not therefore feel himself an integral part of the Establishment? Yet he did not and it worried him. A man needed not only material wealth; spiritual freedom was also necessary and that was more and more missing in Iran today.

COMMENT: We are not attempting to say anything definitive about SAVAK at this point. However, Raein is a substantial and intelligent Iranian citizen who fears, as we do, that harsh GOI policies towards internal dissenters may in fact be hardening the attitudes of guerrillas and their sympathizers. We shall be watching and reflecting on the complex interrelationship between an often over zealous security organization and those Iranian elements who quietly or violently resist such concentration of power. Meanwhile, Parviz Raein's views are of interest.

FARLAND

¹ Source: National Archives, RG 59, Central Files 1970-73, POL IRAN.
Confidential. Drafted by Andrew I. Killgore, and approved by Heck.

* \$1.00 = 76.25 rls

221. Memorandum From the Vice Admiral of the Navy
(Peet) to Secretary Laird, Washington, September 19, 1972¹

Washington, September 19, 1972

DEFENSE SECURITY ASSISTANCE AGENCY AND DEPUTY ASSISTANT
SECRETARY (SECURITY ASSISTANCE) OASD/ISA

19 SEP 1972

For Information:

MEMORANDUM FOR THE SECRETARY OF DEFENSE

SUBJECT:

Follow-up on the President's Talks with the Shah of Iran

1. F-14 and F-15 Aircraft

On 9 September 1972, the Shah of Iran and members of the Supreme Commander's Staff were briefed by US Navy and US Air Force teams on the F-14 and F-15 aircraft. The Chief, ARMISH-MAAG Tehran, reports that the three hour and forty-five minute uninterrupted briefings were well received; the Shah was appreciative, and he asked many technical questions which were readily answered by the team members. The Shah also asked questions about the possible use of the AWG-9 Radar and Phoenix missile in helicopters and the P-3 reconnaissance aircraft. He is apparently interested in exploring ways to use this equipment in various roles against water-borne surface targets. In this connection, the MAAG noted the Shah is thinking of giving attack missions to the P-3 aircraft and that he stated Iran had to become an Indian Ocean power. The Shah stated that he recognizes time is required to perfect the F-14 and F-15 aircraft, and that he visualizes that his operational squadrons will be echeloned at least two years after those of the US. He said that he would make the decision as to the best type of aircraft for Iran when the time comes. In a development possibly related to the Shah's F-14/15 plans, the Iranians have canceled the FMS case for the purchase of 36 F-5E's, i.e. the last two squadrons. Iran now has outstanding orders for eight squadrons of F-5E's (141 aircraft).

2. Laser-Guided Bombs

The laser-guided bomb presentation was given at this same briefing. The Shah was particularly impressed with the laser bombs and directed immediate action to modify some of his F-4D's as designators and to procure some bomb kits. The Iranians are considering modifying 6-12 aircraft for laser designators and may purchase around 1,500 laser bomb guidance kits. The Shah indicated he preferred to await the USAF decision on the light-weight self-contained laser designator before requesting additional systems. Specific requirements are now being refined with the MAAG and a member of the Air Force briefing team.

3. Uniformed Technicians

The joint State/Defense message, reported on 12 August 1972 as awaiting release, was dispatched on 31 August 1972, after receiving White House approval. This message supported Embassy/MAAG attempts to limit the numbers of technicians requested and to ensure that the technicians will not be used in operational roles. It further stated that the TAFT approach or a similar arrangement appears to be the most suitable method of meeting Iran's needs. (Message is attached.)

Initial ARMISH-MAAG report on numbers of technicians required was 1,297 for CY73 with additional to be required in subsequent years. Upon further analysis by the ARMISH-MAAG and the GOI, it appears that substantially fewer military technicians may be required. Detailed requirements are currently being prepared in Iran and will be forwarded for OSD/State evaluation upon completion.

At ASD/ISA request, interested OSD offices, Military Departments, and the JCS are providing their preliminary views as to personnel, policy, legal status of forces, support requirements, and other problems that may be associated with the provision of technical assistance of this magnitude.

RAY PEET
Vice Admiral, USN
Enclosures 2 a/s

¹ Source: Washington National Records Center, OASD Files, (C) (A), FRC 330-77-0094, Iran 1972. Secret. The enclosures are not published.

222. Telegram 6127 From the Embassy in Iran to the
Department of State, October 10, 1972, 1320Z¹

October 10, 1972, 1320Z

TELEGRAM
Department of State
TEHRAN 6127 101419Z

ACTION NEA-12

INFO OCT-01 RSR-01 SNM-02 IGA-02 IO-12 SS-14 P-03 PRS-01 H-02
CIAE-00 INR-06 JUS-02 NSAE-00 RSC-01 SY-03 TRSE-00 USIA-12 NSC-10
SCI-05 OMB-01 /090 W 042064

R 101320Z OCT 72

FM

AMEMBASSY TEHRAN
INFO AMEMBASSY KABUL
AMEMBASSY ISLAMABAD
AMEMBASSY MANAMA
AMEMBASSY KUWAIT
AMEMBASSY JIDDA
WCONSUL KARACHI 652
AMEMBASSY DHAHRAN
BNDD WASHDC

KUWAIT PASS MUSCAT AND ABU DHABI

TO
SECSTATE WASHDC 9950

SUBJECT:
NARCOTTCS TRAFFIC IN GULF

SUMMARY: RUMORS PERSIST OF MAJOR NARCOTIC'S SNUGGLING
ROUTE THROUGH GULF, BUT LITTLE CONVINCING EVIDENCE
AVAILABLE. DETAILED EVIDENCE NEEDED IF WE ARE TO STIMULATE
GOI TO EFFECTIVE ACTION TO CLOSE THAT ROUTE.

END SUMMARY

ACTION REQUESTED: ADDRESSEES REQUESTED SUPPLY WHATEVER INFORMATION AVAILABLE, INCLUDING BIO DATA ON ARRESTED IRANIANS.

1. FOR SOME TIME WE HAVE BEEN CONCERNED BY LOCAL RUMORS AND STATEMENTS FROM WASHINGTON THAT NARCOTICS ARE BEING SMUGGLED FROM IRAN TO OTHER GULF STATES AND PRESUMABLY THENCE INTO WORLD MARKETS. WE ARE AWARE OF SEIZURES OF SMALL QUANTITIES OF OPIUM FROM IRANIAN PILGRIMS TO MECCA, BUT ONLY REPORT THAT WE HAVE SEEN PROVIDING EVIDENCE TYING IRAN TO SMUGGLING OF COMMERCIAL QUANTITIES OF OPIUM IS MANAMA'S A-6 OF MARCH 28, 1972, WHICH DOES NOT INDICATE HOW BAHRAINI AUTHORITIES ASCERTAINED ORIGIN OF SEIZED OPIUM. US MISSION TO IRANIAN GENDARMERIE (GENMISH) RECENTLY HEARD REPORT THAT 80 KG OF OPIUM, SOURCE UNKNOWN, WAS DUE TO BE SMUGGLED BY DHOW FROM PORT OF TIZ NEAR BAHAR TO DUBAI, BUT UNABLE CONFIRM. WE HAVE ALSO RECENTLY BEEN TOLD THAT OPIUM BEING SMUGGLED BY SEA INTO SE IRAN AND POSSIBLY BEYOND FROM PAKISTAN. AGAIN UNABLE TO CONFIRM.
2. MOST OF OUR SOURCES FOR STATEMENTS ABOUT DRUG SMUGGLING THROUGH GULF APPEAR TO BASE ALLEGATIONS ON GULF'S DESERVED REPUTATION AS ROUTE FOR SMUGGLING EVERYTHING ELSE. NEVERTHELESS, SMUGGLING VESSELS CAPTURED BY IRAN TO DATE HAVE YIELDED GOLD, CURRENCY, WATCHES AND OTHER HIGH-DUTY CONSUMER GOODS, BUT NO NARCOTICS. GENDARMERIE BOAT BATTALION PERSONNEL WHO CARRY OUT ANTI-SMUGGLING PATROLS ADMITTEDLY NOT NARCOTICS EXPERTS, BUT IT SEEMS HIGHLY UNLIKELY THEY WOULD MISS ALL CACHES OF NARCOTICS IF TRAFFIC OF MAJOR PROPORTIONS, AS ALLEGED.
3. DIRECT LAND SMUGGLING ROUTES FOR AFGHAN OR PAK OPIUM TO GULF WOULD BE THROUGH EXTREMELY DIFFICULT TERRAIN. EXTENT OF WATERLESS DESERT WOULD REQUIRE USE OF CAMELS OR VEHICLES, INSTEAD OF HORSES AS FAVORED IN NORTH, WHICH WOULD HAVE TO CROSS LONG DISTANCES WITHOUT COVER FROM AERIAL SURVEILLANCE. TRADITIONAL NORTHERN ROUTE JOINING ROAD NET FROM TEHRAN SOUTH WOULD BE EASIER ROUTE TO GULF, BUT THERE HAVE BEEN NO SEIZURES TO CONFIRM ITS EXISTENCE.

4.

TO COMBAT WHATEVER NARCOTICS TRAFFIC THERE MAY BE IN GULF WE NEED FIRM AND DETAILED EVIDENCE OF ITS EXISTENCE AND SIZE TO BRING TO ATTENTION OF GOI ENFORCEMENT AUTHORITIES. WE WOULD APPRECIATE RECEIVING ANY SUCH EVIDENCE ADDRESSES CAN PROVIDE.

FOR GULF POSTS: WE WOULD ESPECIALLY APPRECIATE ANY BIO DATA YOU CAN SUPPLY ON IRANIANS ARRESTED FOR DRUG SMUGGLING. WE URGE THAT SAMPLES OF OPIUM AND CANNABIS SEIZED BY HOST GOVERNMENTS BE OBTAINED AND SENT TO BNDD FOR ANALYSIS AND POSSIBLE DETERMINATION OF ORIGIN.

FOR ISLAMABAD AND KABUL: IS THERE EVIDENCE OF AFGHAN OPIUM BEING CHANNLED INTO OR THROUGH PAKISTAN TO GULF? IN SPITE OF QAMAR UL ISLAM STATEMENT (STATE 178560) THAT PAK COASTAL TRAFFIC UNDER CONTROL, IS THERE EVIDENCE OF ILLICIT OPIUM FROM ANY SOURCE LEAVING PAKISTAN BY SEA?

5. IF SUCH INFORMATION IS MADE AVAILABE, WE ARE CONVINCED IRANIAN GENDARMERIE WILL MAKE GOOD USE OF IT. SUCH INFORMATION WILL ALSO BE VALUABLE ASSISTANCE TO US IN OUR EFFORTS ENCOURAGE GENDARMERIE TO BUILD UP BOAT BATTALIONS' CAPABILITIES THROUGH IMPROVED INCENTIVES, ORGANIZATION AND EQUIPMENT. WE HOPE THAT IN COMING YEAR TESTS CONDUCTED BY ARPA WILL PROVE UTILITY IN GULF OF RELATIVELY SIMPLE TECHNOLOGY WHICH WILL PERMIT DETECTION ANY VESSEL MOVING IN STRAITS OF HORMUZ. THAT WILL NOT SOLVE PRORLEM OF SMUGGLERS IN INTERNATIONAL WATERS BUT WILL GREATLY ENHANCE ABILITY DEAL WITH THOSE THAT ENTER IRANIAN WATERS.

HECK

¹ Source: National Archives, RG 59, Central Files 1970-73, SOC 11-5 IRAN. Confidential. Repeated to Kabul, Islamabad, Manama, Kuwait, Jidda, Karachi, Dhahran, and BNDD.

223. Telegram 6166 From the Embassy in Iran to the
Department of State, October 12, 1972, 0750Z¹

October 12, 1972, 0750Z

TELEGRAM
Department of State
TEHRAN 6166 120918Z

ACTJON NEA-12

INFO OCT-01 SS-14 CIAE-00 INR-06 IO-12 JUS-02 NSAE-00 RSC-01 SNM-
02 SY-03 TRSE-00 USIA-12 NSC-10 SCI-05 OMB-01 AGR-20 AID-20 RSR-01
/122 W 059026

R 120750Z OCT 72

FM

AMEMBASSY TEHRAN
BNDD HQT WASHDC
INFO AMEMBASSY KABUL
AMEMBASSY ISLAMABAD
AMEMBASSY ANKARA

TO
SECSTATE WASHDC 9963

DEPARTMENT FOR S/NM AND NEA

SUBJ:
NARCOTICS: DRASTIC REDUCTION IN IRANIAN POPPY-CULTIVATION IN 1973.

SUMMARY: GOI HAS DECIDED TO REDUCE AUTHORIZED AREA FOR
POPPY CULTIVATION IN 1973 TO 10 PERCENT OF 1972 LEVEL. END
SUMMARY

ACTION REQUESTED: DEPARTMENT CONSIDER CONGRATULATORY
MESSAGE FROM APPROPRIATE US OFFICIAL, WHEN GOI PUBLICLY
ANNOUNCES DECISION.

1. MINISTRY OF COOPERATIVES HAS INFORMED US THAT GOI WILL AUTHORIZE CULTIVATION OF ONLY 2,000 (TWO THOUSAND) HECTARES OF OPIUM POPPIES IN CROP YEAR 1973, AS COMPARED WITH 20,000 (TWENTY THOUSAND) HECTARES IN 1972. DECISION HAS NOT YET BEEN PUBLISHED IN OFFICIAL GAZETTE, OR OTHERWISE PUBLICLY ANNOUNCED, BUT WE UNDERSTAND THAT IT IS FINAL.
2. DECISION TAKEN BECAUSE AMOUNT OF OPIUM IN STORAGE FROM LEGAL CULTIVATION AND SMUGGLING SEIZURES IS SURPLUS TO NEEDS OF REGISTERED ADDICTS BY ALMOST ONE YEAR'S SUPPLY. THIS IMPLIES, ALTHOUGH WE HAVE NOT CONFIRMED IT, CONCOMITANT TACIT DECISION NOT TO LOWER AGE OF ELIGIBILITY FOR REGISTRATION, AS OCCASIONALLY DISCUSSED.
3. REDUCATION DECISION APPLIES ONLY TO 1973 CROP YEAR, BUT IT SHOWS WILLINGNESS AND ABILITY OF GOI TO MAKE DRASTIC CUTS IN OPIUM PRODUCTION WHENEVER INDICATED. SINCE ALL LEGAL GROWERS ARE MEMBERS OF STATE-SPONSORED COOPERATION, GOI HAS MEANS ALREADY AT HAND TO ENFORCE CUTS AND MINIMIZE EFFECT ON FARMERS' INCOME. WE UNDERSTAND GOI IS CONSIDERING WAYS OF USING CUT TO DRAMATIZE TO NEIGHBOURING PRODUCING COUNTRIES ITS LONG-STANDING POSITION THAT IT WILL REIMPOSE COMPLETE PRODUCTION BAN WHEN NEIGHBORS ABLE TO RECIPROCATE.
4. ONCE GOI HAS PUBLICLY ANNOUNCED DECISION, WE BELIEVE IT WOULD BE USEFUL FOR APPROPRIATE US OFFICIAL TO ISSUE STATEMENT OR SEND MESSAGE CONGRATULATING GOI ON DECISION AND EXPRESSING HOPE THAT PROGRESS BY NEIGHBORING COUNTRIES IN HALTING ILLICIT POPPY CULTIVATION WILL SOON MAKE IT POSSIBLE FOR GOI TO IMPLEMENT ITS DECLARED INTENT TO REIMPOSE TOTAL BAN WHEN SMUGGLING THREAT FROM NEIGHBORS ELIMINATED.

HECK

¹ Source: National Archives, RG 59, Central Files 1970-73, SOC 11-5 IRAN. Confidential. Repeated to BNDD, Kabul, Islamabad, and Ankara. One Department official, identified only as "MAGM", wrote to "JCM" on October 12: "I have reservations on this one. The Iranians are making no sacrifice and are taking no risk comparable to that taken by the Turks. This cutback is only for one year; there is nothing to suggest that Iran

will not resume full cultivation once the surplus is used up. It could be useful to pat them on the back to remind them of our interest and encourage any inclination to hold down poppy cultivation in the future, but this cutback isn't worth a public announcement at the high levels of the USG comparable to the President's statement on the Turkish ban." (NEA/IRN, Office of Iran Affairs, Lot File 75D410, Box 8, SOC 11-5, Narcotics and Dangerous Drugs, Iran 1972)

224. Telegram 192358 From the Department of State to
the Embassy in Iran, October 20, 1972, 2246Z¹

October 20, 1972, 2246Z

DEPARTMENT OF STATE TELEGRAM] 192358
20 OCT72 22 46Z

PM: RSPIERS:PB

10/20/72 29022

J:UAJOHNSON

S/S - MR. ELIOT

FLASH TEHRAN

IMMEDIATE SAIGON

SUBJECT:
ENHANCE PLUS

1. AMBASSADOR SHOULD REQUEST IMMEDIATE APPOINTMENT WITH SHAH AND INDICATE YOU ARE SEEKING, ON INSTRUCTIONS FROM PRESIDENT, IRANIAN COOPERATION ON MATTER OF HIGHEST URGENCY AND IMPORTANCE WHICH MAY MATERIALLY ADVANCE PROSPECTS FOR EARLY PEACEFUL SETTLEMENT IN SOUTHEAST ASIA.
2. SPECIFIC US REQUEST IS THAT SHAH AGREE TO TURN OVER TO US FOR SHIPMENT TO VIETNAM, ENTIRE IRANIAN FORCE (90 AIRCRAFT) OF F-5AS FOR IMMEDIATE DISASSEMBLY AND DELIVERY TO VIETNAM BY FASTEST POSSIBLE US CARRIERS (PROBABLY C-5AS).
3. US WILL SUPPLEMENT TO EXTENT NECESSARY PERSONNEL REQUIRED TO DISASSEMBLE AIRCRAFT FOR ONWARD SHIPMENT. US WILL BE PREPARED TO DISCUSS WITH GOI ON VERY URGENT BASIS ARRANGEMENTS TO CREDIT GOI WITH APPROPRIATE AMOUNTS IN REPAYMENT TO BE USED AGAINST FURTHER AIRCRAFT PURCHASES.

4. US ALSO APPROACHING CERTAIN OTHER COUNTRIES WITH F-5AS IN SIMILAR MANNER AT HIGHEST LEVEL.
5. WE RECOGNIZE UNPRECEDENTED NATURE THIS REQUEST, WHICH IS DONE ONLY FOR REASONS OF UNPARALLELED IMPORTANCE.
6. WE NEED ANSWER BY TOMORROW.
7. YOU SHOULD STRESS TO SHAH EXTREME IMPORTANCE KEEPING THIS MATTER IN CLOSEST POSSIBLE HOLD BASIS, ALTHOUGH WE RECOGNIZE PUBLICITY INEVITABLE AFTER EXECUTION BEGINS.
8. FYI NOW IS TIME WE NEED TO CASH IN CREDIT WE HAVE BUILT UP WITH IRANIANS. WE CANNOT GUARANTEE THAT VIETNAM SETTLEMENT WILL BE ASSURED BY THIS MOVE, BUT WITHOUT IT PROSPECTS ARE SUBSTANTIALLY DIMMER. END FYI
9. TEHRAN ALSO REPEAT RESPONSE TO SAIGON.

¹ Source: National Archives, RG 59, Central Files 1970-73, DEF 19-8 US-IRAN. Top Secret; Flash. Sent Immediate to Saigon.

225. Memorandum From Harold Saunders of the National Security Council Staff for the Files, Washington, October 20, 1972¹

Washington, October 20, 1972

NATIONAL SECURITY COUNCIL
October 20, 1972

MEMORANDUM FOR THE FILES

SUBJECT:

Correspondence to the President from Nasser G. Afshar, Editor, Iran Free Press

On September 18, Afshar again wrote the White House, this time requesting a reply to his September 1 letter to the President which he attached in copy form. Afshar also attached a copy of the Aug/Sept edition of his Iran Free Press. As shown on page 2, Afshar had published his letter to the President.

We recommend no reply to Afshar. For reasons outlined in my Memorandum for the Files of April 26, 1972, we and the Shah consider this organization (possibly a one-man operation) offensive.

Harold H. Saunders

FREE IRAN!
(Committee for the Freedom of Iran)
September 1, 1972

President Richard M. Nixon
The White House
Washington, D.C.

Mr. President:

In the July edition of the Iran Free Press, the Committee for Free Iran, on behalf of the Iranian government-in-exile, demanded that the Soviet Union remove its advisors from Iran. We made this demand for three compelling reasons.

1. There is no military threat to Iran. Excluding only the Soviet Union itself; all of Iran's neighbors share with Iran a common religion and a tradition of mutual trust and cooperation.
2. The Soviet staff in Iran has grown to some five thousand persons, a number too large to be effectively monitored, and posing a significant threat of political and economic influence. We feel the present Iranian government courts disaster by allowing this potential for meddling to grow unchecked.
3. The Soviet Union has several Middle East objectives not in accord with the interests of the Iranian people. The Russians, having already acquired unlimited natural gas rights, seek an exclusive claim on the Iranian oil fields. They seek as well to supplant the American and British military and economic presence with their own, and to expand Soviet sway to the Persian Gulf and beyond.

It may seem that these considerations, directed as they were at Soviet policy, have little direct bearing on the policies of the United States. This is not, however, the case. The government-in-exile believes strongly in the principle of Iranian neutrality. It is a cornerstone of its program for progress that Iran, while a free and democratic nation, be part of an effective buffer between the communist bloc and the Western free world. In this light, we must note that the most visible outside military and economic support for the present Iranian government is not the Soviet Union but the United States. In particular, although the Soviet Union has some five thousand of its citizens working in Iran as so-called advisors, only about thirty of these are clearly military advisors. The United States, on the other hand, has nearly eight hundred military advisors officially assigned to the Iranian armed forces.

The United States, under your administration, has embarked on a policy of reducing the American military presence throughout the world. We applaud this objective. We feel the grand design of which it is a key part portends a better and safer life for the people of America and of the world. An immediate implementation of this policy, in the removal from Iran of all non-diplomatic American personnel, is both possible and desirable. We strongly urge upon the United States that this step be taken.

Neutrality is an important goal for us. The demand we make of the American government we have made equally of other nations, including the Soviet Union. We seek the removal of non-essential, non-diplomatic personnel in the employ of any foreign power, whether communist or free. And most emphatically we seek the cessation of all military aid,

from whatever source, to the present Iranian government. Iran must find itself; it must discover its freedom, its creative and industrious spirit, and its future political and social direction unhindered by outside powers.

Revolution will come to Iran. The people grow daily more weary of billions spent by the Shah's government on armaments while seven out of eight Iranians starve. But until revolution occurs, let us point out that it is a clear moral wrong for the United States or any other party to advise Shah Pahlavi to spend hard earned exchange currency on weapons, unneeded and ludicrously expensive, to guide his choice, and moreover to back this choice with personnel, when most families in Iran must survive on less than two dollars per day. Such actions by the United States are in direct and obvious conflict with America's humanitarian ideals.

The Shah has perhaps his own reasons for spending huge sums of money on weapons. Perhaps he intends a campaign of military adventurism; or perhaps the reasons are only medical and psychiatric, rooted in Pahlavi paranoia. But one fact is clear. When the people rise up against the monarchy, Shah Pahlavi will use every force at his command to suppress the bid for freedom; he will use without distinction all the weapons supplied by the United States, all the weapons supplied by the Soviet Union, every force at his disposal. Those nations that have helped supply these forces must share the blame for the needless bloodshed that may accompany the surge for Iranian freedom.

We appreciate that ultimately the United States, as any other nation, must conduct its affairs first and always for the good of its own people. But the United States, as the strongest military and economic power in world history bears an unusual burden, and must conduct its affairs with uncommon restraint, recognizing the needs of far weaker nations.

We know that the United States has long maintained good relations with the present Shah. As long as the U.S. continues this support of militarism and suppression, our quarrel with American policy runs deep. The efforts of all true searchers for freedom in Iran are eroded, and the risks of greater violence and of communist takeover in the inevitable revolution to end the Shah's rule, become ever more menacing.

But we emphatically believe that U.S. activities have been carried out with good intentions and in good faith. We cling to the hope that American policy may yet change, and that the long standing tradition of

friendship between the Iranian and American peoples may yet guide America to rejection of the present undemocratic and corrupt monarchy.

Please hear our plea, spoken only with the voice of our words for freedom and of our hearts yearning for freedom, for cessation of military and political support to the Shah, and for the removal of non-diplomatic personnel. Continued good relations between the United States and the near government for Iran may well hinge on your answer.

Thank you for taking time to consider this matter carefully.

Sincerely,
Nasser G. Afshar
Chairman
Committee for Free Iran

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 1282, Saunders Files, Middle East Negotiations, Iran 10/1/72–12/31/72. The attached copy of the August/September Edition of the Iran Free Press is not published. Afshar sent copies of the Iran Free Press to the American Embassy in Tehran, which on October 12, 1971 sought unsuccessfully to get off the distribution list, fearing that Afshar hoped to get the publication into local circulation. (Douglas Heck to Jack Miklos, NEA/IRN, Office of Iran Affairs, Lot File 75D351, Box 6, PS 7 Iran 1969-71, Assistance to Americans, Nasser Afshar 1971.) On July 18, 1972, Douglas Heck of the Embassy argued against official replies to Afshar's publication, since "such letters give the publication recognition it does not deserve as well as a peg for further attacks on us and Iran. In addition [they] might be misinterpreted here as suggesting that arguments in this rag are worthy of official response even though what you are trying to do is correct some of the outrageous statements about Iran." (Heck to Miklos, NEA/IRN, Office of Iran Affairs, Lot File 75D365, Box 7, POL 23, Internal Security, Counter-Insurgency, Iran 1972). Miklos agreed.

226. Telegram 6317 From the Embassy in Iran to the
Department of State, October 21, 1972, 1520Z¹

October 21, 1972, 1520Z

TELEGRAM
Department of State
TEHRAN 6317
Z 211520Z OCT 72 ZFF-4

FM AMEMBASSY TEHRAN

TO
SECSTATE WASHDC FLASH 0037

SUBJ:
ENHANCE PLUS

REF:
STATE 192358

1. TODAY I MET WITH SHAH AT NIAVARAN PALACE THREE HRS. AFTER HIS RETURN FROM USSR. CONVERSATION BEGAN AT 1600 HRS. LOCAL AND ENSUED FOR ONE HOUR. OTHER SUBJECTS DISCUSSED WILL BE REPORTED SEPTELS.
2. I BEGAN THE CONVERSATION BY STATING THAT THE COOPERATION OF THE GOI IS SOUGHT ON A MATTER OF HIGHEST URGENCY AND IMPORTANCE WHICH MAY MATERIALLY ADVANCE PROSPECTS FOR EARLY PEACEFUL SETTLEMENT IN SOTHEAST ASIA.
3. THE SPECIFIC REQUEST OF USG IS THAT HIS IMPERIAL MAJESTY AGREE TO TURN OVER TO US FOR SHIPMENT TO VIETNAM THE IIAF INVENTORY OF F-5AS (90-AIRCRAFT) FOR IMMEDIATE DISASSEMBLY AND DELIVERY TO VIETNAM BY FASTEST POSSIBLE US CARRIERS, (PROBABLY C-5A).
4. THE USG WILL SUPPLEMENT TO EXTENT NECESSARY PERSONNEL REQUIRED TO DISASSEMBLE AIRCRAFT FOR ONWARD SHIPMENT. THE USG WILL BE PREPARED TO DISCUSS WITH GOI ON VERY URGENT BASIS ARRANGEMENTS TO CREDIT GOI WITH APPROPRIATE AMOUNTS IN REPAYMENT TO BE USED AGAINST FURTHER AIRCRAFT PURCHASES.

5. THE USG RECOGNIZES UNPRECEDENTED NATURE THIS REQUEST, WHICH IS MADE ONLY FOR REASONS OF UNPARALLELED IMPORTANCE. USG IS ALSO APPROACHING CERTAIN OTHER COUNTRIES WITH F-5AS IN SIMILAR MANNER AT THE HIGHEST LEVEL.
6. TO ENHANCE PROSPECTS FOR SETTLEMENT AN ANSWER IS NEEDED IMMEDIATELY. IT IS OF COURSE OF EXTREME IMPORTANCE TO KEEP THIS MATTER HELD AS CLOSELY AS POSSIBLE.
7. THE SHAH SAID RE FULLY APPRECIATED THE US POSITION IN MAKING EVERY EFFORT TO BRING ABOUT A PEACEFUL SETTLEMENT OF THE VIETNAM WAR FOR ALL THE OBVIOUS REASONS. THEREFORE HE DECLARED THAT HE WAS PREPARED TO DO ALL HE COULD TO ASSIST IN THE ENCOURAGEMENT OF A SOLUTION. CONSEQUENTLY, HE STATED, SUBJECT TO EARLY REPLACEMENT, HE WOULD BE PREPARED TO TURN OVER TWO RPT TWO SQUADRONS OF F-5A, A TOTAL OF 32 AIRCRAFT.
8. I POINTED OUT THAT THE NEED WAS SO GREAT AND THE OBJECTIVE OF SUCH MAGNITUDE THAT, AS HERETOFORE STATED, IT WAS HOPED THAT A LARGER NUMBER OF AIRCRAFT COULD BE MADE AVAILABLE. THE SHAH AVOWED THAT HE UNDERSTOOD THIS, TOGETHER WITH THE FULL IMPORT OF MY STATEMENT TO HIM, BUT THEREUPON HE DWELT AT LENGTH UPON ASPECTS OF A NEW TRAINING PROGRAM WHICH GOI AIR FORCE WAS INSTITUTING AND WHICH REQUIRED A MINIMUM OF 53 F-5A; HENCE HE WAS SUBJECT TO RESTRAINT IN HIS ABILITY TO COOPERATE WITH THE US IN THIS EFFORT.
9. THE SHAH CONCLUDED BY ASKING THAT I CONVEY TO PRES. NIXON HIS PERSONAL HOPE FOR SUCCESS OF THIS OR SUBSEQUENT UNDERTAKINGS LEADING TOWARD PEACE IN SOUTHEAST ASIA.

FARLAND

NOTE: PASSED SAIGON BY OCT 10-21-72

¹ Source: National Archives, RG 59, Central Files 1970-73, DEF 19-8 US-IRAN. Top Secret; Flash; Nodis. Passed Immediate to Saigon.

227. Telegram 6346 From the Embassy in Iran to the
Department of State, October 24, 1972, 0553Z¹

October 24, 1972, 0553Z

TELEGRAM
Department of State
TEHRAN 6346
R 240553Z OCT 72

FM

AMEBASSY TEHRAN

TO
SECSTATE WASHDC 0052

DEPT PASS SAIGON

SUBJ:
ENHANCE PLUS

REF:
STATE 192832

1. REFTEL MESSAGE PASSED TO SHAH THROUGH COURT MINISTER ALAM MORNING OCTOBER 23.
2. FOR CONTINGENCY PURPOSES IN EVENT EXERCISE IS REPEATED, WISH CALL ATTENTION SEVERAL CONSIDERATIONS WHICH ARE IMPORTANT FROM IRANIAN PERSPECTIVE:
 - (A) WITH RESPECT TO REPAYMENT, SHAH'S PRIMARY INTEREST WILL NOT BE IN AMOUNT OF MONEY INVOLVED, BUT RATHER IN ACCELERATED DELIVERY OF MILITARY EQUIPMENT. SPECIFICALLY, WE FEEL HE WILL WANT EARLIER DELIVERY OF F-5E'S PRESENTLY SCHEDULED TO BEGIN DECEMBER 1973. HE WOULD ALSO LIKE DELIVERY DATE FOR F-4E'S TO BE ADVANCED FROM JULY 1973. EIGHT F-4E'S ARE PRESENTLY LEASED TO IRANIAN AIR FORCE. WE COULD OFFER TO TRANSFER TITLE ON THESE PLANES TO GOI, CREDITING PORTION OF VALUE OF TRANSFERRED F-5A'S. (IRANIAN INVENTORY INCLUDES 37 F-5A'S WHICH WERE PURCHASED AND 53 WHICH WERE MAP-SUPPLIED.)

(B) 53 OF 90 AIRCRAFT PROPOSED FOR TRANSFER WERE SUPPLIED UNDER MAP WHICH APPEARS RAISE SEVERAL THORNY LEGAL AND BUDGETING PROBLEMS. WHILE WE HAVE NO EXPERTISE IN THIS REGARD, WE ASSUME GOI COULD ALSO BE COMPENSATED WITH CREDIT AGAINST NEW F-5E'S OR F-4E'S ACCORDING TO SHAH'S PREFERENCE. FOR FUTURE ADMINISTRATIVE PURPOSES, THESE AIRCRAFT WOULD BE CONSIDERED AS MAP-PROVIDED. WE ASSAGE SVN MAP BUDGET OR OTHER SOURCE COULD PROVIDE NECESSARY FUNDING. SHAH TOOK OFF MAP ROLES IN MAY AND IRAN SHOULD NOT BE LISTED AS MAP RECIPIENT IN ANY TRANSACTION.

(C) SHAH'S READINESS TO MEET OUR REQUEST WITHOUT HESITATION OR QUESTION WAS ELOQUENT TESTIMONY TO EXCEEDINGLY CLOSE RELATIONSHIP BETWEEN THE PRESIDENT AND HIM. SHOULD F-5A TRANSFER AGAIN BE PROPOSED, WE BELIEVE IT WOULD BE DESIRABLE IN TERMS OF THIS RELATIONSHIP TO BRING SHAH INTO PICTURE AS MUCH AS POSSIBLE AND TO RESPOND MAGNANIMOUSLY IN NEGOTIATION THAT WOULD FOLLOW HIS AGREEMENT TO TRANSFER.

NOTE: PASSED SAIGON BY OC/T.

FARLAND

¹ Source: National Archives, RG 59, Central Files 1970-73, DEF 19-8 US-IRAN. Top Secret; Nodis; Cherokee. Passed to Saigon.

228. Telegram 6417 From the Embassy in Iran to the
Department of State, October 27, 1972, 1355Z¹

October 27, 1972, 1355Z

TELEGRAM
Department of State
TEHRAN 6417
Z 271355Z OCT 72

FM AMEMBASSY TEHRAN

DEPT PASS SAIGON

TO
SECSTATE WASHDC FLASH 0090

SUBJ:
ENHANCE PLUS

REF:
STATE 195250

1. THIS MESSAGE OFFERS SUGGESTIONS FOR OUR APPROACH TO SHAH SHOULD WE DECIDE ASK FOR ADDITIONAL F-5A'S.
2. SHAH'S PROMPT RESPONSE TO OUR REQUEST FOR TRANSFER OF 32 F-5A'S MAY BE ATTRIBUTED TO HIS SENSE OF CLOSE RELATIONSHIP WITH THE PRESIDENT AND VALUE HE ATTACHES TO THIS RELATIONSHIP AND ALSO TO HIS DESIRE TO ASSIST IN BRINGING END TO WAR IN SEA. IF WE ASK HIM TO RELEASE ADDITIONAL F-5A'S, WE WILL BE ASKING HIM MAKE VERY DIFFICULT DECISION, ESPECIALLY IN CONTEXT RATIONAL BUILDUP OF HIS OWN FORCES WHICH WE HAVE BEEN URGING ON HIM AND WITH WHICH RELEASE OF ADDITIONAL F-5A'S WILL INTERFERE. ON BALANCE, WE BELIEVE THERE IS REASONABLE LIKLIHOOD HE WILL RESPOND POSITIVELY, ALBEIT RELUCTANTLY. FROM POINT OF VIEW OF ROLE WE ARE PLAYING IN ADVISING IIAF, IT OUR JUDGEMENT THAT 32 F-5A'S CAN BE SPARED FROM IRANIAN AIR FORCE, BUT LOSS OF ANOTHER 16 WOULD HURT.
- 3.

IF ADDITIONAL AIRCRAFT NEEDED, OUR CURRENT VIEWS AFTER MORE CAREFUL STUDY OF CONTINGENCY PROPOSALS IN OUR PREVIOUS MESSAGE ARE FOLLOWING:

WE RECOMMEND THAT AMBASSADOR BE AUTHORIZED TO PRESENT REQUEST AS PERSONAL MESSAGE FOR THE PRESIDENT AND TO DESCRIBE IT AS OF HIGHEST IMPORTANCE TO OUR EFFORTS REACH SETTLEMENT IN SVN. AS HE TOLD AMBASSADOR DURING FIRST DISCUSSION, SHAH WANTS REPLACEMENT AIRCRAFT RATHER THAN CREDIT TOWARDS THOSE AIRCRAFT. HE HAS ALSO RECENTLY LAID STRESS ON URGENT NEED FOR BEST POSSIBLE ASSISTANCE IN ACHIEVING QUALITATIVE IMPROVEMENTS IN IRANIAN ARMED FORCES. IT WOULD BE USEFUL, IF AMBASSADOR COULD OUTLINE FAIRLY CONCRETELY WHAT WE ARE PREPARED TO DO IN BOTH REGARDS. IN ORDER OF PRIORITY WE FEEL SHAH'S INTERESTS WOULD INCLUDE ALL OF FOLLOWING:

- (A) ACCELERATION IN DELIVERY OF F-5E'S. START OF DELIVERIES IN APRIL 1973 WOULD BE IDEAL FROM POINT OF VIEW OF US INTERESTS HERE IN HELPING GOI BUILD EFFECTIVE FORCE AND FROM POINT OF VIEW IRANIAN ABILITY TO ABSORB NEW AIRCRAFT. PLEASE INDICATE EARLIEST ADVANCED DELIVERY DATE POSSIBLE FOR THESE PLANES.
- (B) RAPID APPROVAL AND ASSIGNMENT OF TEMPORARY TEAMS OF US MILITARY TECHNICIANS WHICH SHAH HWM REQUESTED FOR THREE SERVICES. WE UNDERSTAND DOD TASK FORCE IS NOW COMPLETING STUDY OF THIS REQUEST AND THAT GROUP IS PLANNING TO VISIT TEHRAN FOR FURTHER DISCUSSIONS. AS TANGIBLE EVIDENCE OUR RECEPROCAL WILLINGNESS TO BE HELPFUL, WE RECOMMEND AMBASSADOR BE AUTHORIZED TO INFORM SHAH JOINT STATE/DOD TEAM WILL ARRIVE IN IRAN FOR TECHNICAL DISCUSSIONS ON HIS REQUEST WITHIN TWO WEEKS, AND THAT WE WILL MAKE EVERY EFFORT TO MEET HIS GOALS FOR ARRIVAL OF TECHNICIANS.
- (C) AIR FORCE TRAINING. IRANIANS ARE KEENLY INTERESTED IN INCREASING NUMBER OF SPACES AVAILABLE TO THEM IN TWO SCHOOLS. WE RECOMMEND IRANIAN QUOTA AT AIR COMMAND AND STAFF SCHOOL BE INCREASED FROM ONE TO SIX OFFICERS PER SESSION. SECONDLY, IRANIANS WOULD WELCOME ENLARGED QUOTA FOR F-5E INSTRUCTOR

TRAINING AT WILLIAMS FIELD. APPRECIATE ADVICE WHETHER THESE TWO SUGGESTIONS ARE FEASIBLE.

4. TRANSFER OPERATIONS ARE TENTATIVELY SLATED FOR AIR BASE REMOTE FROM TEHRAN AND WE ARE REASONABLY CERTAIN THERE WILL BE NO PRESS LEAKAGE FROM THIS COUNTRY. WE ARE LESS SURE OF OTHER NATIONS INVOLVED THIS PROJECT. WOULD APPRECIATE CONTINGENCY PRESS GUIDANCE WE MAY SUPPLY TO GOI SHOULD STORY BREAK UNEXPECTEDLY.

NOTE: PASSED SAIGON 10-27-72 BY OCT

¹ Source: National Archives, RG 59, Central Files 1970-73, DEF 19-8 US-IRAN. Top Secret; Nodis; Flash; Cherokee. Passed to Saigon.

229. Telegram 196855 From the Department of State to
the Embassy in Iran, October 30, 1972, 2115Z¹

October 30, 1972, 2115Z

TELEGRAM

Department of State 196855
0 302115Z OCT 72 ZFF6

FM

SECSTATE WASHDC

INFO

RUEHCR/AMEMBASSY SAIGON NIACT IMMEDIATE 0943
SAIGON: STRICTLY EYES ONLY FOR AMBASSADOR

TO

RUEHCR/AMEMBASSY TEHRAN NIACT IMMEDIATE 4125

SUBJECT:

ENHANCE PLUS

REF:

A. STATE 196589.
?. TEHRAN 6346

1. WE NOW CONCLUDE WE URGENTLY REQUIRE UP TO 16
ADDITIONAL F-5A AIRCRAFT FOR PROJECT ENHANCE PLUS. AIR
FORCE ESTIMATES DISASSEMBLING CREWS WILL BE COMPLETING
THEIR WORK ON THURSDAY, NOVEMBER 2, AND WE WOULD
LIKE TO BE IN POSITION TO KEEP THEM ON IN IRAN TO FINISH
THE JOB.
2. ACCORDINGLY AMBASSADOR SHOULD SEE SHAH AS SOON AS
POSSIBLE AND SEEK COMMITMENT FOR AN ADDITIONAL UP TO
16 AIRCRAFT. (FYI: EXACT NUMBER DEPENDS UPON DISCUSSION
NOW PROCEEDING WITH GRC AND WE CAN INFORM YOU OF
THIS WITHIN THE NEXT 24 HOURS. YOU SHOULD NOT DELAY
APPROACH TO SHAH FOR THIS NUMBER. END FYI).
3. WITH RESPECT TO PARA 2A OF REF B, AND IN ADDITION TO
POINTS YOU ALREADY AUTHORIZED TO MAKE IN REF A, YOU
MAY STATE THAT WE ARE ABLE TO ADVANCE SLIGHTLY
DELIVERY DATE FOR F-4Es FROM JULY 73 TO AS EARLY AS MAY
73. IF YOU FEEL THIS WOULD BE USEFUL IN DEALING WITH

SHAH. THIS SCHEDULE PREMISED ON PRODUCTION OF ONE AIRCRAFT EACH IN APRIL AND IN MAY FOR 11AF. SECONDLY, YOU MAY TELL SHAH THAT WE WOULD BE PREPARED TO CREDIT PRESENTLY LEASED 8 F-4E'S TO TOTAL BUY OF F-4s FOR 11AF. HOWEVER, YOU SHOULD NOTE THAT PRESENT F-4E'S DO NOT HAVE WING SLATS AND OTHER IMPROVED CHARACTERISTICS WHICH 1973 PRODUCTION LINE F-4E'S WILL HAVE. WE REGRET THAT AT THIS TIME WE ARE UNABLE TO WORK OUT YOUR SUGGESTION OF CREDITING PORTION OF VALUE OF TRANSFERRED F-5A'S AGAINST SHAH'S BUY OFF-4E'S.

ROGERS

Drafted by: PM: Pickering

Approved by: J: UA.Johnson

DEF: Adm. Hurphy

S/S: J-Mr. Barns

¹ Source: National Archives, RG 59, Central Files 1970-73, DEF 19-8 US-IRAN. Top Secret; Nodis; Cherokee. Drafted by Thomas R. Pickering (PM) and approved by Johnson, Defense, and Harry G. Barnes, Jr (S/S). Repeated to the Ambassador in Saigon.

230. Letter From the Embassy in Iran to the Country
Director for Iran (Miklos), October 30, 1972¹

October 30, 1972

EMBASSY OF THE UNITED STATES OF AMERICA
Tehran, Iran
October 30, 1972
OFFICIAL-INFORMAL

Jack C. Miklos, Esquire NEA/IRN
Department of State
Washington, D.C.

Dear Jack:

Many thanks for your letter of October 18 commenting on our pre-election report—it's good to know that someone reads and thinks about the stuff we send in.

A few more remarks on my part might be in order though, as I would like to give you some idea of the thinking which led to our A-166 and especially to the final sentence in the commentary.

First of all, the question of a functioning party system and electoral process in Iran is tightly woven into the complex problem of a smooth non-violent transition from an absolute monarch to a working constitutional one; a social process which is far too involved for the confines of this of this letter, but which will form the subject of a future think piece. Viewing, insofar as is possible, the question of parties and elections out of the above context, I would agree with you that "form without content doesn't spell institution building in our book" but the Shah is not writing our book—the volume he is compiling is very definitely his own. He and his officials appear to believe sincerely that they can create democratic forms, that the use of these forms will have an educational effect on sizable segment of the populace, and that the form can later be inflated with substance at a time of the Shah's choosing and in a way which will allow of manageable results. Of course, this is a delicate operation and the inflated form-balloon could burst in the imperial face. Moreover, fear of just such an explosion might

eventually prevent HIM from adding content to democratic appearances. But even in their insubstantial state, Iran's democratic forms serve a purpose; they aid the Shah in impressing the foreign audience to which he so often plays.

Of course we agree, and we so stated in our airgram, that both the politicians and the people perceive their electoral process accurately and consequently regard it with cynicism and apathy. But we find it very interesting that, after years of meek acceptance of tight election controls, there is suddenly a flap among the very politicians whose close acquaintance with Iranian elections leaves them with no illusions as to its true nature.

There are at least two reasons for the flap and both of them appear to stem from the influence and actions of dismissed Mardom Party Secretary-General Ali Naqi Kani. In the first instance, Mardom, being a traditional Iranian political party, is made up of cliques of followers of a few competing leaders who cooperate with one another for personal and pragmatic reasons but not out of any sense of party unity. Kani's methods had made a number of enemies and with his fall his supporters could expect to suffer. Under these circumstances, a clash within the party is perfectly natural and much of what surfaced as committee resignations and intemperate remarks is probably nothing more than the visible portion of various personal power struggles.

But this accounts for only a part of the problem. Most of the attacks on Adl have been voiced not in terms of who gets what job; rather they have been focused in the main on questions of collusion between the two parties, lackluster campaigning, refusal to field candidates in certain elections and other activities which have characterized Mardom campaigns in the past. It seems to us that this dissatisfaction with a return to past policies is almost entirely the result of Kani's stint in office. He appeared to believe that he could become Prime Minister by making Mardom into an effective opposition party. He was wrong, but in the course of his eighteen month error he conducted what was for Iran a slashing, almost frenetic assault on Iran Novin's administration of the government and, to a lesser extent, on government polities. His tactics appealed to the broad argumentative streak which runs deep in the Persian people and may have awakened memories within them of Iranian political parties as they used be. We said that this was tentative but we continue to believe that included in Kani's legacy was a feeling among his closer followers that an opposition party can and should be a meaningful political vehicle and a sense of dismay when they saw what

they considered opportunities for change (as well as personal aggrandizement) sidetracked by Adl.

This is the thinking that led up to our tentative statement that the resignations appear to indicate a belief among those who resigned in the need for a true opposition party. We recognize that the belief may not last, in fact with Kani gone it would be surprising if it did. Moreover, there are some vague signs that the Shah may be toying with the idea of letting Mardom wither away a opting for a one-party system.

In any case we find the Mardom flareup interesting—even more so if our interpretation is correct because it is precisely the kind of reaction which we would not have predicted.

Regards,
Sincerely,
Andrew I. Killgore

¹ Source: National Archives, RG 59, NEA/IRN, Office of Iran Affairs, Lot File 75D365, Box 7, POL 14, Elections. Confidential; Official—Informal. The referenced A-166 was not found. Adl was Yahya Adl, the leader of the opposition Mardom party. In a handwritten postscript, Killgore added, “Jack, your letter was particularly welcome because of the strong criticism of the Iranian regime implied in it. The Shah is a great man whose accomplishments are also great. But this gives no occasion for a worshipful attitude on our part. The Shah’s interests and ours will be better served in the long run by our looking dispassionately at the failures as well as the success of the regime. That’s what we are going to be doing. Cheers! Andy K.” Miklos’s letter was also not found. On October 13, as expected, the ruling Iran Novin party had won a sweeping victory over the Mardom party in local elections, taking 80% of the vote. In Telegram 6210, October 14, the Embassy had written that the importance of the election “lies not so much in Iran Novin victory, which observers already knew would be the result, but in their significance as a training vehicle in democratic forms.” (Ibid., Central Files, POL 18-1 IRAN.)

231. Telegram 6520 From the Embassy in Iran to the
Department of State, October 31, 1972, 1345Z¹

October 31, 1972, 1345Z

TELEGRAM
Department of State
TEHRAN 6520
Z 311345Z OCT 72

FM AMEMBASSY TEHRAN

TO
SECSTATE WASHDC FLASH 0145

DEPARTMENT PLEASE PASS SAIGON

SUBJECT:
ENHANCE PLUS

REF:
STATE 196855

1. OWING TO URGENCY OF MY REQUEST, SHAH AGREED RECEIVE ME AT NIAVARAN PALACE AT 1500 OCTOBER 31. OUR CONVERSATION LASTED 30 MINUTES.
2. SHAH WAS DEEPLY APPRECIATIVE OF EXPRESSION OF GRATITUDE AND KIND REMARKS WHICH I CONVEYED FROM WHITE HOUSE AND EMBASSY FOR HIS PROMPT RESPONSE TO OUR FIRST REQUEST, AND FOR IIAF'S UNSTINTING COOPERATION IN WORKING WITH DISASSEMBLY CREWS. OBSERVING THAT PROBLEM OF VIETNAM SETTLEMENT INVOLVED NOT ONLY US BUT ENTIRE FREE WORLD, HE SAID IRAN WANTED TO CONTRIBUTE AS MUCH AS POSSIBLE TO THAT GOAL DESPITE APPARENT PROBLEMS CREATED BY HANOI OVER DATE OF SETTLEMENT SIGNING.
3. SHAH COMMENTED THAT HE HAD TWO CONCERNS IN TRANSFERRING ADDITIONAL F-5s TO VIETNAM. FIRST HE WAS WORRIED ABOUT HIS OWN AIR SPACE. HE WAS SURE THAT IRAQI INTELLIGENCE THROUGH INDIVIDUAL OR ELECTRONIC MEANS WOULD SOON KNOW THAT F-5s HAD LEFT IRAN. SECONDLY, HE WAS QUOTE SERIOUSLY CONCERNED UNQUOTE

BECAUSE TRANSFER OF THE AIRCRAFT WOULD DISRUPT HIS TRAINING PROGRAM AND ENTIRE CONCEPT OF IIAF WHICH WAS BEING CONSTRUCTED WITH US ASSISTANCE AND BACKING. WITH TRANSFER OF F-5AS, HIS PILOTS WOULD BE LEFT WITH LITTLE TO DO.

4. SHAH SAID HE WAS PERFECTLY WILLING TO SUPPLY UP TO 16 ADDITIONAL PLANES. HOWEVER, BEFORE DOING SO, HE WISHED TO KNOW WHEN AND WITH WHAT AIRCRAFT THEY WOULD BE REPLACED. HE SPECULATED THAT IF THE VIETNAM WAR WERE TO BE OVER SOON, IT MIGHT BE THAT MORE F-4s WOULD BECOME AVAILABLE. SHAH SAID IRAN WOULD ACCEPT F-4s AS REPLACEMENT FOR F-5s ON RATION TO BE WORKED OUT LATER. QUOTE LET US SAY TWO F-5s FOR ONE F-4 UNQUOTE.
5. AT END OF CONVERSATION, SHAH ASKED THAT WE LET HIM KNOW AS SOON AS POSSIBLE HOW WE WERE PREPARED TO SUPPLY HIS AIRCRAFT NEEDS, ADDING THAT HE WAS PREPARED TO COOPERATE TO FULLEST EXTENT POSSIBLE.
6. DURING COURSE OF CONVERSATION, I LEFT PIECE OF PAPER LISTING FOLLOWING POINTS:
 - A. DELIVERY OF F-5ES CAN BE ADVANCED TO AUGUST 1973. ORIGINAL DELIVERY WAS SET FOR NOVEMBER 1973.
 - B. JOINT STATE/DOD TEAM WILL VISIT IRAN WITHIN NEXT TWO TO THREE WEEKS TO DISCUSS WITH EMBASSY AND MAAG ARRANGEMENTS FOR IRAN'S REQUESTED BUILDUP IN US MILITARY TECHNICIANS FOR THREE SERVICES.
 - C. WHITE HOUSE HAS ASSURED US IRAN'S MILITARY SUPPORT NEEDS WILL BE GIVEN "MOST EXPEDITIOUS HANDLING."
 - D. IRANIAN AIR FORCE QUOTA AT AIR COMMAND AND STAFF SCHOOL WILL BE INCREASED FROM ONE TO SIX OFFICERS PER SESSION.
 - E. ALL IRANIAN F-5E INSTRUCTOR TRAINING REQUIREMENTS WILL BE SATISFIED AT WILLIAMS AIR FORCE BASE.
 - F. IF IRAN WISHES, WE ARE PREPARED TO CREDIT PRESENTLY LEASED EIGHT F-4Es TO IRAN'S TOTAL BUY OF THOSE AIRCRAFT. HOWEVER, LEASED PLANES DO NOT HAVE WING SLATS ORDERED BY IIAF ON NEW F-4Es.
7. IT IS CLEAR THAT DURING FIRST ROUND OF DISCUSSION OF THIS SUBJECT, SHAH ACTED ON FAITH IN AGREEING TO OUR REQUEST. NOW THAT WE ARE PRESSING HARD ON HIS AIR FORCE BY REQUESTING ADDITIONAL AIRCRAFT, HE NATURALLY WISHES KNOW HOW HIS OWN SECURITY REQUIREMENTS WILL BE MET. IN ORDER THAT HE RELEASE ADDITIONAL AIRCRAFT, WE WILL HAVE TO OFFER HIM

SOMETHING MORE ATTRACTIVE IN THE WAY OF EARLY F-5E OR F-4E DELIVERIES THAN WE HAVE BEEN AUTHORIZED TO DATE. TRANSFERRING EIGHT LEASED F-4s SHOULD NOT BE CONSTRUED AS REDUCTION IN TOTAL NUMBER OF F-4Es IRAN HAS ORDERED.

8. BELIEVE WE SHOULD MAKE EVERY EFFORT TO RECIPROCATE SHAH'S GENEROUS OFFER WITH EQUALLY GENEROUS CREDIT FOR TRANSFERRED AIRCRAFT AND SPECIAL MEASURES TO DELIVER REPLACEMENT AIRCRAFT AS EARLY AS POSSIBLE.

NOTE: PASSED SAIGON BY STATE 197442

FARLAND

¹ Source: National Archives, RG 59, Central Files 1970-73, DEF 19-8 US-IRAN. Top Secret; Flash; Nodis. Passed to Saigon.

232. Telegram 6611 From the Embassy in Iran to the
Department of State, November 4, 1972, 1405Z¹

November 4, 1972, 1405Z

TELEGRAM
Department of State
TEHRAN 6611
041405Z NOV 72

FM AMEMBASSY TEHRAN

TO
SECSTATE WASHDC FLASH 0189

SUBJECT:
OPERATION EHANCE PLUS

REF:
(A) STATE 199893 (B) TEHRAN 6520

1. WE WELCOME OPPORTUNITY TO EXAMININ FURTHER, AS SUGGESTED IN REF (A), HOW WE CAN CONSTRUCTIVELY RESPOND TO SHAH'S MAGNANIMOUS ACTION IN SUPPORTING OUR EFFORTS IN VIETNAM FOR PEACE SETTLEMENT. OUR VIEWS WILL BE SUBMITTED SHORTLY IN SEPTEL.
2. HOWEVER, WE HAVE MORE IMMEDIATE PROBLEM WHICH IS TO RESTORE ATMOSPHERE AND SPIRIT OF GOOD WILL AND COOPERATION GENERATED BY SHAH'S FORTHCOMING RESPONSE TO OUR REQUEST, ALL OF WHICH HAVE BEEN BADLY SHATTERED BY WHAT FROM HERE APPEARS TO BE ASTONISHING VIOLATION OF SHAH'S CONFIDENCE AND UNDERSTANDING WE HAD URGED ON THE SHAH REGARDING SECURITY ASPECTS OF THIS EXERCISE.
3. MESSAGES FROM WASHINGTON ON THIS SUBJECT HAVE STRESSED HIGHLY, CLASSIFIED NATURE OF THIS OPERATION AND HAVE INSTRUCTED US TO IMPRESS UPON SHAH AND IRANIAN AUTHORITIES THAT MATTER BE CLOSELY HELD. SHAH AND GENERAL KHATAMI OF IIAF READ AND CONCURRED ANJREVMYRED APPROPRIATE COVER STORY FOR USE WITH IRANIAN PERSONNEL INVOLVED IN OPERATION.

4. IN ADDITION, WE CONVEYED TO APPROPRIATE IRANIAN AUTHORITIES PRESS GUIDANCE SET FORTH IN STATE 195418 WHICH IN VIEW OF TIGHT SECURITY OF THIS EXERCISE WE SAID WOULD HOLD UNTIL WE WERE NOTIFIED OTHERWISE. ON BASIS OF EXPERIENCE HERE IN THDLE MATTERS WE WERE REASONABLY SATISFIED THAT OPERATION ENHANCE PLUSE WOULD NOT SURFACE IN PRESS HERE, BUT WE REMAINED CONCERNED IN THIS ASPECT OF OPERATION BECAUSE, AS SHAH HAS MENTIONED ON MORE THAN ONE OCCASION IN RECENT YEARS, "WE CAN MAINTAIN YOUR SECURITY, BUT CAN YOU?"
5. QUESTION ON SECURITY OF OPERATION ENHANCE PLUS AROSE LATE EVENING FRIDAY, NOVEMBER 3, WHEN ON INSTRUCTIONS FROM SHAH COURT MINISTER ALAM CALLED AMBASSADOR REGARDING REPORT SHAH HAD JUST RECEIVED TO EFFECT NEWS REPORT ABOUT THIS OPERATION BREAKING IN WASHINGTON. ALAN WANTED AMBASSADOR TO KNOW SHAH WAS GREATLY DISTURBED OVER THIS DEVELOPMENT WHICH HE ASSUMED WAS BASED ON LEAK. AMBASSADOR INFORMED ALAM THAT AS FAR AS WE KNEW, PRESS GUIDANCE AS OUTLINED STATE 195418 REMAINED IN EFFECT AND, FURTHER, WE HAD NO REPORTS FROM WASHINGTON TO SUGGEST ANY CHANGE. ALAM CALLED BACK SHORTLY THEREAFTER TO REPORT THAT SHAH HAD DECIDED NOT PURSUE MATTER AT THAT TIME WITH ANY ANNOUNCEMENT BY GOI BECAUSE HE DID NOT WISH TO REACT TO WHAT WAS STILL UNCONFIRMED AND POSSIBLY TENDACIOUS PRESS REPORTS.
6. WE ARE SPELLING THIS OUT AS BACKGROUND TO EXPLAIN OUR SHOCK AND CONSTERNATION IN FINDING IN MORNING NOVEMBER 4 TRAFFIC ROUTINE UNCLASSIFIED MESSAGES INDICATING THAT IRAN'S ROLE IN OPERATION ENHANCE PLUS AND THAT OF SEVERAL OTHER COUNTRIES WAS ANNOUNCED BY OFFICIAL DOD SPOKESMAN WITHOUT ANY PRIOR CONSULTATION WITH IRAN OR WARNING TO US. AT A TIME WHEN WE ARE SEEKING STRENGTHEN SENSE OF COLLABORATION IN OUR MILITARY AND OTHER RELATIONS WITH IRAN AND SUCCESS HAS BEEN ACHIEVED BY SHAH'S FORTHCOMING RESPONSE TO OUR REQUEST FOR HELP ON F-5 MATTER, AND FURTHER WHEN WE ARE CURRENTLY SEEKING WAYS TO RESPOND TO SHAH'S HELPFUL ACTION, WE ARE NOW PLACED IN EXTREMELY AWKWARD POSITION OF HAVING IN EFFECT VIOLATED UNILATERALLY CONFIDENCE WE URGED UPON SHAH AND WITH WHICH HE READILY AGREED. SHAH, WHO IS SENSITIVE ABOUT THESE MATTERS, CAN BE EXPECTED TAKE THIS

AS PERSONAL AFFRONT. AS BUT ONE INDICATION OF STORM WE FACE ON THIS MATTER, DCM, IN ABSENCE OF AMBASSADOR WHO OUT OF TEHRAN TODAY WITH SHAH FOR INAUGURAL CEREMONIES, WAS CALLED URGENTLY TO MFA AND ASKED ABOUT WHAT WAS DESCRIBED AS "VERY UNFORTUNATE COMMENTS BY DOD SPOKESMEN WITH EXTREMELY SERIOUS IMPLICATIONS FOR IRAN."

7. IN SHORT, AFTER BENEFITING FROM IRAN'S SENSE OF COOPERATION WE HAVE TURNED AROUND AND PUT THIS COUNTRY ON SPOT. AS MATTER OF UTMOST IMPORTANCE AND URGENCY WE REQUEST CLARIFICATION OF WHAT FACTORS PROMPTED DOD TO DEPART FROM ACCEPTED PRESS GUIDANCE AND UNILATERALLY AND PUBLICLY MENTION IRAN'S ROLE IN F-5 TRANSFER TO VIETNAM. WE ALSO REQUEST HAVING ALL OTHER PERTINENT FACTORS BEARING ON MATTER SO THAT WE CAN GIVE SHAH AS CREDIBLE EXPLANATION AS POSSIBLE FOR WHAT APPEARS TO HAVE BEEN INCREDIBLE GOOF.
8. IN MEANTIME, IN ANSWER TO PRESS INQUIRIES WE ARE TAKING LINE THAT WE KNOW NOTHING MORE THAN WAS RELEASED IN WASHINGTON AND THAT LOCAL CORRESPONDENTS SHOULD ADDRESS GOI FOR ANY FURTHER INFORMATION.
9. NEW SUBJECT. NOW THAT OPERATION ENHANCE PLUS IS BASICALLY IN PUBLIC REALM, CAN MESSAGES REGARDING THIS SUBJECT BE TAKEN OUT OF TOP SECRET AND NODIS CLASSIFICATIONS?

FARLAND

¹ Source: National Archives, RG 59, Central Files 1970-73, DEF 19-8 US-IRAN. Top Secret; Flash; Nodis. In Telegram 201483 to Tehran, November 5, the Department explained with regret that since the story had been leaked to the New York Times, the Defense spokesman had been forced to address it. (Ibid.)

233. Telegram 6687 From the Embassy in Iran to the
Department of State, November 7, 1972, 1315Z¹

November 7, 1972, 1315Z

TELEGRAM
Department of State
TEHRAN 6687
O 071315Z NOV 72

FM AMEMBASSY TEHRAN

TO
SECSTATE WASHDC IMMEDIATE 0222

DEPT PASS SAIGON

SUBJ:
ENHANCE PLUS

REF:
(A) STATE 199893
(B) TERHAN 6520

1. AMBASSADOR WILL USE NEXT AVAILABLE OCCASION TO CONVEY TO SHAH OUR THANKS FOR HIS COOPERATION IN SUPPORTING OUR EFFORTS TO FIND PEACE SETTLEMENT IN VIETNAM, TO ASSURE HIM THAT HIS HELP IN TIME OF NEED WILL NOT BE FORGOTTEN AND TO CONVEY TO HIM OUR PROFOUND APOLOGIES OVER PRESS FLAP AFFECTING IRAN'S SECURITY WHICH DEVELOPED WITHOUT ADVANCE NOTICE TO GOI. TO THIS WE PROPOSE ADD REFERENCE TO OUTSTANDING COOPERATION OF IIAF AT VAHDATI AIR BASE WHICH MADE POSSIBLE EXTREMELY SUCCESSFUL EXECUTION OF OPERATION ENHANCE PLUS BY USAF CREWS AND TEAMS. WORKING CLOSELY WITH IIAF PERSONNEL, THESE TEAMS ACCOMPLISHED THEIR MISSION IN RECORD TIME AND LEFT BEHIND RECORD OF EFFICIENCY AND EFFECTIVE WORKING RELATIONSHIPS WITH IIAF PERSONNEL WHICH WILL FURTHER ENHANCE THE VERY CLOSE RAPPORT ARMISH/MAAG HAS WITH ITS IRANIAN COUNTERPARTS.

2. IN THIS CONNECTION WE WISH COMMEND USAF TEAMS FOR THEIR OUTSTANDING PERFORMANCE WHICH ADVANCED BOTH US INTERESTS AND US/IRAN RELATIONS. GIVEN LIMITED DISTRIBUTION OF THESE MESSAGES AND HIGH CLASSIFICATION OF PROJECT, WE DO NOT KNOW HOW BEST TO CONVEY OUR COMMENDATION AND CONGRATULATIONS, AND APPRECIATE RECIPIENTS THIS MESSAGE SEEING THAT THIS GETS TO RIGHT PEOPLE.
3. NOW THAT THIS PHASE OF OPERATION ENHANCE PLUS APPEARS TO BE SATISFACTORILY COMPLETED AND WHILE EXERCISE REMAINS ACTIVELY ON FRONT BURNER AND VERY MUCH IN SHAH'S MIND, WE STRONGLY URGE THAT WE COME UP AS SOON AS POSSIBLE WITH COMPREHENSIVE PROPOSAL TO CREDIT SHAH FOR 32 AIRCRAFT HE HAS MADE AVAILABLE. WE WELCOME OPPORTUNITY PROVIDED IN STATE 199893 TO RETHINK ELEMENTS OF PACKAGE WE SHOULD PUT TO SHAH. OUR THOUGHTS ARE AS FOLLOWS:
 - (A) FIRST WE URGE LETTER FROM PRESIDENT TO SHAH WHICH WOULD INCORPORATE POINTS OUTLINED IN PARA ONE, WITH EXCEPTION OF REFERENCE TO PRESS FLAP WHICH WE BELIEVE HAS BEEN CONTAINED AND WHICH WE DO NOT THINK NEED BE PART OF A PRESIDENTIAL LETTER. WE URGE SUCH A LETTER BE SENT TO SHAH BECAUSE OF CLOSE PERSONAL RELATIONSHIP BETWEEN PRESIDENT AND SHAH WHICH UNDOUBTEDLY MORE THAN ANY OTHER CONSIDERATION WAS REASON WHICH LED SHAH TO RESPOND SO GENEROUSLY AND PROMPTLY TO OUR REQUEST.
 - (B) WE IMPLEMENT PROPOSALS ALREADY PUT TO SHAH AS OUTLINED IN PARA SIX TEHRAN 6520 TO INSURE THAT:
 - (1) DELIVERY OF F-5E'S BE ADVANCED TO START AUGUST 1973;
 - (2) JOINT STATE/DOD TEAM VISIT IRAN TO DISCUSS BUILD-UP OF MILITARY PERSONNEL HERE. IN THIS CONNECTION STATE 201954 IS VERY HELPFUL AND WE LOOK FORWARD TO ARRIVAL OF TEAM IN LATE NOVEMBER.
 - (3) WE GIVE IRAN'S MILITARY SUPPORT NEEDS EXPEDITIOUS HANDLING. AS ONE ELEMENT OF THIS ASPECT OF OUR MILITARY RELATIONSHIP WITH IRAN VISIT OF DOD TEAM CHAIRED BY L.A. ALNE OF OSAA HAS BEEN EXTREMELY VALUABLE AND IS EXCELLENT EXAMPLE OF HOW WE CAN CONTRIBUTE CONSTRUCTIVELY TO INCREASINGLY CLOSE MILITARY COOPERATION WITH IRAN AS WELL AS HELPING US SIGNIFICANTLY IN OUR BALANCE OF PAYMENTS PROBLEMS;

- (4) INCREASE IIAF QUOTA AT AIR COMMAND AND STAFF SCHOOL FROM ONE TO SIX OFFICERS PER SESSION;
 - (5) SATISFY ALL IRANIAN F-5E INSTRUCTIONAL TRAINING REQUIREMENTS AT WILLIAMS AIR FORCE BASE; AND
 - (6) IF IRAN WISHES, CREDIT PRESENTLY RELEASED EIGHT F-4E'S TO IRAN'S TOTAL BUY OF THOSE AIRCRAFT.
4. ALL OF FOREGOING HELPS SUBSTANTIALLY TO STRENGTHEN PACKAGE WE WILL BE PUTTING TO SHAH AS CREDIT FOR 32 F5A'S. AS HELPFUL AS IT IS, IT STILL DOES NOT RPT NOT ADDRESS FUNDAMENTAL PROBLEM WITH WHICH WE HAVE BEEN WRESTLING AND WHICH IS BROUGHT ABOUT BY MAJOR GAP CREATED IN IIAF'S INVENTORY BY RELEASE OF 32 F5A'S. THIS PROBLEM HAS WEIGHED ON SHAH'S MIND BECAUSE HE IS CONCERNED ABOUT HIS NATIONAL SECURITY REQUIREMENTS AND IT HAS BEEN FURTHER COMPLICATED BY PRESS LEAK WHICH SHAH BELIEVES HAS BEARING ON IRAN'S SECURITY. OVER WEEKEND AT INAUGURAL CEREMONY IN SOUTH IRAN SHAH TOLD AMBASSADOR THAT NOW THAT WORLD KNEW THAT IRAN'S AIR FORCE CAPABILITY HAD BEEN REDUCED BY RELEASE OF F-5 AIRCRAFT, IT WAS MORE IMPERATIVE THAN EVER THAT THESE F-5A'S BE REPLACED AS SOON AS POSSIBLE. SHAH SAID IRAN'S AIR SPACE MUST NOT BE LEFT UNCOVERED AND WHILE HE AGREED REPLACEMENT AIRCRAFT SHOULD BE PHASED IN IN ORDERLY MANNER, PROCESS SHOULD START PROMPTLY. REVERTING TO FORMULA OUTLINED IN PARA FOUR OF TEHRAN 6520, SHAH AGAIN SUGGESTED THAT F-5'S BE REPLACED BY F-4'S WITH EXACT RATION SUBJECT TO NEGOTIATIONS.
5. GIVEN SHAH'S CONCERN, WE DO NOT THINK THAT SHAH WILL FIND ATTRACTIVE SUGGESTIONS IN EARLIER MESSAGES FROM WASHINGTON THAT IRAN RECEIVE FINANCIAL CREDIT FOR F-5A'S IT HAS RELEASED. AS SHAH HAS CONSISTENTLY SAID FROM OUTSET (REF PARA 7 TEHRAN 6317), HE HAS BEEN CONCERNED WITH REPLACEMENT AIRCRAFT, NOT CREDIT, AND HIS AGREEMENT TO RELEASE 32 F-5A'S WAS SUBJECT TO EARLY REPLACEMENT.
6. FOR ESSENTIALLY THE SAME REASONS WE BELIEVE THAT PROPOSAL IN STATE 199893 TO RETURN F-5A'S FROM VIETNAM IS NON-STARTER. IRANIANS WOULD HAVE JUSTIFIABLE APPREHENSION AS TO OPERATING CONDITIONS AND EFFECTS OF CLIMATE AND SVN MAINTENANCE OF AIRCRAFT. ADDITIONALLY, BY TIME F-5A'S WOULD BE RETURNING THEY WOULD PROBABLY BE PHASED OUT OF IIAF INVENTORY WHICH IS CONVERTING TO F-5E MODELS. MOST IMPORTANTLY,

MOVEMENT OF F-5 AIRCRAFT HAS NEVER BEEN PRESENTED TO SHAH AS LOAN TO SVN BUT RATHER AS TRANSFER WHICH WILL BE COMPENSATED IN SOME FORM BY USG. AFTER OUR FAILURE TO ADVISE GOI PRIOR TO MAKING PUBLIC STATEMENT ON IRAN'S INVOLVEMENT IN EXERCISE, IT WOULD SEVERLY TEST SHAH'S CONFIDENCE IN USG IF WE NOW INFORM SHAH THAT TRANSFER WAS IN FACT LOAN OF AIRCRAFT WHICH HE WILL BE GETTING BACK. WE CONCLUDE FROM THIS THAT IF WE ARE NOT TO FORGET SHAH'S HELP IN TIME OF NEED WE MUST FOCUS ON REPLACEMENT AIRCRAFT IN ADDITION TO OFFERS ENUMERATED IN PARA 3(8) ABOVE. BEST WAY TO RESPOND TO SHAH IS TO ADVANCE DELIVERY DATE OF F-5E'S AND F-4E'S WHICH IRAN HAS ON ORDER.

5. FINALLY, WE RECOMMEND AMBASSADOR BE AUTHORIZED TO TELL SHAH USG HAS APPROVED MAVERICK MISSILE FOR RELEASE TO IRAN AND WE WILL MAKE EVERY EFFORT TO INSURE THAT NEW F-4'S FOR IRAN ARE EQUIPPED WITH WEAPON AND F-4'S NOW IN IIAF INVENTORY RETROFITTED AS SOON AS POSSIBLE. ASSURANCES ON MAVERICK MAY HELP ALLEVIATE SECURITY CONCERNS SHAH FEELS WITH TRANSFER OF F-5A'S.

FARLAND

NOTE: NOT PASSED SAIGON BY OC/T

¹ Source: National Archives, RG 59, Central Files 1970-73, DEF 19-8 US-IRAN. Top Secret; Immediate; Nodis; Cherokee.

234. Telegram 210666 From the Department of State to
the Embassy in Iran, November 18, 1972, 1948Z¹

November 18, 1972, 1948Z

DEPARTMENT OF STATE TELEGRAM] 210666
181948Z NOV 72 ROGERS

PM: TRPICKERING:ED

11/18/72 EXT. 28698

J:UAJOHNSON

DOD: ADM MURPHY

NEA/RN:JMIKLOS

T:GNEWMAN

SIS - MR. ELIOT

NEA: RDAVIES

NEA/PAB: BLAINGEN

INR/ARR/RNA:CJONES

IMMEDIATE TEHRAN
EYES ONLY FOR AMBASSADOR FROM UNDER SECRETARY JOHNSON

SUBJECT:
ENHANCE PLUS

REFS:
TEHRAN 6849, 6687, 6520 AND 6317

1. WE REGRET DELAY IN RESPONDING TO REFTELS. AS YOU WILL SEE FROM THE FOLLOWING, WE HAVE HAD TO TAKE CONSIDERABLE TIME TO EXAMINE VARIOUS PROBLEMS AND PROVIDE YOU WITH INSTRUCTIONS.

2. WE WISH TO EMPHASIZE AT OUTSET THAT WE DO NOT NECESSARILY AGREE WITH THE CONCERN IN GOI REGARDING IRAN'S AIR SUPERIORITY IN THE REGION. AS A RESULT OF YOUR MESSAGES, WE HAVE REVIEWED SITUATION IN INTELLIGENCE COMMUNITY AND ELSEWHERE IN THIS LIGHT TO ATTEMPT TO PUT PROBLEM IN PERSPECTIVE. WE BELIEVE THAT OVER THE NEXT FEW YEARS, IRAN'S EFFORTS TO BUILD A COMPETENT AND WELL EQUIPPED AIR FORCE WILL ENABLE IT TO MAINTAIN AIR SUPERIORITY. HOWEVER WE HAVE FOCUSED PARTICULARLY ON ON PERIOD BETWEEN PRESENT AND MID AND LATE 1974 WHEN DELIVERIES OF ADDITIONAL F-4E AND F-5E AIRCRAFT SHOULD BE MORE THAN SUFFICIENT TO MAKE UP FOR ANY GAP RESULTING FROM TRANSFER OF 32 F-5A AIRCRAFT TO SVN.
3. IN THE INTERVENING PERIOD BETWEEN PRESENT AND END FY 74, WE SEE TWO POSSIBLE AREAS WHICH MIGHT CONCERN GOI: (1) DEVELOPMENT OF IRAQI AIR FORCE AND (2) INSTABILITY ON "EASTERN BORDERS" PARTICULARLY IN PAKISTAN.
4. WITH RESPECT TO DEVELOPMENT OF IRAQI AIR CAPABILITIES, WE BELIEVE THAT OVER THE TIME PERIOD NOTED ABOVE, THE PRINCIPAL FACTOR GOVERNING IRAQI CAPABILITIES WILL BE THE DEVELOPMENT OF SUFFICIENT NUMBERS OF PROFICIENT PILOTS, AIR CREW AND MAINTENANCE PERSONNEL. THE SHAH HIMSELF IS WELL AWARE OF THE CRITICAL NATURE OF THESE FACTORS FROM EXPERIENCE WITH HIS OWN AIR FORCE. WHILE WE CAN MAKE NO FIRM PREDICTIONS ABOUT FUTURE DELIVERIES OF SOVIET-SUPPLIED EQUIPMENT TO IRAQ, WE DO NOT BELIEVE THERE WILL BE A SIGNIFICANT INCREASE IN IRAQI AIR FORCE PERSONNEL CAPABILITIES WHICH SHOULD LEAD TO HEIGHTENED CONCERN ON PART OF IRAN IN THIS PERIOD. BY LATE 1974 IT BECOMES DIFFICULT TO MAKE FIRM PREDICTIONS, BUT IIAF SHOULD BE IN SUFFICIENTLY GOOD CONDITION WITH RESPECT TO AIRCRAFT AT THAT TIME AS TO CAUSE NO SERIOUS CONCERN ON PART OF GOI ABOUT IRAQ AIR CAPABILITIES. IN ADDITION YOU MIGHT NOTE THAT WE BELIEVE ANY IRAQI DISPOSITION TOWARDS ADVENTURISM OUTSIDE ITS BORDERS IS SERIOUSLY CURTAILED BY ITS HEIGHTENED PREOCCUPATION WITH THE KURDISH PROBLEM, INFIGHTING BETWEEN SADDAM AND HIS RIVALS, GROWING BUDGETARY PROBLEMS BROUGHT ON BY OIL NATIONALIZATION AND REDUCED REVENUES, AND A RUNNING DISPUTE WITH SYRIA OVER TAPLINE REVENUES.
5. AS YOU ARE PERSONALLY AWARE, IT MOST DIFFICULT TO MAKE PREDICTIONS ABOUT FUTURE OF EVENTS IN SUB-CONTINENT. HOWEVER, BOTH BHUTTO AND MRS. GANDHI REMAIN PUBLICLY

COMMITTED TO THE SIMLA AGREEMENT AND, DESPITE CURRENT DIFFICULTIES, A DIALOGUE CONTINUES BETWEEN THEIR GOVERNMENTS ON MEANS TO IMPLEMENT STEPS UNDER THAT AGREEMENT THAT COULD LAY THE BASIS FOR A NEW AND PEACEFUL ACCOMMODATION BETWEEN INDIA AND PAKISTAN. MOREOVER, BHUTTO HAS RECENTLY WORKED OUT AGREEMENT IN PRINCIPLE WITH HIS POLITICAL OPPOSITION ON THE OUTLINE OF A NEW CONSTITUTION, A DEVELOPMENT WITH IMPORTANT POSSIBILITIES FOR GREATER POLITICAL STABILITY IN PAKISTAN. THIS PROMISES ALSO TO GIVE HIM SOME GREATER FLEXIBILITY ON THE ISSUE OF BANGLADESH RECOGNITION AND THE SUBSEQUENT STEPS NEEDED TO ESTABLISH AN AMICABLE GOP/BDG RELATIONSHIP. HENCE WE FEEL THERE IS MINIMAL REASON TO BE DISQUIETED ABOUT SITUATION ON IRAN'S EASTERN BORDERS AND INDEED WE BELIEVE THERE IS SUFFICIENT EVIDENCE TO ASSUME A MORE OPTIMISTIC OUTLOOK. WHILE WE RECOGNIZE THAT RESIDUAL TENSION IN PAKISTAN COULD THREATEN ITS INTERNAL STABILITY, AND PERHAPS EVEN LEAD TO ARMED DISSIDENCE, SUCH A SITUATION WOULD NOT BE LIKELY TO LEAD TO AN INCREASED AIR THREAT TO IRAN OR AFFECT IIAF AIR SUPERIORITY IN THE REGION.

6. NEVERTHELESS, WE HAVE LOOKED AT A NUMBER OF POSSIBILITIES TO PROVIDE SHAH WITH ADDITIONAL CAPABILITIES OVER THE PERIOD OF INCREASED CONCERN. YOU ARE ALREADY AWARE OF OUR EFFORT TO MOVE F-5E DELIVERIES FORWARD IN TIME TO AUGUST 1973, OUR MOVING AHEAD ON AN EARLY BASIS TO PROVIDE ADDITIONAL MILITARY PERSONNEL, OUR EARLIER AGREEMENT WITH GENERAL TOUFANIAN TO MOVE UP DELIVERY DATES FOR F-4E'S, AND THE PROVISION OF VARIOUS TRAINING AND INSTRUCTOR SPACES IN U.S. FOR IIAF. IN ADDITION TO THE ABOVE, YOU MAY TELL SHAH THAT USG HAS APPROVED MAVERICK MISSILE FOR RELEASE TO IRAN, WITH FIRST DELIVERIES IN SPRING OF FY 1974, IF YOU BELIEVE IT IS ABSOLUTELY NECESSARY TO RESOLVE PROBLEMS RAISED BY COURT MINISTER ALAM.
7. FYI. IF YOU THINK IT WOULD BE USEFUL, WE WOULD BE PREPARED TO CONSIDER AUTHORIZING YOU TO PROVIDE THE FOLLOWING INFORMATION RELATING TO THE PROVISION OF F-5A AIRCRAFT TO VIETNAM BY OTHER COUNTRIES AND U.S. RECIPROCAL GESTURES. IF YOU DECIDE THAT YOU WANT TO DO THIS, PLEASE CABLE YOUR ASSESSMENT OF SHAH'S EXPECTED REACTION SO THAT WE CAN CONFIRM OUR ASSESSMENT HERE. BOTH THE REPUBLIC OF KOREA AND THE REPUBLIC OF CHINA

AGREED TO PROVIDE A CONSIDERABLE NUMBER OF AIRCRAFT TO SOUTH VIETNAM, 36 AND 48 F-5A'S RESPECTIVELY. IN EACH CASE, WE ALSO MADE A CAREFUL ASSESSMENT OF THE AIR DEFENSE NEEDS IN THE REGION AND WHAT WE COULD OR SHOULD DO TO PROVIDE FOR ANY GAP WHICH MIGHT DEVELOP. IN KOREA, OUR ASSESSMENT WAS THAT WITH THE DEPARTURE OF SO MANY AIRCRAFT IN THE MIDDLE OF A PERIOD OF GREAT CHANGE AND WITH DISCUSSIONS CONTINUING BETWEEN NORTH AND SOUTH KOREA, IT WOULD BE NECESSARY TO PROVIDE SOMETHING IN PLACE IN RETURN TO GUARD AGAINST AN AIR DEFENSE GAP. WE THEREFORE OFFERED TO PROVIDE TWO U.S. AIR FORCE F-4 SQUADRONS, OR ALTERNATIVELY A LEASE OF 18 F-4D AIRCRAFT TO THE REPUBLIC OF KOREA. THE LATER WAS MADE POSSIBLE BY THE RETURN TO THE U.S. OF F-4 AIRCRAFT ON LEASE TO ANOTHER COUNTRY WHICH HAD DECIDED TO TERMINATE THE LEASE OF AIRCRAFT UPON ACCEPTANCE OF ANOTHER, EARLIER ORDERED AND MORE MODERN AIRPLANE FROM U.S. PRODUCTION. THE KOREANS CHOSE THE SECOND ALTERNATIVE THEREBY ABSORBING THE ONLY F-4 AIRCRAFT WE HAD AVAILABLE FOR LEASE. IN FACT A NUMBER OF THESE AIRCRAFT HAD TO COME FROM OUR REGULAR AIR FORCE INVENTORY WHICH IS ALREADY HEAVILY PRESSED BY ITS COMMITMENTS TO VIETNAM AND WORLDWIDE. THE REPUBLIC OF CHINA ACCEPTED THE STATIONING ON ITS TERRITORY OF TWO U.S. AIR FORCE F-4 SQUADRONS TO COVER THE AIR DEFENSE GAP WHICH WE BELIEVED WOULD OCCUR THERE. WHILE THESE ARRANGEMENTS HAVE NOT FIGURED PROMINENTLY IN PRESS COVERAGE, WE ANTICIPATE THEY WILL OVER TIME BECOME PUBLIC AND YOU SHOULD MAKE RECOMMENDATION ABOUT THEIR USE WITH THE SHAH ON THAT BASIS. END FYI.

8. WE HAVE ALSO EXAMINED AGAIN THE PROBLEM RAISED BY THE NECESSITY OF SHOWING RECIPROCAL CONSIDERATION TO THE SHAH FOR THE RELEASE OF THE 32 F-5A AIRCRAFT TO THE USG TO HELP MEET VIETNAMESE DEFENSE NEEDS IN CONTEXT OF AN HONORABLE AND ENDURING PEACE SETTLEMENT. REFERENCED MESSAGES INDICATE THAT (A) SHAH IS INTERESTED IN REPLACEMENT AIRCRAFT ONLY, NOT DOLLAR CREDIT; (B) RETURN OF F-5A'S FROM VIETNAM TO IRAN IS "NON-STARTER," (C) IRAN WOULD ACCEPT F-4E AS REPLACEMENT FOR F-5A, AND SUGGESTS ONE F-4 FOR TWO F-5A; AND (D) YOUR BELIEF USG APPROVAL OF RELEASE OF MAVERICK FOR IRAN MAY HELP

ALLEVIATE SECURITY CONCERNS SHAH FEELS WITH TRANSFER OF F-5A'S.

9. THE 32 F-5A AIRCRAFT WERE GIVEN TO THE GOI BY THE USG AS MAP GRANT AID AT A COST OF 24.9 MILLION DOLLARS, OR AN AVERAGE UNIT PRICE OF 778,000 DOLLARS. TWENTY-EIGHT OF THE F-5A'S ARE FIVE TO EIGHT YEARS OLD AND FOUR ARE THREE TO FIVE YEARS OLD. FROM A PRICING STANDPOINT, BASED ON USAF CRITERIA, THE 32 F-5A'S HAVE A CURRENT VALUE OF 11.6 MILLION DOLLARS, OR 362,500 DOLLARS AVERAGE UNIT PRICE. A NEW F-4E AIRCRAFT HAS A UNIT PRICE OF 3.7 MILLION DOLLARS.
10. IN TEHRAN 6346 YOU RECOGNIZED OUR "THORNY LEGAL AND BUDGETING PROBLEMS" AND STATED, "EIGHT F-4E'S ARE PRESENTLY LEASED TO IRANIAN AIR FORCE. WE COULD OFFER TO TRANSFER TITLE ON THESE PLANES TO GOI, CREDITING PORTION OF VALUE OF TRANSFERRED F-5A'S." WE ARE PREPARED TO TRANSFER TITLE TO EIGHT LEASED F-4E'S TO GOI UNDER ARRANGEMENT WHICH WILL IN EFFECT BE WITHOUT COST TO GOI. THIS WOULD BE DONE IN FOLLOWING MANNER IN ORDER TO SATISFY U.S. LEGAL REQUIREMENTS:
 - A. GOI WOULD SIGN FOREIGN MILITARY SALES CONTRACT (I.E., FMS LETTER OF OFFER AND ACCEPTANCE, DD FORM 15123) AGREEING TO PURCHASE THE EIGHT F-4E AIRCRAFT AT DEPRECIATED UNIT PRICE OF 2,070,500 DOLLARS; TOTAL PRICE 16,564,000 DOLLARS.
 - B. USG CONCURRENTLY WOULD SIGN FOREIGN MILITARY SALES CONTRACT AMENDMENTS WHICH WOULD REFLECT FIRM PRICE REDUCTIONS AGAINST SEVERAL SALES PREVIOUSLY CONSUMMATED. THESE REDUCTION AMENDMENTS WOULD TOTAL 16,564,000 DOLLARS. THE SPECIFIC PROGRAM REDUCTIONS INVOLVED ARE:
 - (1) 73 F-4E AIRCRAFT, SOLD DEC. 70, REDUCED IN PRICE BY TOTAL OF 4,672,000 DOLLARS.
 - (2) 36 F-4E AIRCRAFT, SOLD OCT. 72 REDUCED IN PRICE BY TOTAL OF 2,304,000 DOLLARS.
 - (3) 36 F-T5E AIRCRAFT, SOLD FEB. 72, REDUCED IN PRICE BY TOTAL OF 2,448,000 DOLLARS.
 - (4) 105 F-5E AIRCRAFT, SOLD JULY 72, REDUCED IN PRICE BY TOTAL OF 7,140,000 DOLLARS.
 - C. GOI WOULD BE BILLED FOR THE EIGHT F-4E'S AFTER TRANSFER TO IRANIAN OWNERSHIP. BILLINGS AGAINST THE REDUCED PROGRAMS WOULD OF COURSE BE ADJUSTED TO

OFFSET THE FULL AMOUNT OF THE BILLING FOR THE EIGHT F-4E'S.

- D. THE USAF LEASE WOULD BE CANCELLED WITHOUT COST TO THE GOI. AS WE SEE IT HERE, IT WOULD BE NECESSARY FOR YOU TO EMPHASIZE THAT THE PRICE REDUCTIONS OUTLINED ABOVE ARE A FIRM SAVING TO THE GOI, AND NOT JUST A "SLEIGHT OF HAND" MANEUVER. THE METHODOLOGY IS REQUIRED TO COMPLY WITH EXISTING U.S. LAW.
11. FYI. IT IS IMPORTANT TO REALIZE THAT THE FOUR CONTRACTS ASSOCIATED WITH THE ABOVE PROGRAM REDUCTIONS ARE EXPRESSED IN TERMS OF ESTIMATED COSTS. ACTUAL COSTS WILL NOT BE KNOWN UNTIL FINAL CLOSING OF THE CASES. AS A CONSEQUENCE A "FIRM" REDUCTION OF 16.6 MILLION DOLLARS MAY BE SUBSEQUENTLY MASKED BY FLUCTUATIONS IN FINAL CONTRACT COSTS SO THAT GOI WILL FIND IT DIFFICULT TO PROVE THAT OUR "FIRM" REDUCTION ACTUALLY TOOK PLACE. YOU SHOULD REASSURE SHAH THAT THE 16.6 MILLION DOLLARS IS IN FACT A REAL ABSORPTION BY THE USG OF REAL COSTS WHICH WOULD, IN ABSENCE OF THIS ACTION, ACCRUE TO THE GOI. END FYI.
 12. FYI. WE WOULD ACCOMPLISH THE ABOVE BY APPROPRIATE WAIVER OF THE NON-RECURRING SURCHARGE. YOU MAY ADVISE SHAH OF THIS IF YOU JUDGE NECESSARY BUT WE ARE RELUCTANT TO INVITE EITHER (A) POSSIBLE RECRIMINATIONS THAT WE SHOULD HAVE WAIVED THIS CHARGE BEFORE OR (B) A PERCEPTION BY GOI THAT A COST OF THIS CHARACTER, NOT SPECIFICALLY REQUIRED BY STATUTE AND SOMETIMES WAIVED FOR OTHER CUSTOMERS, IS SOMEHOW NOT EQUIVALENT TO THE GOI GENEROSITY INVOLVED IN RELINQUISHING THE F-5A'S SO READILY. END FYI.
 13. YOU MAY PASS ON TO GOI AS MUCH OF CONTENT OF PARAGRAPHS 11 AND 12 AS YOU THINK NECESSARY AND USEFUL IN YOUR DISCUSSIONS WITH SHAH.
 14. IN OUR VIEW THE FORTHCOMING OFFERS ALREADY MADE IN THE CONTEXT OF OUR ASSESSMENT OF THE SITUATION AS NOTED ABOVE, AND OUR NEW OFFERS OF MAVERICK AND TO TRANSFER TITLE TO THE EIGHT LEASED F-4E AIRCRAFT SHOULD BE FAVORABLY RECEIVED AND ACCEPTED AS FULL SATISFACTION OF OUR OBLIGATION.
 15. IN LIGHT OF THE ABOVE WE WOULD BE GRATEFUL FOR ANY ADDITIONAL RECOMMENDATION YOU MAY HAVE ON VISIT HIGH-LEVEL USG OFFICIAL IN CONNECTION WITH THIS QUESTION.

¹ Source: National Archives, RG 59, Central Files 1970-73, DEF 19-8 US-IRAN. Top Secret; Immediate; Eyes Only. Drafted by Pickering and approved by Defense; Miklos, George S. Newman (U), Eliot, Davies, Lowell B. Laingen (NEA/PAB), Curtis F. Jones (INR/ARR/RNA).

235. Backchannel Message From the President's Assistant for National Security Affairs (Kissinger) to the Ambassador to Iran (Farland), Washington, November 21, 1972¹

Washington, November 21, 1972

BY-WIRE (BACK CHANNEL) [*text not declassified*]
November 21, 1972

TO:

EYES ONLY FOR AMBASSADOR FARLAND
AMEMBASSY TEHRAN

FROM:

HENRY A. KISSINGER THE WHITE HOUSE

Reference your message 053.

Have read Tehran 6849 and State 210666. I recognize that intelligence appraisal in latter will not be of much help to you in the circumstances and I hold no brief for its tone. Equipment proposals, however, seem steps in right direction but recognize they may not be enough. There are further steps which may be possible, but they would be extremely difficult. Therefore, I will appreciate knowing whether you feel offers described in State 210666 will accomplish the purpose and be seen by Shah as good faith on U.S. part. Assume it is the substance of the offer you are more concerned with than having someone from Washington to present it.

Warm regards.

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 1282, Saunders Files, Middle East Negotiations, Iran 10/1/72-12/31/72. Top Secret. The source text is the White House approved draft as sent for transmission.

236. Telegram 7008 From the Ambassador in Iran
(Farland) to the Undersecretary of State (Johnson),
November 22, 1972, 1130Z [1](#)

Tehran, November 22, 1972

TELEGRAM
Department of State
7008 O 221130Z
NOV 72 ZFF-1

FM
AMEMBASSY TEHRAN

TO
SECSTATE WASHDC IMMEDIATE 0362

SUBJECT:
ENCHANCE PLUS REF: STATE 210666

FOR UNDERSECRETARY JOHNSON FROM AMBASSADOR

1. WE APPRECIATE CAREFUL ANALYSIS AND DESIRE TO BE FORTHCOMING WHICH WENT INTO PREPARATION OF REFTEL. HOWEVER, TO BE BLUNT, THE ESSENTIAL POINT HAS BEEN MISSED. SHAH'S QUICK AGREEMENT TO TRANSFER 32 F-5s WAS "SUBJECT TO EARLY REPLACEMENT." (TEHRAN 6317, PARA 7). HE DID NOT SEEK TO BARGAIN. HE DID NOT DEMAND TO KNOW DATE OF ARRIVAL OF REPLACEMENT AIRCRAFT. HE TOOK FOR GRANTED WE WOULD FIND WAY TO PROVIDE EARLY REPLACEMENTS. SHAH HAS REPEATEDLY STRESSED DESIRE FOR EARLY REPLACEMENTS, BUT REFTEL SUGGESTS OUR IMPLICIT ACCEPTANCE OF THIS COMMITMENT HAS SOMEHOW BEEN LOST.
2. WE HAVE NO DIFFICULTY IN ACCEPTING REFTEL'S INTELLIGENCE ESTIMATE OF IRAN'S CONTINUING MILITARY SUPERIORITY OVER IRAQ AND ITS EASTERN NEIGHBORS AND ASSESSMENTS REGARDING TREND OF EVENTS IN SUBCONTINENT. HOWEVER, SHAH HAS COMPLETELY OPPOSITE VIEW. HE CONSIDERS HIMSELF AUTHORITY ON ASSESSING DEVELOPMENTS IN THIS PART OF WORLD, AND UNDERSTANDABLY BELIEVES HE SHOULD BASE DECISIONS REGARDING HIS SECURITY REQUIREMENTS ON PESSIMISTIC RATHER THAN OPTIMISTIC VIEWS OF TRENDS THAT

BEAR DIRECTLY ON IRAN'S SECURITY. FOR EXAMPLE, HE HOPES PAKISTAN WILL EMERGE FROM ITS PRESENT TRIALS AND TRIBULATIONS INTACT WITH REASONABLE PROSPECT FOR NATIONAL UNITY AND VIABILITY. BUT HE FEELS HE MUST PLAN HIS SECURITY REQUIREMENTS ON EASTERN FRONTIERS ON POSSIBLE BREAK-UP. OF PAKISTAN AND MAJOR THREAT TO PEACE IN AREA THAT THIS WOULD POSE.

3. ON IRAQI THREAT, NOV 19 NEWS ITEM IN NEW YORK TIMES THAT IRAQ AS SECOND LARGEST RECIPIENT OF SOVIET MILITARY AID IN 1971, AHEAD OF INDIA WILL BE FAR MORE PERSUASIVE TO SHAH THAN POINTS IN PARA 4 OF REFTTEL, NO MATTER HOW PERTINENT AND ACCURATE THEY MAY BE.
4. IN ANY EVENT, WHATEVER VALIDITY OF OUR ESTIMATES IN REFTTEL, WE DO NOT BELIEVE USEFUL PURPOSE WOULD BE SERVED BY DEBATING THEM WITH SHAH BECAUSE HE WOULD NOT AGREE AND WOULD PROBABLY SEE THIS AS ATTEMPT TO PERSUADE HIM TO ACCEPT A LINE OF REASONING AS JUSTIFICATION FOR DOING WITHOUT 32 AIRCRAFT HE THINKS HE NEEDS AND LACK OF WHICH HAS WEAKENED HIS AIR FORCE. WERE SHAH TO ACCEPT OUR LINE OF REASONING, PRESUMABLY HE WOULD HAVE LESS REASON TO ORDER 2.5 BILLION DOLLARS IN MILITARY EQUIPMENT FROM US THIS FISCAL YEAR. WE SIMPLY CANNOT TURN ON "NO THREAT" ARGUMENT WHEN IT SUITS OUR PURPOSE AND IGNORE IT WHEN SALES COME UP.
5. BASIC POINT IN ALL THIS IS THAT DAYS WHEN WE SECOND-GUESS SHAH NATURE OF THREAT OR HIS NEEDS FOR MILITARY EQUIPMENT TO MEET THREAT ARE OVER. SHAH IS MAKING HIS OWN DECISIONS AND IS PAYING HIS OWN WAY. HE IS DETERMINED TO BE AS SELF-SUFFICIENT AS POSSIBLE AS QUICKLY AS POSSIBLE, AND HE HAS RESOURCES TO PURSUE HIS PRESENT GUNS AND BUTTER POLICY. AS HE SEES IT, HE HELPED US OUT IN OUR MOMENT OF NEED EVEN THOUGH THIS WEAKENED HIM MILITARILY. IN SPIRIT IN WHICH MATTER WAS NEGOTIATED HE ASSUMES WE WILL MAKE GOOD ON OUR COMMITMENT ON "EARLY REPLACEMENT" SO THAT HE IS NOT VULNERABLE MILITARILY FOR TOO LONG A PERIOD.
6. NOT BEING PRIVY TO NEGOTIATIONS WITH KOREA AND TAIWAN, NOR INFORMED ON SERIOUSNESS OF THREAT CONFRONTING THEM, WE ARE RELUCTANT TO MAKE JUDGMENT ON MORE ATTRACTIVE QUID PRO QUOS WHICH USG HAS AFFORDED THEM. BUT WHEN PROVISIONS BECOME KNOWN, WE FEEL CERTAIN SHAH WILL BELIEVE THEY MADE BETTER BARGAIN

THAN HE. THERE IS NO CHANCE HE WILL AGREE THEIR SECURITY REQUIREMENTS ARE GREATER THAN IRAN'S. HE WILL PROBABLY CONCLUDE HE HAS BEEN POORLY TREATED IN COMPARISON WITH OUR FAR EASTERN FRIENDS AND WILL UNDOUBTEDLY RECALL TO US HIS STATEMENT DURING OIL NEGOTIATIONS THAT MODERATE AND RESPONSIBLE POSITION DOESN'T PAY OFF WHILE COUNTRIES WITH EXTREME AND RADICAL DEMANDS (SUCH AS LIBYA) GET THEIR WAY.

7. THROUGHOUT THIS EXERCISE, WE HAVE PRESSED FOR EARLY DELIVERY OF AIRCRAFT IRAN HAS ON ORDER. ADVANCING F-5ES TO AUGUST 1973 IS WELCOME BUT HARDLY CLOSES GAP WHICH SHAH PERCEIVES. NOR DOES TRANSFER OF TITLE OF LEASED F-4Es ALREADY HERE AUGMENT HIS AIR COVER. TRANSFER, INCIDENTALLY, WOULD NOT BE ATTRACTIVE TO HIM (SEE PARA 2, TEHRAN 6479 WHICH SUPERSEDES TEHRAN 6346). DELIVERY OF MAVERICK IN SPRING 1974 WILL NOT AFFECT HIS SECURITY SITUATION IN 1973. IF PRODUCTION OF NEW MODEL F-4s AND F-5s CANNOT BE ACCELERATED TO ANY SIGNIFICANT DEGREE, THEN WE THINK WE SHOULD CONSIDER MAKING OFFERS SIMILAR TO THOSE WHICH WE HAVE MADE TO KOREA AND TAIWAN. SHAH WOULD NOT WISH AMERICAN PILOTS STATIONED HERE TO PROVIDE DEFENSE, BUT WE THINK HE WOULD BE SATISFIED WITH OFFER OF RENT-FREE LOAN OF EIGHT TO SIXTEEN F-4s UNTIL HIS F-4-F5 INVENTORIES REACH ACCEPTABLE LEVEL, SA, IN ABOUT ONE YEAR HENCE.
8. AS WE HAVE CONSISTENTLY POINTED OUT, PROBLEM HERE IS NOT RPT NOT MONEY, BUT EARLY DELIVERY OF AIRCRAFT. BEFORE ADDRESSING QUESTIONS OF CREDIT ARRANGEMENTS, HOW WE EXPLAIN PROPOSED COMPENSATION ARRANGEMENTS TO SHAH AND POSSIBLE VISIT OF HIGH LEVEL USG OFFICIAL, WE WOULD LIKE TO KNOW IF REFTTEL PACKAGE CAN BE IMPROVED IN LIGHT CONSIDERATIONS IN THOF MESSAGE.

FARLAND

¹ Source: National Archives, RG 59, Central Files 1970-73, DEF 19-8 US-IRAN. Top Secret; Nodis.

237. Memorandum From Harold Saunders of the National Security Staff to the President's Assistant for National Security Affairs (Kissinger), Washington, December 1, 1972¹

Washington, December 1, 1972

NATIONAL SECURITY COUNCIL ACTION
December 1, 1972
ACTION 8291X

MEMORANDUM FOR:

DR. KISSINGER

FROM:

HAROLD H. SAUNDERS

SUBJECT:
Replacement Aircraft for Iran

Ambassador Farland has sent the back-channel message at Tab B simply calling your attention to the latest cable traffic on the question of how we provide Iran with replacements for those 36 F-5A aircraft which the Shah agreed to have sent to Southeast Asia.

At Tab A is a suggested brief reply. I believe the replacement package is now well in hand after one bad start by State and Defense. A telegram awaiting Secretary Laird's final clearance contains a good offer for the Shah consisting of the final points:

—We would advance from next November to next June the beginning of delivery of 32 F-5E's earlier ordered by Iran. The delivery would be completed by the end of 1973—seven months ahead of schedule. Thus, by the end of 1973 the Shah will have directly replaced those aircraft which he gave up with a newer model. As soon as this new model comes off our production line in February or March, we would invite Iranian experts to come over and participate in the initial testing here to familiarize themselves as soon as possible.

- To help further in bolstering his defenses during that interim period, we would (a) lease eight F-4's from USAF inventory and (b) earmark two USAF squadrons (32 aircraft) for immediate delivery to Iran on lease in case of need. In addition, these two squadrons could be rotated through Iran on training assignments during this period to make visible their availability if the Shah wished.
- We have already turned over to Iran without cost to them eight F-4's which have been in Iran on lease. This would provide financial compensation for the transferred aircraft.
- We would accelerate by three months delivery of his own F-4's to begin next August rather than next November.
- We have increased the number of training spots available in US schools for Iranian officers and pilots as requested by the Shah.
- We would tell the Shah that his new F-4's will be equipped with the Maverick missile which he has requested.
- We would accelerate by three months delivery of his own F-4's to begin next August rather than next November.
- We have increased the number of training spots available in US schools for Iranian officers and pilots as requested by the Shah.
- We would tell the Shah that his new F-4's will be equipped with the Maverick missile which he has requested.

With the addition of the leased and earmarked aircraft, I think we can feel that we have made a satisfactory offer to help the Shah cover whatever gap may have been created in his air defenses by the release of the thirty-two F-5A's.

RECOMMENDATION: That you approve dispatch of the brief reply to Farland at Tab A. It tells him that a much better package is on the way.

Approve [RN]

Other _____

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Country Files, Middle East, Iran, Box 602, Vol. IV, 9/1/71-4/73. Secret. Tabs A and B are not published. Haig approved the memorandum on Kissinger's behalf.

238. Telegram 219119 From the Department of State to the Embassy in Iran, December 4, 1972, 1842Z¹

December 4, 1972, 1842Z

[DEPARTMENT OF STATE TELEGRAM] 219119 041842Z | ROGERS

PM:TRPICKERING:IJG

12/2/72 EXT. 28698

J - AMB. JOHNSON

DOD - ADM. MURPHY

NEA - MR. MIKLOS

S/S - DUDLEY MEILLER

NEA - MR. DAVIES

T - MR. NEWMAN

IMMEDIATE TEHRAN
FOR AMBASSADOR

SUBJECT:
ENHANCE PLUS

REF:
(A) TEHRAN 7008
(B) TEHRAN 7125
(C) TEHRAN 7176

1. APPRECIATE POINTS YOU MAKE IN REFTELS. WE HAVE THOROUGHLY RE-EXAMINED PROBLEM AND BELIEVE WE HAVE SOLUTION THAT WILL BE ACCEPTABLE TO SHAH. SOLUTION CONSISTS OF MAXIMUM POSSIBLE ACCELERATED DELIVERIES OF F-5E TO IRAN, COMMITMENT TO SELL MAVERICK AND, IF REQUIRED, LEASE OF 8 ADDITIONAL F-4 AIRCRAFT, AND CONTINGENT LEASE OF 8 F-4'S WHEN CIRCUMSTANCES MIGHT REQUIRE IT.

2. F-5E. THE F-5E AIRCRAFT IS IN THE RESEARCH AND DEVELOPMENT PHASE. FIRST PRODUCTION F-5E'S WILL NOT COME OFF LINE UNTIL FEBRUARY, 1973. ALL AIRCRAFT TO BE PRODUCED DURING FIRST 9 MONTHS (FEB-OCT 73) WERE ORIGINALLY ALLOCATED TO USAF OPERATIONAL TEST AND EVALUTATION (OT&E); FOR CREATION OF TRAINING CAPABILITY; PLUS LIMITED NUMBER OF AIRCRAFT FOR VIETNAM. SINCE F-5E IS A NEW AIRCRAFT, THOROUGH OT&E IS ESSENTIAL IN ORDER TO AVOID THE NEED FOR SUBSTANTIAL MODIFICATION AFTER AIRCRAFT ARE DELIVERED TO END-USERS.
3. IN ORDER TO RESOLVE THE SHAH'S PROBLEM, WE HAVE RESTRUCTURED ALLOCATION OF INITIAL F-5E PRODUCTION WITH A VIEW TO MAINTAINING THOROUGH OT&E PROGRAM, LIMITING THE CREATION OF INITIAL TRAINING CAPABILITY TO THAT NECESSARY TO GET IRANIAN PROGRAM LAUNCHED, AND TO PROVIDE MAXIMUM NUMBER (ALL REMAINING) AIRCRAFT TO IRANIAN AIR FORCE. TO SUPPLEMENT THIS, NORTHROP WOULD SEND ONE (1) INSTRUCTOR PILOT TO WILLIAMS AFB (OT&E AND TRAINING SITE) IN MARCH, 1973, SO THAT HE COULD BE APPROPRIATELY TRAINED AND READY TO GO TO IRAN IN JUNE, 1973. WE WOULD ALSO INVITE SHAH TO SEND TWO (2) HIGHLY QUALIFIED F-5A/B INSTRUCTOR PILOTS TO WILLIAMS IN MID-MAY FOR SAME PURPOSE. THEIR TRAINING WOULD TAKE APPROXIMATELY 2 1/2 MONTHS.

4.

NEW DELIVERY OF F-5E AIRCRAFT WILL BE ACCORDING TO FOLLOWING SCHEDULE: FIRST TWO AIRCRAFT EARMARKED FOR IRAN WOULD BE DELIVERED TO WILLIAMS FOR USE IN TRAINING ONE NORTHROP AND TWO IIAF INSTRUCTOR PILOTS MENTIONED PREVIOUS PARAGRAPH. THESE AIRCRAFT WOULD BE DELIVERED TO WILLIAMS, ONE EACH IN JUNE AND JULY AND THEN SHIPPED ON TO IRAN IN OCTOBER (I.E., ABOUT THE TIME THE TWO IRANIAN PILOTS COMPLETE TRAINING AND RETURN TO IRAN). WE WOULD MAKE FOLLOWING AIRCRAFT DELIVERIES TO IRAN:

JUNE 1973 1 { TO WILLIAMS AFB{#}
 JULY 2 {1 TO WILLIAMS AFB}
 AUGUST 2
 SEPTEMBER 2
 OCTOBER 2 PLUS 2 FROM WILLIAMS {JUNE/JULY ABOVE}
 NOVEMBER 2

DECEMBER 3
JANUARY 1974 6
FEBRUARY 7
MARCH 5

DELIVERIES WOULD PUT 32 F-5E AIRCRAFT IN IRAN BY MARCH, 1974. UNDER THE ORIGINAL PRODUCTION SCHEDULE, IRAN WOULD HAD ONLY 11 BY MARCH, 1974 AND WOULD NOT HAVE HAD 32 UNTIL OCTOBER, 1974. WE HAVE THUS ACCELERATED DELIVERY SCHEDULE BY 7 MONTHS. IN SO DOING, THE FIRST AIRCRAFT TO BE DELIVERED WORLD-WIDE AND THE FIRST SQUADRON TO BE ACTIVATED WILL BE FOR IRAN AND WE ARE GIVING SHAH PRIORITY OVER ALL OTHER COUNTRY PURCHASERS/RECIPIENTS, INCLUDING VIETNAM. IT IS ABSOLUTELY IMPOSSIBLE TO ACCELERATE FURTHER PRODUCTION WITHIN TIME FRAME THAT IS OF CONCERN TO SHAH. ALL WE CAN DO IS TO REALLOCATE AIRCRAFT IN PRODUCTION LINE, AND THAT IS WHAT WE HAVE DONE. SHAH WILL GET ALL OF INITIAL PRODUCTION FOR USAF AND VIETNAM, EXCEPT THOSE ESSENTIAL FOR OT&E AND TRAINING. NET EFFECT WILL BE TO POSTPONE TRAINING FOR AND DELIVERY OF FIRST F-5E SQUADRON TO VIETNAM. FYI: ONLY OTHER F-5E'S TO BE PRODUCED BETWEEN FEBRUARY, 1973 AND MARCH, 1974 HAVE BEEN PURCHASED BY SAUDI ARABIA (I.E., 15 AIRCRAFT BETWEEN NOVEMBER, 1973 AND MARCH, 1974). THESE AIRCRAFT ARE CONFIGURED DIFFERENTLY FROM THOSE ORDERED FOR IRAN. IN ANY EVENT, SAUDI AIRCRAFT COULD NOT BE REALLOCATED TO IRAN FOR BOTH CONTRACTUAL AND POLITICAL REASONS. END FYI.

5. CONCERNING MAVERICK, WE ARE PREPARED TO SELL THE MISSILE, MODIFICATIONS AND TRAINING REQUIRED TO EQUIP THE PLANNED 10 SQUADRONS OF IRANIAN F-4D/E AIRCRAFT. AIRCRAFT MODIFICATIONS WOULD COMMENCE IN CY 1973 AND FIRST MISSILE DELIVERIES IN SPRING OF 1974. FYI: OUR DECISION TO SELL MAVERICK TO IRAN IMPACTS ON ORIGINAL PLANS FOR USAF AND NATO. END FYI.
6. WE REALIZE THAT FULL REPLACEMENT FOR 32 F-5A'S SHAH MADE AVAILABLE TO USG FOR TRANSFER TO VIETNAM WILL NOT BE ACCOMPLISHED DURING CY 1973 AS DESIRED. IT IS BOTH TECHNICALLY AND PHYSICALLY IMPOSSIBLE TO PROVIDE 32 F-5E'S DURING CY 1973. TO MEET THIS PROBLEM AND THE OTHERS WHICH YOU HAVE SINGLED OUT, WE HAVE LOOKED FOR A WAY

TO PROVIDE, AS INDICATED IN PARA 7 OF REFTTEL (A) "OFFER TO RENT-FREE LOAN OF EIGHT TO SIXTEEN F-4'S UNTIL HIS F-4, F-5 INVENTORIES REACH ACCEPTABLE LEVEL, SAY, IN ABOUT ONE YEAR HENCE." TO DO THIS THE USG IS PREPARED, IF REQUIRED, TO LEASE NOW 8 ADDITIONAL F-4D AIRCRAFT UNTIL 32 F-5E'S HAVE BEEN DELIVERED AND TO MAKE CONTINGENT ARRANGEMENTS FOR LEASE OF UP TO ADDITIONAL 8 ON SHORT NOTICE IF THERE IS AN ACTUAL OUTBREAK OF HOSTILITIES. FINAL DETAILS OF IMMEDIATE LEASE OF 8 AIRCRAFT COULD BE WORKED OUT IN MILITARY CHANNELS AFTER YOU HAVE OBTAINED AGREEMENT IN PRINCIPLE. COSTS COULD BE WORKED OUT IN MILITARY CHANNELS, WITH POSSIBILITY OF APPLYING CREDITS SIMILAR TO THAT SUGGESTED FOR TURNOVER OF 8 F-4 NOW ON LEASE TO GOI (OFFER FOR WHICH SHOULD BE DROPPED). IN ANY EVENT WE DO NOT SEE COST EXCEEDING ABOUT \$4.0 MILLION FOR THE 16 MONTH PERIOD. CONTINGENT LEASE ARRANGEMENT WOULD ALLOW FOR USG PROVISION OF UP TO 8 ADDITIONAL LEASED F-4'S UNDER FOLLOWING CONDITIONS: SUBJECT TO MUTUAL CONSULTATION, AND AT A TIME EXTERNAL SECURITY CONDITIONS REQUIRED, US WOULD AGREE TO LEASE 8 ADDITIONAL F-4'S TO GOI WHICH COULD ARRIVE IN IRAN WITHIN 72 HOURS OF US APPROVAL. AIRCRAFT WOULD BE DRAWN FROM USAF ASSETS WHICH FROM TIME TO TIME, AS WORKED OUT BY USAF AND IIAF, WOULD MAKE ROTATIONAL VISITS TO IRAN. PURPOSE OF VISITS WOULD BE VISIBLE DEMONSTRATION OF CAPABILITY AND WOULD HELP SHAH MEET PERCEIVED AIR DEFENSE GAP AND ITS EFFECT ON IRAN'S CLOSE NEIGHBORS' ATTITUDES TOWARD IRAN'S AIR SUPERIORITY POSITION. FYI: BECAUSE OF F-4 MAINTENANCE AND PILOT SHORTAGES IN IRAN, WE UNDERSTAND THAT IIAF AT PRESENT TIME MAY NOT BE ABLE TO MAINTAIN AND OPERATE ADEQUATELY ADDITIONAL F-4 AIRCRAFT. END FYI.

8. OPE FOREGOING PACKAGE ACCEPTABLE TO SHAH. WE ARE PREPARED TO SEND TWO (2) MAN STATE/DEFENSE TEAM TO BRIEF YOU ON DETAILS OF THIS MSG IF SO DESIRED.

YY

¹ Source: National Archives, RG 59, Central Files 1970-73, DEF 19-8 US-IRAN. Top Secret; Immediate; Eyes Only.

239. Intelligence Note RECN-36, Prepared in the Bureau of Intelligence and Research, Washington, December 6, 1972¹

Washington, December 6, 1972

INTELLIGENCE NOTE
Bureau of Intelligence and Research
December 6, 1972

IRANIAN OIL NEGOTIATIONS

The claim of Sheykh Yamani, Saudi Arabia's Minister of Petroleum, that the participation agreement¹ / he negotiated is four times "better" than the one reached by the Shah has set off a chain reaction and brought forth demands from Iran that its spring 1972 agreement be revised. This is an example of the leapfrogging effect which has long been of major concern to the companies in their negotiations with various oil producing countries. The consortium companies² / have presented to Iran calculations that compare revenues to Iran under the spring 1972 agreement and under the Yamani agreement were it to be applied to Iranian production. These calculations appear to indicate that under the Iranian Spring Agreement revenues would exceed those of the Yamani formula through 1985 but would be less from 1986 through 1994. A tenuous consideration in these calculations is the appropriateness of including the new Kharg refinery—see below—as a revenue benefit to Iran, an important component of the Consortium's comparison presentation.¹ / The benefits from the new refinery include the higher cost of refinery construction in Iran compared to that in large consuming markets and the higher transport costs of refined product compared to crude. The Iranians remain unconvinced of the validity of the assumptions upon which this part of the presentation is based.

Background

The July 1971 OPEC ² / Conference in Vienna renewed members' demands for host country participation in existing producing operations. Following only slightly veiled threats of nationalization, negotiations began in March 1972 between the companies and Sheykh Zaki Yamani

representing Abu Dhabi, Iraq, Qatar, and Saudi Arabia. Iran, as had Algeria, Indonesia, Venezuela, et. al. in the past, decided to pursue its own path toward a restructuring of basic company-government relationships. In the spring of 1972, talks began at the highest level—between the Shah of Iran and Exxon’s chairman (representing the consortium of Western oil companies operating in Iran). The latter put forward the participation concept which Iran flatly rejected. The negotiations proceeded in an amicable and businesslike atmosphere and ended in late May with an outline of an agreement which would govern the two parties’ relationships for the next twenty-odd years. Subsequent lower echelon meetings refined and distilled the outline still further.

By October the significant provisions of the Iranian draft agreement were:

- 1) The 460,000-B/D capacity Abadan refinery would be turned over immediately to Iran (National Iranian Oil Company—NIOC), although until the consortium had built a new refinery on Kharg Island, the member companies would be able to have their crude processed by NIOC for a fee plus 90 cents per barrel representing incremental profits Iran could have made on these products were it to process and export similar quantities for its own account. Initially, the refinery would serve the Consortium’s refined product needs and part of Iran’s internal requirements. The balance of the refinery’s capacity would be available to NIOC for sale to Consortium member companies or for direct export. As the Kharg Island refinery came into operation with progressively increasing output, the “balance” from the Abadan refinery would in all likelihood grow significantly. Crude to the Abadan refinery would be made available to NIOC at cost.
- 2) The companies would construct and operate for their own export requirements a new refinery on Kharg Island. Initial start-up capacity (1976) would be 200,000 B/D rising to 500,000 B/D by 1980.
- 3) NIOC would have made available to it up to 200,000 B/D of so-called “premium” crude oil for export in 1973, escalating by 50,000 B/D per year thereafter to a maximum of 550,000 B/D in 1980. NIOC would purchase “premium” oil from the Consortium at quarter-way price.¹
- 4) The companies would construct and operate for their own export requirements a natural gas liquids plant.
- 5) Although the 1954 basic agreement expires in 1979, it grants to the companies, at their sole discretion, three five-year renewal options. These would be replaced by an immediate extension of the term of the basic 1954 agreement to 1994.
- 6) The Consortium would relinquish exclusive operating rights to a portion of the agreement area in the province of Luristan which

would be further developed by a Consortium/NIOC 50/50 joint venture. The venture would be operated jointly and capital costs, operating costs, and production output would be shared equally. NIOC would not make any payments to Consortium members for facilities already existing at the time of the joint venture's formation. The companies estimate aggregate production could attain a level of 300,000 B/D.

Current Demands

Resolved to be the first among equals in the Persian Gulf and an innovator in world oil affairs, and with an insatiable appetite for increased revenues (Iranian statements to the contrary notwithstanding), the Shah has offered the Consortium the following options:

1. make substantial changes in the structure of the Spring Agreement so as to increase Iranian revenues, thereby improving revenues in the latter years (after 1985); or
2. terminate the 1954 agreement in 1979 rather than in 1994; or
3. terminate it now in exchange for a long-term crude sales contract.

An Iranian official recently called at the Department of State and at the White House to make a presentation on the sales contract approach. From information available, this appears to take the form of a buyer-seller relationship which would amount to a complete operational takeover of all facilities. Control over crude exploration, production, and refining would be transferred to the Iranians. The companies would take delivery of crude oil and refined products f.o.b. loading terminals.¹ / The contract would provide for delivery of specified amounts of crude to the companies at specified base prices over a period of time.

The companies would be indirectly reimbursed for any future capital inputs into exploration and production by discounts from the base price. Presumably, appropriate consideration would also be given to the companies' loss of operating rights under the 1954 agreement, as the Iranians have made it clear that the discounts to the base price would be so fixed as to provide fully for depreciation² / and profits the companies would have made had the Yamani participation formula been applied to Iranian production. By implication the quantities of oil sold to the companies would be similar to those that would have obtained under the Yamani formula.

The Iranian emissary argued that this conceptual approach is the one most likely to achieve stability and security of supply at reasonable prices for the international oil market. He said that Iran would seek no new monetary benefits in negotiating such a contract. He asked for U.S. understanding and, by inference, support. New meetings at the highest level between the Consortium and Iran are scheduled for December 10 to 14.

For the Consortium members, the proposal raises the following concerns: a) it may stimulate rather than discourage leapfrogging; b) it may deprive them of tax advantages they now enjoy under American law; and c) it may deprive them of day-to-day control over production and thus give the Iranian Government control over all operations in Iran.

Under the 1954 agreement Iran owns all exploration, producing, and refining facilities, although the Consortium has exclusive use of them. The buyer-seller relationship would place the operation of these facilities exclusively in Iranian hands. Moreover, it would dramatically change the fundamental company-government relationship which has prevailed in essence from time immemorial to the present: day-to-day control by the major international oil companies of the sources of supply of most or all of the oil they require for their downstream operations.

Most major producer nations of the free world would find it politically virtually impossible to resist making similar demands on the companies operating on their territories in order to respond to nationalistic pressures for indigenous control of their natural resources. Economic arguments against such moves based on cash flows, social return on development capital, and increased possibility of price competition between the new national producers would very likely be brushed aside. In fact, were OPEC's present cohesiveness able to withstand the strain of such a major restructuring of relationships, producing nations could well compete with one another in extracting the highest possible sales price from buyers.

The shock waves would very likely be felt in the major consuming countries. Those in favor of direct consumer-producer nation agreements would find their arguments reinforced by the breakdown of the traditional supply system. Competition for available supplies would in all likelihood increase and be reflected in higher prices for petroleum.

Sales contracts usually provide for a sales price inclusive of all taxes, if any, up to the point of delivery, which in this case would be f.o.b. loading terminal. This could mean a loss of U.S. tax credits which the

American Consortium members¹ / are now allowed by the Internal Revenue Service to apply against U.S. taxes due on all foreign operations. The actual loss to the U.S. companies would be approximately 52 percent of the tax credit, as the higher crude or product cost would reduce taxable income by the amount of the tax credit under the present agreement. To avoid this problem, sale might take place in Iran to an Iranian subsidiary of the American member company. This subsidiary would then be taxed by the Iranian Government at a level equivalent to present Iranian tax levels, and transaction prices would be adjusted downward accordingly.

In the past the companies' most effective bargaining counter has been their operational control of the sources of supply, as well as their technological know-how, their downstream marketing and distribution networks, and their capital resources. Loss of operational control would deprive them of the power to reduce output levels in a country, a point which has been a major element in their past bargaining strength in sales price negotiations. The threat of seeking other sources of supply may be no longer credible and could be disadvantageous to the companies.

The Iranian presentations in Washington addressed solely the sales contract option and did not mention the other two. The Shah's determination to see Iran develop economically and militarily at the fastest pace possible has stretched available funds to the limit. The Iranians are acutely aware of the replacement costs of the capital that might be required were Iran to finance all investment in oil within the country. These considerations suggest that the sales contract option may well only be a ploy to obtain satisfaction through higher revenues as proposed in option 1.

Option 2 seems to be the least likely of the three demands to be responsive both to the companies' needs and to Iran's desires. It would dispense legally with the three five-year renewal options. However, it would remove an important incentive for the companies to raise current production to a level of 8 million B/D as presently planned, since the companies would be unable to depreciate fully any new investment. Thus, while retaining control, they would not in all likelihood expand production, and revenue to Iran would be significantly less than is now projected. Variations to the basic concept of this option could include a sales contract which would be effective at the end of the 1954 agreement period and would provide for a discount to a base price which would

permit the companies to depreciate fully all new investment not so depreciated by October 1979.

Option 1, however, would seem to hold the most promise in meeting Iranian objectives. If the terms of the Spring Agreement are revised upward so as to provide net revenues, excluding the benefits of the Kharg refinery, to Iran over the entire period 1973-1994 equal to that which Iran would have obtained under the Yamani participation formula, both Iranian objectives of maximizing revenues and minimizing capital expenditures in oil could be met. The companies, on the other hand, would retain control of the sources of supply which may be worth the higher cost over that of the present Spring Agreement. Additional costs to the companies over the 21-year period could exceed \$900 million.

INR/Economic

Director: JGhiardi

Analyst: RLDowell, Jr.

Ext.: 21145

Released by: LWeiss

¹ Source: National Archives, RG 59, Central Files 1970-73, PET 6 IRAN. Confidential. Drafted by Robert L. Dowell, Jr. (NEA); and approved by John F. Ghiardi (INR/Economic). Released by Leonard Weiss (INR).

¹ See RECN-31, "OPEC: Participation Agreement," November 2, 1972, (CONFIDENTIAL)

² Consortium member companies are: British Petroleum (40%), Shell (14%), Exxon, Gulf, Mobil, Standard Oil of California and Texaco (7% each), Compagnie Francaise des Petroles (6%), and a mini-consortium of American companies (5% total).

¹ The companies' estimate of the benefit of the Kharg refinery to Iran represents about 20 percent of the estimated increased revenues from 1973 to 1994.

² OPEC (Organization of Petroleum Exporting Countries) members are: Abu Dhabi, Algeria, Indonesia, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, and Venezuela.

¹ Represents the tax paid cost plus one-quarter of the difference between tax-paid cost and the posted price.

¹ At present, title to crude passes at the well-head whence oil is transferred either to the loading terminal for export as crude or to the refinery. In the latter case, refined products are subsequently transferred to a loading terminal.

² Under the 1954 Consortium Agreement, title to all fixed assets passes to NIOC from the moment of their installation. The companies' rights to these assets are limited to their depreciation and use during the term of the Agreement.

¹ British Petroleum may be similarly affected.

240. Telegram 7389 From the Embassy in Iran to the
Department of State, December 9, 1972, 1237Z¹

December 9, 1972, 1237Z

TELEGRAM
Department of State
TEHRAN 7389
O 091237Z DEC 72

FM AMEMBASSY TEHRAN

TO
SECSTATE WASHDC IMMEDIATE 0535

SUBJECT:
ENHANCE PLUS

REF:
A. STATE 219119 B. STATE 220718; C. TEHRAN 7287

1. DURING AUDIENCE WITH SHAH DECEMBER 8, I HANDED HIM PAPER SUMMARIZING POSITION CONTAINED STATE REFTELS. TEXT BY SEPTEL.
2. AFTER READING PAPER, SHAH WAS AFFIRMATIVE IN HIS INITIAL RESPONSE, BUT NATURALLY SAID HE WISHED TAKE OUT PROPOSALS UNDER ADVISEMENT. HE WAS ESPECIALLY APPRECIATIVE OUR EFFORTS TO GIVE IRAN ACCELERATED DELIVERY OF F-5ES.
3. HE OFFERED ONE SUBSTANTIVE COMMENT. ON PROPOSAL TO LEASE EIGHT F-4DS, SHAH MADE QUITE CLEAR HE DID NOT WANT D MODELS. I EXPLAINED THAT WE FELT D MODEL WAS BETTER SUITED FOR IRAN'S CAPABILITY TO UTILIZE NEW AIRCRAFT AT THIS TIME AND THAT EARLY INTRODUCTION OF ADDITIONAL E MODELS MIGHT DISTURB CAREFUL PLANNING AND TRAINING FOR F-4E PROGRAM BEGINNING IN MAY 1973. REFERRING TO PREVIOUS DISCUSSIONS OF EARLIER LEASE OF F-4Es, I RECALLED HOW TRANSFER OF THOSE AIRCRAFT HAD BEEN DIFFICULT DECISION FOR USAF, REDUCING NUMBER OF E MODELS AVAILABLE FOR ITS ACTIVE INVENTORY.
4. HOWEVER, SHAH WAS PERSISTENT AND FIRM IN NOT PREFERRING D MODELS, AND, AS AUTHORIZED, I SAID E

MODELS COULD BE MADE AVAILABLE IF HE DESIRED. SHAH COMMENTED ADDITION OF EIGHT E MODELS TO THOSE NOW ON LEASE AT MEHRABAD WOULD GIVE IRAN ANOTHER FULL SQUADRON OF F-4Es. IF THIS IS SHAH'S THINKING, IT MAY BE THAT HE WILL LATER ASK US TO EXTEND LEASE ON F-4Es PRESENTLY IN COUNTRY IN ORDER MAINTAIN COMPLETE SQUADRON UNTIL 32 F-5ES ARRIVE.

5. AS TO CONTINGENT LEASE OF F-AS, I TOLD HIM AIRCRAFT COULD BE EITHER D OR E MODELS, DEPENDING CONSULTATIONS AT TIME IRAN MADE REQUEST.
6. IN CONCLUDING DISCUSSION SHAH EXPRESSED APPRECIATION FOR ESPECIALLY FORTHCOMING MEASURES WE HAD TAKEN IN THIS EXERCISE TO MEET IRAN'S NEEDS. HE IS AWARE OF WHAT ACCELERATION OF F-5s AND TRANSFER OF F-4s MEAN TO USAF. I WISH TO COMMEND THOSE WHO HAVE HAD TO GRAPPLE WITH DIFFICULT IMPLICATIONS THIS EXERCISE AND TAKE HARD DECISIONS WHICH FORMED OUR POSITION. AT THIS STAGE, I BELIEVE, YOU HAVE MADE VERY POSITIVE CONTRIBUTION TO OUR RELATIONS WITH IMPORTANT ALLY AND FRIEND.

FARLAND

¹ Source: National Archives, RG 59, Central Files 1970-73, DEF 19-8 US-IRAN. Top Secret; Immediate; Nodis. This information was included in the material submitted to Kissinger on December 12 for the President's Wednesday Briefing. (Ibid., Nixon Presidential Materials, NSC Files, Box 1282, Saunders Files, Middle East Negotiations, Iran Military 1/1/72-12/31/72)

241. Telegram 7769 From the Embassy in Iran to the
Department of State, December 27, 1972, 1318Z¹

December 27, 1972, 1318Z

TELEGRAM
Department of State
TEHRAN 7769 280625Z

ACTION NEA-I2

INFO ICT-01 EUR-20 SS-14 NSC-10 CIAE-00 DODE-00 INR-09 NSAE-00 P-
03 RSC-01 USIA-12 PRS-01 PM-08 RSR-01 /092 W 103252

R 27131BZ DEC 72

FM

AMEMBASSY TEHRAN
INFO AMEMBASSY ISLAMABAD
AMEMBASSY JIDDA
AMEMBASSY KUWAIT
AMEMBASSY LONDON
EUCOM

TO
SECSTATE WASHDC 0711

SUBJECT:
IRANIAN REACTIONS TO APPOINTMENT OF RICHARD HELMS AS AMERICAN
AMBASSADOR TO IRAN

SUMMARY: IN REPORTING APPOINTMENT OF AMBASSADOR-
DESIGNATE HELMS AS NEW AMERICAN ENVOY TO TEHRAN, LOCAL
NEWSPAPERS NOTE BUT DO NOT HIGHLIGHT HELMS' POSITION AS
FORMER C.I.A. DIRECTOR. MEDIA COVERAGE AND PRIVATE
COMMENT BY IRANIAN OFFICIALS TEND TO INTERPRET
APPOINTMENT AS INDICATION OF SPECIAL IMPORTANCE UNITED
STATES ATTACHES TO IRAN. ALL PRESS ACCOUNTS REPORT THAT
AMBASSADOR FARLAND WILL BE ASSUMING ANOTHER IMPORTANT
POST. END SUMMARY

1. ALL MAJOR ENGLISH LANGUAGE AND PERSIAN-LANGUAGE NEWSPAPERS FOR DECEMBER 23 FRONT-PAGED APPOINTMENT OF RICHARD HELMS AS THE NEW AMERICAN AMBASSADOR TO IRAN. AMBASSADOR HELMS' POSITION AS DIRECTOR OF THE CENTRAL INTELLIGENCE AGENCY WAS MENTIONED BY ALL PAPERS BUT THIS FACTOR IS NOT HIGHLIGHTED. NOTING AMBASSADOR HELMS' CLOSENESS TO PRESIDENT NIXON AND HIS PROMINENCE IN AMERICAN LIFE AS IMPORTANT PUBLIC SERVANT, MOST ARTICLES SEE HIS APPOINTMENT AS INDICATING HEIGHTENED IMPORTANCE WASHINGTON ATTACHES TO ITS RELATIONS WITH IRAN.

2.

FOREGOING THEME HAS BEEN MENTIONED TO ME BY FOREIGN MINISTER KHALATBARI AND COURT MINISTER ALAMN ON SEPARATE CONVERSATIONS. ALAM SAW APPROACHING END OF THE VIETNAM CONFLICT AS FREEING THE UNITED STATES FOR MAJOR EFFORT TO ACHIEVE PEACEFUL SOLUTION IN THE MIDDLE EAST. COURT MINISTER VIEWED APPOINTMENT OF DISTINGUISHED

AND ABLE AMBASSADOR HELMS AS SIGNALING THAT NEW AMERICAN PEACE EFFORT IN THE MIDDLE EAST WOULD BE UNDERTAKEN WITH IRAN AS POSSIBLE BASE FOR SUCH EFFORT.

3. AS WAS TO BE EXPECTED, CLANDESTINE IRAN COURIER, PERSIAN LANGUAGE RADIO FOR DECEMBER 23, FORMERLY BROADCASTING FROM EAST GERMANY BUT NOW APPARENTLY MOVED TO BULGARIA, SAW AMBASSADOR HELMS' APPOINTMENT IN SINISTER LIGHT HERALDING RENEWED ROLE BY AMERICAN EMBASSY TEHRAN AS CENTER OF U.S. ESPIONAGE IN IRAN. THERE HAS BEEN NO LOCAL PLAY OF SUCH COMMENTS AND WE UNDERSTAND WORD HAS GONE OUT TO LOCAL PRESS NOT REPEAT NOT ALLUDE TO AMBASSADOR HELMS' PAST CONNECTIONS WITH C.I.A.

GDS

HECK

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 1282, Saunders Files, Middle East Negotiations, Iran 10/1/72-12/31/72. Confidential. Repeated to Islamabad, Jidda, Kuwait, London, and EUCOM.

242. Telegram 7770 From the Embassy in Iran to the
Department of State, December 27, 1972, 1338Z¹

December 27, 1972, 1338Z

TELEGRAM
Department of State
TEHRAN 7770 271446Z

ACTION SS-25

INFO OCT-01 /026 W 097995

R 271338Z DEC 72

FM AMEMBASSY TEHRAN

INFO
SECDEF WASHDC
USCINCEUR

TO
SECSTATE WASHDC 0712

SUBJECT:
GOI REQUEST FOR TEMPORARY MILITARY TECHNICIANS

JCS

SUMMARY: BUILDUP IN IRANIAN ARMED FORCES, ASSISTED BY TEMPORARY US TECHNICIANS AND MASSIVE INJECTION OF US EQUIPMENT, IS MATTER OF HIGHEST POLITICAL IMPORTANCE TO SHAH. AS WE ARE REGULARLY REMINDED, HE IS ANXIOUS TO RECEIVE SOME SIGNAL THAT USG AGENCIES ARE TAKING ACTION ON PRESIDENTIAL ASSURANCES CONCERNING REQUESTED US TECHNICIANS. WE ARE HAVING DIFFICULTY RESPONDING TO GOI QUERIES RE STATUS OF PROGRAM. END SUMMARY.

ACTION REQUESTED: TWO THINGS: FIRST, WHAT MAY WE TELL SHAH IN RESPONSE HIS REPEATED INQUIRIES REGARDING STATUS OF PROGRAM AND TARGET DATES FOR FIRST ARRIVALS? SECOND, WE REQUEST PRICE PER MAN FIGURE FOR FINANCING OF ANY TAFT TYPE TEAMS THAT MAY ARRIVE IN JANUARY-MARCH PERIOD

SO THAT GOI CAN PREPARE REQUISITE LEGISLATION FOR MAJLIS. THESE FIGURES REQUIRED BY GOI IN NEXT TEN DAYS. END ACTION REQUESTED.

1. ON THREE OCCASIONS DURING PAST WEEK SHAH HAS RELAYED THROUGH HIGHEST MILITARY CHANNELS TO CHIEF, ARMISH/MAAG, HIS CONCERN FOR STATUS OF IRAN'S REQUEST FOR MILITARY TECHNICIANS TO ASSIST IN BUILDUP OF ARMED FORCES. WE FEEL CERTAIN THAT AT THIS TIME NO OTHER US-IRANIAN PROGRAM HAS HIGHER PRIORITY IN A SHAH'S THINKING THAN OUR AGREEMENT TO SELL IRAN SERVICES OF MILITARY TECHNICIANS IN SUPPORT OF VAST AMOUNT OF MILITARY EQUIPMENT IRAN IS BUYING FROM US.
2. SHAH'S ORIGINAL REQUEST WAS APPROVED IN PRINCIPLE BY PRESIDENT IN THEIR MEETING LAST MAY AND SPECIFICALLY AFFIRMED IN KISSINGER MEMORANDUM OF JUNE 15. DURING SUMMER MONTHS, IRANIAN MILITARY AND MAAG SERVICE SECTIONS CAREFULLY REVIEWED GOI REQUESTS FOR ASSISTANCE AND WERE ABLE TO REDUCE NUMBER OF PERSONNEL REQUESTED BY TWO-THIRDS, SHAH WAS UNDERSTANDING OF THAT PROCESS AND SEVERAL MONTHS LATER ALSO ACCEPTED, ALBEIT WITH SOME DOUBT, NEED FOR VISIT OF MG MOENCH TEAM FOR STUDY OF HOUSEKEEPING PROBLEMS, HIS DOUBTS CENTERED ON NECESSITY FOR TEAM'S VISIT. ACCORDING TO HIS LINE OF THOUGHT, WHY NOT COMPUTE COSTS, BILL GOI AND SIMPLY BRING IN NEW PERSONNEL ON TERMS SIMILAR TO THOSE AFFORDED MAAG STAFF? THROUGH EFFORTS OF AMBASSADOR AND MAAG CHIEFS WE THOUGHT WE MADE PERSUASIVE CASE FOR REQUIREMENT FOR MOENCH TEAM ANALYSIS OF LARGE-SCALE AND COMPLEX PROGRAM. IT WAS HELPFUL IN THAT PERIOD TO HAVE FRESH RESTATEMENT OF PRESIDENT'S COMMITMENT WHICH WE PRESENTED IN WRITING TO SHAH IN CONTEXT OF OPERATION ENHANCE PLUS.
3. NOW, SIX MONTHS AFTER PRESIDENT'S DECISION AND THREE WEEKS SINCE MOENCH TEAM'S DEPARTURE, SHAH AND STAFF, WITHOUT FURTHER INFORMATION, ARE SHOWING SERIOUS CONCERN. WE HAVE REPEATEDLY ATTEMPTED EXPLAIN THESE DELAYS AS ESSENTIAL PROCESSING FOR LARGE OPERATION, BUT WE ARE RUNNING OUT OF PERSUASIVE REASONS.
4. THERE ARE PRACTICAL ASPECTS TO IRANIAN CONCERN. FIRST, GOI WILL PAY ALL COSTS OF PROGRAM WHICH WILL BE NO SMALL UNDERTAKING. TOTAL SUM WILL HAVE TO BE FINANCED WITH AUTHORITY OF MAJLIS. SPECIAL LEGISLATION COVERING

PROGRAM EXPENDITURES IN JANUARY-MARCH PERIOD MUST BE PREPARED WITHIN TEN DAYS FOR PRESENTATION TO CURRENT SESSION. THUS, GOI SHOULD HAVE ASAP REASONABLE ESTIMATES OF COSTS OF BLOQ#TECHNICIANS WHO, ACCORDING OUR PREDICTIONS, ARE EXPECTED ARRIVE IN FIRST QUARTER 1973. SECOND, GOI MOVING AHEAD ON ITS BUILDUP IN SUCH AREAS AS INCREASED TRAINING SCHOOL CAPACITIES, TRAINING SCHEDULES, ETC., WHICH MUST PARALLEL OUR BUILDUP. PROGRAMS TO THIS END ARE UNDERWAY ON ASSUMPTION TECHNICIANS WILL START ARRIVING SOON. THESE ARE HIGHLY WELCOME STEPS BY IRAN AND SHOULD BE ENCOURAGED, BUT WE RISK UPSETTING IRANIAN TIMETABLE WHICH IT IN OUR MUTUAL INTERESTS TO PROMOTE. NEED FOR PROMPT US INPUT INTO THEIR TIMETABLE IS EVIDENT.

5. ACTION REQUESTED. (A) IN ORDER COPE WITH INCREASING RESTLESSNESS OF SHAH AND HIS PLANNERS REGARDING STATUS OF BUILDUP AND TARGET DATES WHEN FIRST TAFT-LIKE TEAMS ARE EXPECTED IN COUNTRY, PLEASE ADVISE WHAT WE MAY TELL SHAH. WE HAVE RUN OUT OF ANSWERS AND ARE BEGINNING LOSE CREDIBILITY. (B) WE REQUEST DOLLAR FIGURE PER TECHNICIAN COVERING JANUARY-MARCH PERIOD WHICH WE MAY PASS TO GOI. IF THIS NOT AVAILABLE IN PRECISE DETAIL IN ORDER OF MAGNITUDE FIGURES WOULD BE ACCEPTABLE.

GDS.

NOTE BY OC/T: TEHRAN 7770. #AS -RECEIVED, PARA 4. LINE 8, 2ND WORD. CORRECTION TO FOLLOW.

HECK

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 602, Country Files, Middle East, Iran, Vol. IV, 9/1/71-4/73. Secret; Exdis. Repeated to SECDEF, USCINCEUR, and JCS.

243. Memorandum From the Assistant Secretary of Defense for International Security Affairs (Nutter) to Secretary of Defense Laird, Washington, December 28, 1972¹

Washington, December 28, 1972

MEMORANDUM FOR THE SECRETARY OF DEFENSE

SUBJECT:

Technical Assistance Support for Iran

The purpose of this memorandum is to inform you of the status of initial planning to provide increased technical assistance support to Iran and to seek approval for continued planning actions.

You will recall that this assistance requirement dates from the visit by President Nixon to Iran in May of 1972. In talks with the Shah on 30-31 May, the President made commitments (Tab A) for U.S. support of Iran, including the assigning of an increased number of U.S. military technicians to work with the Iranian Services. In response to a White House request in this regard, we advised on 5 July 1972 that requirements would be obtained from the Embassy and MAAG in Iran preliminary to country-to-country negotiations on uniformed teams (Tab B). This proposed action was approved by White House Memorandum of 25 July 1972 (Tab C). Subsequently, coordinated DOD/State guidance was furnished (Tab D) for in-country collaboration with the Iranians.

As a result of MAAG/Iranian discussions, the skills and numbers of personnel were initially defined. In these discussions, the initial Iranian request was reduced from approximately 2,000 to 1,000, within which spaces were identified that were appropriate for filling with USG civilians. Following Washington review of the initial MAAG proposed list of requirements by OSD and the services, a DOD/State team visited Tehran 27 November-3 December 1972, to validate projected requirements. Particular attention was given to the development of logistic support needs and costs, full pricing data, and policy guidelines for deployment of technical personnel as Technical Assistance Field Teams (TAFTs). Memorandum of team visit is at Tab E. Based on discussions between DOD/State Team, the MAAG and the Ambassador, the MAAG again

refined the lists of personnel requirements. These lists were received 15 December by OSD and service staffs and are undergoing further review at this time.

Classified by Director, DSAA

SUBJECT TO GENERAL DECLASSIFICATION

SCHEDULE OF EXECUTIVE ORDER 11652

AUTOMATICALLY DOWNGRADED AT TWO

YEAR INTERVALS

DECLASSIFIED ON DECEMBER 31, 1980

Although this review may result in minor changes, the requested personnel strengths, at 1974 peak deployment, are:

	USA	USAF	USN	US	TOTAL	LN
Tech Teams	497 (a)(b)	238	22	757(b)		4
Supt Elm	129	17	—	146		80
Totals	626	255	22	903(b)		84

Of the strengths shown above, the U.S. Army total at (a) includes 155 positions which are validated for either military or DOD civilian fill, depending on availability of skills; 88 additional positions are planned for fill by DA civilians vice military. Further, the strengths at (b) are subject to reduction by approximately 230, if a satisfactory civilian contract can be negotiated for an Iranian Army aviation support activity at Esfahan.

While virtually any of the TAFT positions could be filled by a civilian possessing the necessary skill and experience, in-country and Washington planning to date has followed the Shah's stated preference for "bluesuiters," particularly in control and supervisory positions. Under any civilian/military mix, pricing would be carefully derived to insure full U.S. compensation for direct and indirect costs of the technicians deployment and activities in Iran. We are working closely with OSD and DSAA Comptrollers in this regard.

We do not know what number of uniformed military technicians the President has in mind in the "blue suiter" approach. The Shah has,

however, established his negotiating position that the President's agreement permits "any number that is needed in Iran"; a statement which has not been contradicted by the USG. It is useful to note that prior to the President's visit the Shah indicated a desire for "a few hundred" U.S. military technicians (Tab F).

While we will obviously respond to the President's desires, we have serious reservations about the very large number of uniformed personnel currently proposed, which would be additive to the 605 U.S. military personnel now in- country in 18 separate organizations (Tab G). We also are concerned about the morale and retention problems related to the unaccompanied and/or isolated tours proposed for more than half the personnel. An early definition of this commitment is required in order that we may continue our planning and take the long lead-time steps necessary to insure an orderly deployment of both the support and technical personnel. Relative to the magnitude of the President's commitment, your guidance is requested on the alternatives outlined below.

Continue planning and negotiating toward a TAFT, Iran, in order of magnitude as presented above (i.e., 903 DOD military/civilian TAFT personnel at peak deployment, with approximately 780 in uniform).

[check mark here] Modify joint plan by (a) conversion to civilian contract of 265 lower grade technical/administrative spaces in Esfahan Ground Forces Aviation Center/School while retaining a supervisory cell of about 10 uniformed; and (b) proportionate reduction of 44 DOD support spaces. DOD military/civilian TAFT strength at peak deployment would be about 594, with approximately 500 in uniform.

If neither of the two above alternatives is acceptable, request you establish below overall ceilings for TAFT planning; subsequently we will direct revised planning in-country on expedited basis.

DOD Civilian/Military Total
Military Sub-total

Attachments as stated

¹ Source: Washington National Records Center, OASD/ISA Files, FRC 330-75-125, Iran 000.1-333, 1972. Secret. Of the first option, Laird wrote on

the memorandum "This plan would never fly with Congress!!" Of the third, he wrote, "This would be best-but you may have gone too far." Of the second, which he approved on December 31, he wrote, "If this is the best you can work out and Services see no trouble, I'll approve." Laird added a last comment at the bottom of the memo: "Warren: We are under orders from a co-equal branch of our government to civilianize as many positions in all four services as possible—This applies equally but even more so in our technical help to our allies. We have many civilian employees out of work."

Iraq 1969-1971

[244. Telegram 321 From the Embassy in Israel to the Department of State, January 27, 1969, 1552Z](#)

January 27, 1969, 1552Z

To preclude Israeli retaliation, the Embassy recommended that the Department strongly condemn the recent public hanging of Iraqi Jews.

Source: National Archives, RG 59, Central Files, 1967-69, POL 29 IRAQ. Confidential; Immediate. Repeated Immediate to London and to Rome, Beirut, Amman, Jerusalem, and USUN.

[245. Telegram 333 From the Embassy in Israel to the Department of State, January 28, 1969, 1300Z](#)

January 28, 1969, 1300Z

The Embassy expressed hope that Secretary Rogers' statement of condemnation would mollify somewhat Israeli indignation over the Iraqi hangings.

Source: National Archives, RG 59, Central Files 1967-69, POL 29 IRAQ. Secret; Priority. Repeated to Amman, Jerusalem, London, Rome, and USUN.

[246. Telegram 14051 From the Department of State to the Mission to the United Nations, January 29, 1969, 1633Z](#)

January 29, 1969, 1633Z

The Department submitted a copy of Rogers' statement against the execution of the 14 Iraqi Jews to the Security Council of the United Nations.

Source: National Archives, RG 59, Central Files 1967-69, POL 29 IRAQ. Unclassified. Repeated to Tel Aviv, Beirut, Brussels, Amman, London, and Jerusalem. Drafted by Betty Jane Jones (IO/UNP). Cleared by Davies, Atherton, C. Morgan Holmes (EUR/FBS); Robert G. Neumann, L/NEA, Seelye, George T. Walsh (S/S); and approved by Sisco.

[247. Memorandum From the Under Secretary of State \(Richardson\) to President Nixon, Washington, January 31, 1969](#)

Washington, January 31, 1969

In the Evening Report, Richardson notified the President of attempts through third parties to achieve the release of Americans imprisoned in Iraq.

Source: National Archives, Nixon Presidential Materials, NSC Files, President's Daily Briefing, Box 1, February 1-8, 1969. Secret. This memorandum was for the President's Evening Reading.

[248. Memorandum From the Assistant Secretary of State for Near Eastern and South Asian Affairs \(Sisco\) to Secretary of State Rogers](#)

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Sisco recommended that the Secretary seek Presidential authority to influence the Government of Iraq to permit its Jewish population to emigrate.

Source: National Archives, RG 59, Central Files, 1967-69, SOC 14 IRAQ. Secret; Exdis. Tabs A, B, C and D to the memorandum from Sisco and Handley to Rogers, January 31, were attached, but are not published.

[249. Memorandum From Secretary Rogers to President Nixon, Washington, February 1, 1969](#)

Washington, February 1, 1969

With his own endorsement, Rogers passed along the suggestion of Justice Arthur Goldberg that Washington attempt to persuade Baghdad to let Iraqi Jews emigrate to the United States.

Source: National Archives, RG 59, Central Files 1967-69, SOC 14 IRAQ. Secret; Exdis. A handwritten note on the document reads "Approved by President according to Sec. Rogers 2/10/69 JPW. Asst. Sec. Sisco informed 2/10/69."

[250. Memorandum From John M. Leddy of the European Bureau to Secretary of State Rogers, Washington, February 7, 1969](#)

Washington, February 7, 1969

Leddy recommended that an expression of appreciation be sent to Belgian Foreign Minister Pierre Harmel for the work Belgium had done in representing U.S. interests in Iraq since 1967.

Source: National Archives, RG 59, Central Files 1967-69, POL 17 US-IRAQ. Confidential. Drafted by Baas. The attachment is not published. A message of thanks was sent on February 10.

[251. Research Memorandum RNA-6 From the Director of the Bureau of Intelligence and Research \(Hughes\) to Secretary Rogers, Washington, February 14, 1969](#)

Washington, February 14, 1969

The report, entitled "Iraq: Internal Stresses and the Search for the Bogeyman," analyzed the recent arrests and executions in Iraq within the framework of the insecurities of the Ba'ath government.

Source: National Archives, RG 59, Central Files 1967-69, POL 27 ARAB-ISR. Secret; No Foreign Dissem.

[252. Research Memorandum RNA-10 From the Acting Director of the Bureau of Intelligence and Research \(Denney\) to the Acting](#)

[Secretary of State \(Johnson\), February 27, 1969](#)

February 27, 1969

The report discussed the recent efforts of the Iraq National Oil Company to exploit the disputed North Rumaila oilfield.

Source: National Archives, RG 59, Central Files 1967-69, PET 6 IRAQ. Secret; No Foreign Dissem; Controlled Dissem; No Dissem Abroad.

[253. Telegram 1474 From the Embassy in Belgium to the Department of State, March 6, 1969, 1742Z](#)

March 6, 1969, 1742Z

The Embassy alerted the Department that Baghdad might demand that the United States sell its Embassy property in Baghdad in exchange for the exit visas of the recently-released American hostages.

Source: National Archives, RG 59, Central Files 1967-69, POL 17 US-IRAQ. Confidential. Repeated to Beirut, London, and Tehran. In telegram 33546 to Brussels, March 7, the Department rejected the notion of paying the Iraqis ransom for the former U.S. hostages. (Ibid.)

[254. Memorandum From Bryan H. Baas, NEA/ARN, to the Deputy Assistant Secretary for Near Eastern and South Asian Affairs \(Davies\), March 13, 1969](#)

March 13, 1969

Baas briefed Davies on topics likely to arise in the latter's upcoming meeting with the Belgian Ambassador to Iraq, Marcel Dupret, who represented U.S. interests in Baghdad.

Source: National Archives, RG 59, NEA/ARN, Office of Lebanon, Jordan, Syria and Iraq Affairs, Lot File 72D4, Box 6, POL 7, Visits and Meetings, Misc., 1969. Confidential. The meeting was held on March 20 (see Document 256).

255. Memorandum from William J. Handley of the Bureau of Near Eastern and South Asian Affairs to the Assistant Secretary of Near Eastern and South Asia Affairs (Sisco), March 18, 1969

March 18, 1969

As requested, Handley provided Sisco with a review of U.S. Government actions in the face of the crisis of Iraqi Jews.

Source: National Archives, RG 59, NEA/ARN Files, Office of Lebanon, Jordan, Syria and Iraq Affairs, Lot 72D4, Box 6, POL 13-3, Ethnic and National Minorities, Jews, 1969.

256. Memorandum of Conversation, March 20, 1969

March 20, 1969

Marcel Dupret, the Belgian Ambassador to Iraq, told an Embassy official and Rodger Davies that the Baghdad Government sought the U.S. Embassy property for security reasons.

Source: National Archives, RG 59, Central Files 1967-69, POL 17 US-IRAQ. Confidential. The conversation took place in Brussels, Belgium.

257. Letter from the Assistant Secretary of State for Congressional Relations (Macomber) to the Chairman of the House Foreign Affairs Committee (Morgan), April 3, 1969

April 3, 1969

Macomber wrote that the House resolutions for a special UN Security Council Meeting on the executions of Iraqi Jews were inadvisable from a practical standpoint.

Source: National Archives, RG 59, Central Files 1967-69, SOC 14 IRAQ. No classification marking. Drafted by Thomas H. Shugart, IO/UNP; cleared by Elizabeth A. Brown, IO/UNP; John T. Abernethy (S/R), and Baas. This letter is an unsigned copy. House Resolutions 226 and 227 were attached, but are not printed.

[258. Memorandum of Conversation, Washington, May 29, 1969](#)

Washington, May 29, 1969

Assyrian representatives reported to U.S. officials that Kurdish Democratic Party Leader Mullah Mustafa Barzani was under pressure to attack the Kirkuk oil facilities, and continued to hope for U.S. support.

Source: National Archives, RG 59, Central Files 1967-69, PET IRAQ. Secret; Limdis. Drafted by Baas. The conversation took place at the Department of State.

[259. Memorandum of Conversation, June 13, 1969](#)

June 13, 1969

An official emissary of Kurdish Democratic Party Leader Barzani arrived to deliver an appeal for assistance in the struggle with the Iraqi government from the Kurdish leader to Secretary of State Rogers.

Source: National Archives, RG 59, Central Files 1967-69, POL 14 IRAQ. Secret; Limdis. Drafted by Baas. The conversation took place at the Department of State. According to a memorandum of conversation, another delegation led by Sam Andrews returned to the Department on January 30 to plead the Kurdish-Assyrian case. Rodger Davies responded that "while the US does not have a significant national interest in the situation in Iraq, the Iranian and Israeli governments apparently do. We are not suggesting in any way that the Assyrians turn to them for help, but it would be surprising if their apparent interest would not encourage them to provide the support that is desired." (Ibid., POL 23-9 IRAQ.)

[260. Memorandum of Conversation, July 17, 1969](#)

July 17, 1969

An Iraqi businessman inquired as to whether a new government in Baghdad could expect American support if it were moderate, rightist,

and pro-West

Source: National Archives, RG 59, NEA/ARN, Office of Lebanon, Jordan, Syria, and Iraq Affairs, Lot 72D4, Box 5, POL 2, General Reports and Statistics, Iraq, 1969.

[261. Airgram 386 From the Embassy in Lebanon to the Department of State, September 22, 1969](#)

September 22, 1969

The Embassy reported the widespread rumor that the exiled former head of SAVAK, Teymour Bakhtiar, was in Baghdad organizing an anti-Shah movement.

Source: National Archives, RG 59, Central Files 1967-69, POL IRAN-IRAQ. Limited Official Use. Drafted by J. Thomas McAndrew; approved by Curtis F. Jones.

[262. Memorandum of Conversation, Washington, October 15, 1969](#)

October 15, 1969

An Iraqi émigré informed Country Director Talcott Seelye of how an Iranian-funded coup in Iraq had foundered.

Source: National Archives, RG 59, Central Files 1967-69, POL 2 NEAR EAST. Secret; Limdis. On November 7, J. Thomas McAndrew, Second Secretary of the Embassy in Lebanon, wrote to Seelye, "Your October 15 memcon of a talk with Lutfi Obeidi came across my desk just after my conversation with Sa'd Jabr. (see Document 260) Though Sa'd did not mention Lutfi's name, I do not for a moment doubt that the two are in league. Sa'd spoke with great conviction and feeling that time is running out for the United States if it does not either 1) substantially alter its policy toward the Arabs or 2) encourage the few remaining moderate elements in the Middle East. In this latter category he would place, in addition to his 'group,' the Kurds under MULLAH MUSTAFA, the Druze of Syria, the Bedouins of Jordan, the Lebanese, and some elements in the Yemen .It seems to me that no group seeking to overthrow an established

regime will have much chance of success unless it can obtain support from an important component of the indigenous military establishment." (Ibid., NEA/ARN, Office of Lebanon, Jordan, Syria, and Iraq Affairs, Lot 72D4, Box 6, POL 23-9, Rebellions, Coups, (Embassy Attaché), 1969)

[263. Telegram 10069 From the Embassy in Lebanon to the Department of State, December 8, 1969, 1749Z](#)

December 8, 1969, 1749Z

The Embassy reported that an Iraqi émigré, hoping to overthrow the Baghdad government, was asking for a U.S. commitment to aid his proposed new regime.

Source: National Archives, RG 59, Central Files 1967-69, POL 23-9 IRAQ. Secret; Exdis. Repeated to Tehran. J. Thomas McAndrew was the Political Officer in the Embassy in Lebanon.

[264. Telegram 204979 From the Department of State to the Embassy in Lebanon, December 10, 1969, 1615Z](#)

December 10, 1969, 1615Z

The Department insisted that the US government was unable to become involved in plots against the current Iraq regime, but would be prepared to consider resumption of relations with a new, moderate government.

Source: National Archives, RG 59, Central Files 1967-69, POL 23-9 IRAQ. Secret. Drafted by Baas. Approved by Sisco.

[265. Telegram 598 From the Embassy in the United Kingdom to the Department of State, January 23, 1970, 1525Z](#)

January 23, 1970, 1525Z

The Embassy relayed news about the abortive Iranian-backed coup attempt in Iraq.

Source: National Archives, RG 59, Central Files 1970-73, POL 23-9 IRAQ. Confidential; Priority. Repeated to Beirut, Tehran, Amman, Ankara, Jidda, Tel Aviv, Dhahran, Kuwait, and CINCSTRIKE/CINCMEAFSA.

[266. Telegram 269 From the Embassy in Iran to the Department of State, January 24, 1970, 1100Z](#)

January 24, 1970, 1100Z

Deputy Foreign Minister KHALATBARI described the current state of Iran-Iraq relations in the wake of the coup attempt.

Source: National Archives, RG 59, Central Files 1970-73, POL IRAN-IRAQ. Confidential; Priority. Repeated to Amman, Ankara, Beirut, Dhahran, Jidda, London, Tel Aviv, CINCSTRIKE/CINCMEAFSA.

[267. Central Intelligence Agency Information Cable TDCS DB-315/01044-70, Washington, March 9, 1970](#)

Washington, March 9, 1970

Israeli Government officials, meeting with Kurdish Democratic Party Leader Barzani's representatives in Tehran, pledged assistance if hostilities were resumed.

Source: National Archives, Nixon Presidential Materials, NSC Files, Box 601, Country Files, Middle East, Iran and Iraq, TDCS DC-315/01044-70. Secret; No Foreign Dissem; Controlled Dissem; No Dissem Abroad; Background Use Only.

[268. Telegram 37806 From the Department of State to the Embassy in Iran, March 14, 1970, 0039Z](#)

March 14, 1970, 0039Z

The Department offered reassurances to Iran of the likely instability of the current Iraqi-Kurdish rapprochement.

Source: National Archives, RG 59, Central Files, 1970-73, POL IRAQ-USSR. Secret; Immediate; Exdis. Drafted by William H. Hallman, NEA/IRN. Cleared by Seelye; William K. Anderson, EUR/SOV; and Dirk Gleysteen, S/S. Approved by Davies. In telegram 928 from Tehran, March 12, MacArthur had sent word that the Shah believed his worst fears of Soviet influence on Iraq had been confirmed with the formation of an autonomous Iraq-Kurdish province. (Ibid.)

[269. Telegram 54598 From the Department of State to the Embassy in Israel, April 14, 1970, 0109Z](#)

April 14, 1970, 0109Z

The Department conveyed the Israeli Foreign Minister's opinion that the Soviets had been critical to the recent Iraqi-Kurdish settlement.

Source: National Archives, RG 59, Central Files 1970-73, POL NEAR E-USSR. Secret; Limdis. Repeated to Amman, Ankara, Beirut, Jidda, Kuwait, London, Moscow, Paris, Tehran, and Cairo. Drafted by Theodore H. Wahl (NEA/IAI); cleared by Seelye, H. H. Stackhouse (NEA/IAI), William H. Gleysteen, Jr.(S/S), Emory C. Swank (EUR), and G. Norman Anderson (EUR/SOV); approved by Davies. In telegram 1491 from Tehran, April 15, the Embassy reported that the Iranian Government concurred that Soviet influence on Iraq was strong and increasing. (Ibid.) In telegram 2909 from London, April 16, the Embassy wrote that the Foreign Office thought Soviet influence had been important, but not necessarily decisive. (Ibid.)

[270. Airgram 295 From the Embassy in Lebanon to the Department of State, July 2, 1970](#)

July 2, 1970

[271. Intelligence Note RNAN, Prepared in the Bureau of Intelligence and Research, Washington, July 16, 1970](#)

July 16, 1970

A report on "Iraq-Persian Gulf: Iraq Looks at the Gulf" examined Iraq's expanded regional role.

Source: National Archives, RG 59, Central Files 1970-73, POL IRAQ-NEAR E. Secret; No Foreign Dissem. Drafted by John F. Lilley. Approved by Dayton S. Mak, INR/NEA. Attached but not published is a map of the Middle East.

[272. Telegram 128256 From the Department of State to the Embassy in France, August 8, 1970, 0012Z](#)

August 8, 1970, 0012Z

The Department speculated about the purpose behind the current Iraqi trip to Moscow.

Source: National Archives, RG 59, Central Files 1970-73, POL 7 IRAQ. Confidential. Repeated to Moscow. Drafted by Thomas J. Scotese (NEA/ARN); cleared by Martha Mautner (INR/RSE/FP), Beigel; and approved by Seelye.

[273. Central Intelligence Agency Information Cable IN 143628, Washington, August 10, 1970](#)

Washington, August 10, 1970

The cable reported that the Kurds anticipated a showdown with the Iraqi Government.

Source: National Archives, Nixon Presidential Materials, NSC Files, Box 603, Country Files, Middle East, Iraq, TDCS 314/08439-70. Secret; No Foreign Dissem.

[274. Telegram 4546 From the Embassy in Moscow to the Department of State, August 13, 1970, 1530Z](#)

August 13, 1970, 1530Z

The Embassy summarized the content of the new joint Soviet-Iraq communique.

Source: National Archives, RG 59, Central Files 1970-73, POL 7 IRAQ. Confidential. Repeated to Paris, Algiers, Beirut, Amman, Cairo, Dhahran, Jidda, Kuwait, London, Rabat, Tel Aviv, Tripoli, Tunis, and USUN.

[275. Central Intelligence Agency Information Cable, Washington, August 24, 1970](#)

Washington, August 24, 1970

A European diplomat indicated that the Soviets were disappointed with the Iraqi Government.

Source: National Archives, Nixon Presidential Materials, NSC Files, Box 603, Country Files, Middle East, Iraq, TDCS DC-315/04352-70. Secret; No Foreign Dissem; Controlled Dissem; No Dissem Abroad; Background Use Only. Kissinger initialed the cable.

[276. Central Intelligence Agency Information Cable IN 152111, Washington, August 28, 1970](#)

Washington, August 28, 1970

The cable disclosed that a plot was underway by Shi'a Muslims to overthrow the Iraq government in September.

Source: National Archives, Nixon Presidential Materials, NSC Files, Box 603, Country Files, Middle East, Iraq, TDCS-314/08944-70. Secret; No Foreign Dissem.

[277. Airgram 477 From the Embassy in Belgium to the Department of State, October 16, 1970](#)

October 16, 1970

The Embassy passed along a report by the Belgian Foreign Office on the gradually improving conditions for Iraqi Jews.

Source: National Archives, RG 59, Central Files 1970-73, SOC 14 IRAQ. Confidential. Repeated to Tehran, Beirut, London, and Tel Aviv.

[278. Telegram 9048 From the Embassy in Lebanon to the Department of State, October 16, 1970, 1730Z](#)

October 16, 1970, 1730Z

The Embassy reported on the recent turmoil in Iraq's Ba'ath party, which had resulted in the dismissal of HARDAN TIKRITI at the instigation of SADDAM HUSSEIN and others in the Revolutionary Command Council.

Source: National Archives, RG 59, Central Files 1970-73, POL 15-1 IRAQ. Confidential. Repeated to Amman, Kuwait, Tehran, Jidda, Brussels, Ankara, Tel Aviv, London, Moscow, and Paris. Although identified as the Iraqi Vice President, Tikriti was in fact the Minister of Defense. In telegram 361, March 31, 1971, the Embassy in Kuwait reported that Tikriti had been assassinated in the city of Kuwait, and that the government and public "assumes that murder was planned in Baghdad and executed by Iraqi govt assassins." (Ibid.)

[279. Telegram 76 From the Embassy in Iran to the Department of State, January 6, 1971, 1300Z](#)

January 6, 1971, 1300Z

The Embassy alerted the Department to recent Soviet naval visits to the Persian Gulf, including the most recent one to the Iraqi port of Umm Qasr where the Soviets were building facilities.

Source: National Archives, RG 59, Central Files 1970-73, DEF 15 IRAQ-USSR. Secret. Repeated to Dhahran, Jidda, Kuwait, London, Moscow, CINCSTRIKE, and MIDEASTFOR.

[280. Telegram 36204 From the Department of State to the Embassy in Nepal, March 4, 1971, 0124Z](#)

March 4, 1971, 0124Z

The Department instructed the Embassy to request that the UN High Commissioner for Refugees inquire about recent reports of arrests of Iraqi Jews in Baghdad.

Source: Source: National Archives, RG 59, Central Files 1970-73, POL 29 IRAQ. Confidential. Repeated to Dacca, Mission Geneva for RMRC, Brussels, and USUN. Drafted by Killgore; cleared by Albert P. Burleigh (NEA/INC), Frank G. Trinkka (EUR/AIS), Laurence A. Dawson (S/R-ORM), Craig Baxter (NEA/PAF), J. Theodore Papendorp (EUR/FBX), Clement J. Sobotka, S/R; Seelye; and Orson W. Trueworthy, S/R-ORM; approved by Atherton.

[281. Airgram A-82 From the Embassy in Lebanon to the Department of State, March 16, 1971](#)

March 16, 1971

The Embassy reported the comments on the situation in Iraq by a Lebanese politician recently returned from a visit there.

Source: National Archives, RG 59, Central Files, 1970-73, POL IRAQ. Confidential. Repeated to Amman, Ankara, Jidda, Kuwait, London, Moscow, and Tehran. Drafted by J. Thomas McAndrew; cleared by Nicholas M. Murphy; approved by Curtis F. Jones.

[282. Telegram 47357 From the Department of State to the Embassy in Belgium, March 20, 1971, 0249Z](#)

March 20, 1971, 0249Z

With arrests of Iraqi Jews increasing, the Department pressed for information on the scheduled visit of the UN High Commissioner for Refugees to Baghdad, and suggested asking the Belgian Government to make an appeal on behalf of the United States.

Source: National Archives, RG 59, Central Files 1970-73, POL 29 IRAQ. Confidential. Repeated to the HAGUE, Mission Geneva, and USUN. Drafted by Thomas J. Scotese; cleared by Seelye, Papandorp, Trinkka, and Trueworthy; approved by Atherton.

[283. Telegram 1098 From the Mission to Geneva to the Department of State, March 25, 1971, 1630Z](#)

March 25, 1971, 1630Z

The mission relayed the outcome of the UN High Commissioner's Baghdad discussions with Iraqi authorities about the arrests of Iraqi Jews.

Source: National Archives, RG 59, Central Files 1970-73, SOC 14 IRAQ. Confidential. Repeated to Kathmandu, Brussels, Dacca, and USUN.

[284. Telegram 54497 From the Department of State to the Embassies in the United Kingdom, France, the Netherlands, Spain, Italy, and Switzerland, April 1, 1971, 0118Z](#)

April 1, 1971, 0118Z

The Department instructed the Embassies to request their host governments to make representations to the Baghdad government on behalf of Iraqi Jews.

Source: National Archives, RG 59, Central Files 1970-73, SOC 14 IRAQ. Confidential. Repeated to Brussels, US Mission Geneva, and USUN. Drafted by Scotese; cleared by Seelye, Frederick Smith, Jr., (SCA), Trueworthy, Greene (IO/UNP), Papandorp, Long (EUR/FBX), Johnson (EUR/AIS), Jack M. Smith (EUR/SPP), Joel E. Marsh (EUR/AIS); approved by Atherton.

[285. Telegram 63120 From the Department of State to the Embassies in the United Kingdom, Libya, Iran, Kuwait, Saudi Arabia, Lebanon, France, the Hague, and Austria and the Consulate in Saudi Arabia, April 14, 1971, 2225Z](#)

April 14, 1971, 2225Z

The Department notified the embassies that Iraq had demanded a greater rise in prices on oil piped from Eastern Mediterranean terminals than the oil companies had offered.

Source: National Archives, RG 59, Central Files 1970-73, PET 6 IRAQ. Secret. Drafted by Warren E. Clark Jr. (E/ORF/FSE); cleared by Robert L. Dowell, Jr. (NEA/IRN), Brooks Wrampelmeir (NEA/ARP); approved by Akins.

[286. Telegram 67409 From the Department of State to the Embassies in Jordan, Lebanon, Belgium, Saudi Arabia, Kuwait, the United Kingdom, Iran, the Soviet Union, and the Interests Section in Cairo, April 21, 1971, 0116Z](#)

April 21, 1971, 0116Z

The Department forwarded the substance of talks on internal Iraqi developments between Assistant Secretary Sisco and the Belgian Ambassador to Iraq.

Source: National Archives, RG 59, Central Files 1970-73, POL 2 IRAQ. Secret. Drafted by Seelye; approved by Sisco.

[287. Telegram 77002 From the Department of State to the Embassies in the United Kingdom and Lebanon, May 4, 1971, 2205Z](#)

May 4, 1971, 2205Z

The Department advised the posts of the Iraqi government's threat to unilaterally legislate an agreement or nationalize the Iraq Petroleum Company if the oil companies did not meet its demands.

Source: National Archives, RG 59, Central Files 1970-73, PET 6 IRAQ. Secret; Limdis; Priority. Repeated to Kuwait, Jidda, Tehran, Tripoli, Dhahran, and Brussels. Drafted by Clark. Cleared by Scotese and Wrampelmeier. Approved by Akins.

288. Telegram 1302 From the Mission to Geneva to the Department of State, May 18, 1971, 1515Z

May 18, 1971, 1515Z

The UN High Commissioner for Refugees conveyed his annoyance over the leak of information concerning his intervention in Baghdad, which had resulted in the release of imprisoned Jews.

Source: National Archives, RG 59, Central Files 1970-73, POL 29 IRAQ. Confidential. Repeated to US Mission Geneva.

289. Memorandum from the Country Director for Lebanon, Jordan, the Syrian Arab Republic, and Iraq (Seelye) to the Assistant Secretary for Near Eastern and South Asian Affairs (Sisco), Washington, May 20, 1971

Washington, May 20, 1971

Seelye concurred with the UN High Commissioner's dismay over the leaked information, which undermined U.S. efforts with Iraq.

Source: National Archives, RG 59, Central Files 1970-73, SOC 14 IRAQ. Confidential. Drafted by Scotese. Sent through Atherton. A handwritten note on the memorandum indicated that "JTA [Jewish Telegraph Agency] report (attached) says Javits released the letter. It could be, of course, that it was released or otherwise let out by Javits' office without the Senator's OK. ASA" The letter to Senator Javits is an unsigned copy. The JTA report was attached but is not published.

290. Memorandum From the Executive Secretary of the Department of State (Eliot) to the President's Assistant for National Security Affairs (Kissinger), Washington, May 21, 1971

Washington, May 21, 1971

Eliot informed Kissinger that the US Embassy property in Baghdad had been seized by the Iraqi Government.

Source: National Archives, RG 59, Central Files 1970-73, POL 17 US-IRAQ. Confidential. Drafted by Scotese; cleared by Sisco, Atherton, Seelye, Leamon R. Hunt (NEA/EX), and Joseph F. Donelan, Jr. (O/A).

[291. Telegram 92470 From the Department of State to the Embassy in Belgium, May 26, 1971, 2123Z](#)

May 26, 1971, 2123Z

The Department forwarded a message from the Belgian Ambassador to Iraq, in which he cautioned Washington against retaliation for the seizure of the U.S. Embassy property.

Source: National Archives, RG 59, Central Files 1970-73, POL 17 US-IRAQ. Confidential. Drafted by Scotese. Cleared by Papendorp; approved by Seelye.

[292. Airgram 222 From the Embassy in Lebanon to the Department of State, July 16, 1971](#)

July 16, 1971

A close associate of Barzani contacted the Embassy in Beirut to request talks with the U.S. Government.

Source: National Archives, RG 59, Central Files 1970-73, POL 13-3 IRAQ. Secret; Limdis. Repeated to Amman, Ankara, Jidda, London, Tehran, and USUN. Drafted and approved by Curtis F. Jones; cleared by Thomas J. Carolan, Jr.

[293. Telegram 9689 From the Embassy in Lebanon to the Department of State, November 3, 1971, 1520Z](#)

November 3, 1971, 1520Z

In a meeting with Embassy officers in Beirut, a Kurdish Democratic Party Leader Barzani representative again requested U.S. assistance for the Kurds' anti-Baghdad movement.

Source: National Archives, RG 59, Central Files 1970-73, POL 12 IRAQ. Confidential. Repeated to Tehran. In telegram 206473 to Beirut, November 12, the Department confirmed the Embassy's feeling that a meeting between Barzani and U.S. officials would only nurture false hopes of U.S. assistance.(ibid.)

[294. Telegram 213299 From the Department of State to the Embassy in Iran, November 24, 1971, 1758Z](#)

November 24, 1971, 1758Z

The Department critically analyzed the rosy assessment of internal Iraqi affairs recently published by a Lebanese journalist.

Source: National Archives, RG 59, Central Files 1970-73, POL IRAN-IRAQ. Confidential. Repeated to Amman, Ankara, Brussels, Beirut, Jidda, Kuwait, London, Moscow, Paris, Tel Aviv, and Cairo. Drafted by Edward G. Abington (NEA/ARN); cleared by Albert A. Vacarro (INR/RNA), Joseph A. Presel (EUR/SOV), Miklos, Seelye; and approved by Atherton.

244. Telegram 321 From the Embassy in Israel to the
Department of State, January 27, 1969, 1552Z¹

January 27, 1969, 1552Z

TELEGRAM
Department of State
TEL AV 00321 271534Z

ACTION NEA 15

0 271552Z JAN 69 ZFF-6

FM

AMEMBASSY TEL AVIV

TO
SECSTATE WASHDC IMMEDIATE 5453

INFO
AMEMBASSY LONDON IMMEDIATE
AMEMBASSY ROME
AMEMBASSY BEIRUT
AMEMBASSY AMMAN
AMCONSUL JERUSALEM
USMISSION USUN

SUBJ:
EXECUTION OF JEWS IN IRAQ

1. NEWS OF PUBLIC HANGING OF IRAQI JEWS THIS MORNING HAS HIT ISRAEL HARD. STATEMENT BY PRIMIN ESHKOL SCHEDULED FOR LATE AFTERNOON KNESSET SESSION WILL PRESUMABLY SET TONE FOR REACTION.
2. CANNOT BE PRECLUDED THAT GOI WILL SEEK FIND SOME WAY TO RETALIATE AGAINST IRAQ FOR THESE EXECUTIONS, BUT AS OF NOW WE CANNOT THINK HOW THIS MIGHT BE DONE WITHOUT FURTHER ENDANGERING LIVES OF OTHER JEWS REMAINING IN IRAQ.
3. REACTION OF INTERNATIONAL COMMUNITY TO THIS ACT, WHICH ISRAELIS REGARD AS MURDER OF HELPLESS JEWS WILL BE IMPORTANT FACTOR. IN CONTRAST TO DEATH OF ISRAELI IN ATHENS PLANE INCIDENT, THESE DEATHS OPEN ACT BY

GOVERNMENT WHICH ISRAEL WILL WANT TO SEE HELD ACCOUNTABLE AT LEAST TO WORLD PUBLIC OPINION IF NOT TO LEGAL CONSEQUENCES.

4. URGE DEPARTMENT TAKE LEAD IN PUBLIC STATEMENT CONDEMNING EXECUTIONS AND CALLING ON IRAQ TO DESIST FROM ANY FURTHER TRIALS AND EXECUTIONS, AND URGE UN OTHER GOVERNMENTS, VATICAN, ETC. TO DO LIKEWISE. REALIZE THAT CONSIDERATIONS OF AMERICANS IN IRAQI HANDS MAY INVOLVE OTHER DANGERS. BUT SILENCE OR. RETICENCE BY USG AT THIS TIME WOULD HAVE STRONG ADVERSE EFFECT HERE.

BARBOUR

¹ Source: National Archives, RG 59, Central Files, 1967-69, POL 29 IRAQ. Confidential; Immediate. Repeated Immediate to London and to Rome, Beirut, Amman, Jerusalem, and USUN.

245. Telegram 333 From the Embassy in Israel to the
Department of State, January 28, 1969, 1300Z¹

January 28, 1969, 1300Z

TELEGRAM
Department of State
TEL AV 00333 281544Z

ACTION NEA 15

INFO EUR 15,IO 13,SA 01,SAH 02,CIAE 00,DODE 00,GPM 04,H 02,INR
07,L 03,NSAE 00,NSC 10,P 04,RSC 01,SP 02,SS 20,USIA 12,AID 28,SR
01,ORM 03,RSR 01,/144 W 024088

P R 281300Z JAN 69

FM

AMEMBASSY TEL AVIV

TO
SECSTATE WASHDC PRIORITY 5460

INFO
AMEMBASSY AMMAN
AMCONSUL JERUSALEM
AMEMBASSY LONDON
AMEMBASSY ROME
USMISSION USUN

SUBJ:
EXECUTIONS IN IRAQ

1. SECRETARY'S STATEMENT MADE MOST TEL AVIV MORNING PAPERS DESPITE LATE HOUR OF RELEASE ISRAELI TIME AND WAS LEAD ITEM ON KOL ISRAEL NEWSCASTS MORNING JANUARY WE ARE HOPEFUL THAT THIS EXPRESSION OF USG CONCERN FOR PLIGHT OF IRAQI JEWRY WILL HAVE EFFECT OF DAMPENING AT LEAST TO SOME EXTENT FEELINGS OF INDIGNATION VOICED HERE OVER ALLEGED WORLD INDIFFERENCE TO HANGINGS. CHARGE OF WORLD QUOTE HYPOCRISY UNQUOTE IN TURNING DEAF EAR TO PERSECUTIONS

OF JEWS IN ARAB COUNTRIES IS ONE OF MAIN THEMES IN STATEMENTS BY PM ESHKOL AND OTHER SPEAKERS IN KNESSET JANUARY 27 (TEL AVIV 322) AND IS HEAVILY STRESSED IN TODAY'S EDITORIALS. POSITION TAKEN PUBLICLY BY FRENCH (AND WHICH ACCORDING LONDON 678 BRITISH ALSO PLAN TAKE) THAT MATTER IS INTERNAL IRAQI AFFAIR NATURALLY RECALLS TO ISRAELI MIND HESITATION OF POWERS TO TAKE OPEN STAND AGAINST PERSECUTIONS OF JEWRY IN ARAB LANDS HERETOFORE.

2. OUR HOPE IS THAT GOI WILL CONCENTRATE AT THIS STAGE ON MOBILIZING WORLD OPINION AND GOOD OFFICES OF FOREIGN GOVERNMENTS TO PREVENT FURTHER EXECUTIONS. THIS MAKES DIRECT MILITARY ACTION SEEM FAIRLY UNLIKELY AT THE MOMENT. WE OF COURSE CANNOT RULE OUT POSSIBILITY ENTIRELY, HOWEVER, AS PAST EXPERIENCE UNDERSCORES UNPREDICTABILITY OF ISRAELI MILITARY STRIKES. IN PRESENT INSTANCE IDF WOULD NOT HAVE TO LOOK FAR AFIELD TO FIND AN IRAQI TARGET. ISRAEL AUTHORITIES MUST REALIZE HOWEVER THAT IN VIEW OF MASS HYSTERIA WHICH APPARENTLY PREVAILS AT THIS MOMENT IN BAGHDAD ANY IDF ACTION AGAINST IRAQ COULD PROVOKE NOT ONLY ADDITIONAL EXECUTIONS BUT ALSO POSSIBLY MASS POGROM OF THOSE JEWS LEFT IN IRAQ.
3. WHATEVER OTHER CONSIDERATIONS GOI MAY BRING INTO LINE ISRAELI ACTIONS WILL WITHOUT ANY DOUBT BE INFLUENCED BY EXTENT WORLD SUPPORT FOR (OR INDIFFERENCE TO) EFFORTS TO PREVENT FURTHER EXECUTIONS. BELIEVE IT IMPORTANT BOTH ON POLITICAL AND HUMANITARIAN GROUNDS FOR US TO FOLLOW UP SECRETARY'S STATEMENT WITH ADDITIONAL STEPS TO HEAD OFF MORE BLOODSHED. WE RECOGNIZE DANGER THAT PUBLIC DECLARATIONS MAY MERELY DRAW STIFF IRAQI RESPONSE (AS IN CASE OF UNSYG'S STATEMENT) AND POSSIBLY FURTHER HARDEN IRAQI POSITION. PERHAPS DEPARTMENT COULD EXPLORE POSSIBILITY OF SEEKING BEHIND SCENES INDIAN AND OTHER NEUTRAL POWER INTERVENTION WITH IRAQI AND OTHER ARAB GOVTS, STRESSING DEPLORABLE EFFECT OF EXECUTIONS ON WORLD OPINION AND SERIOUS DAMAGE THEY DO TO ARAB IMAGE.
4. ONE POSSIBLE APPROACH WHICH OCCURS TO US IS PROPOSAL FOR EXCHANGE OF FEDAYEEN PRISONERS HELD BY ISRAELIS AGAINST DDZIS EDHNCUI JEWISH SPIES. A SIMILAR PROPOSAL PUT FORWARD BY ITALIANS PROVED TO BE KEY TO SOLUTION OF LAST SUMMER'S CRISIS OVER HIJACKING OF EL AL PLANE.

WE REALIZE CURRENT SITUATION IS DIFFERENT IN MANY RESPECTS AND SUCH AN EXCHANGE WOULD POSE MANY DIFFICULT PROBLEMS FOR BOTH ISRAELIS AND IRAQIS. HOWEVER IF PUT FORWARD WITH SKILL AND DETERMINATION BY A PARTY RECOGNIZED AS FRIENDLY BY IRAQIS AND AT LEAST RELATIVELY NEUTRAL BY ISRAELIS IT MIGHT HAVE CHANCE OF SUCCESS.

BARBOUR

¹ Source: National Archives, RG 59, Central Files 1967-69, POL 29 IRAQ. Secret; Priority. Repeated to Amman, Jerusalem, London, Rome, and USUN.

246. Telegram 14051 From the Department of State to the Mission to the United Nations, January 29, 1969, 1633Z¹

January 29, 1969, 1633Z

TELEGRAM
Department of State 14051

ACTION: USUN NEW YORK

INFO: Amembassy TEL AVIV

" " BEIRUT

" " BRUSSELS

" " AMMAN

" " LONDON

Amconsul JERUSALEM

STATE

SUBJECT:
Iraqi Executions

You should submit following letter to SC President soonest.

QTE I have been instructed by my Government to draw to your attention the following statement issued by Secretary of State William P. Rogers on January 27, 1969, when he learned of the public execution of 14 persons convicted for espionage in Iraq:

INNER QTE (Text as in Para 3 of State 13133) END INNER QTE.

QTE The Government of the United States recognizes the legal right of any government to bring to trial and administer justice to any of its citizens. However, the manner in which these executions and the trials that preceded them were conducted scarcely conforms to normally accepted standards of respect for human rights and human dignity or to

the obligations in this regard that the United Nations Charter imposes upon all members. Moreover, the spectacular way in which they were carried out seems to have been designed to arouse emotions and to intensify the very explosive atmosphere of suspicion and hostility in the Middle East.

QTE The United States hopes that the world-wide revulsion aroused by the reports of these trials and executions will induce those responsible to carry out their solemn Charter obligations to promote INNER QTE universal respect for and observance of human rights and fundamental freedoms for all without distinction as to race, sex, language, or religion END INNER QTE. Repetition of the recent tragic events would be bound to make more difficult efforts within and outside the United Nations toward the goals of peace, tolerance, and human understanding among nations and peoples, in the Middle East and throughout the world.

QTE I respectfully request that this letter be circulated as a Security Council document. END QTE

FOR BRUSSELS. Inform FONOFF of our intention submit above letter to UN.

END

ROGERS

¹ Source: National Archives, RG 59, Central Files 1967-69, POL 29 IRAQ. Unclassified. Repeated to Tel Aviv, Beirut, Brussels, Amman, London, and Jerusalem. Drafted by Betty Jane Jones (IO/UNP). Cleared by Davies, Atherton, C. Morgan Holmes (EUR/FBS); Robert G. Neumann, L/NEA, Seelye, George T. Walsh (S/S); and approved by Sisco.

247. Memorandum From the Under Secretary of State
(Richardson) to President Nixon, Washington, January 31,
1969¹

Washington, January 31, 1969

January 31, 1969

MEMORANDUM FOR THE PRESIDENT—Evening Report

[Omitted here is material unrelated to Iraq]

4. U.S. Citizens Detained by Iraqi Government— At our request the Belgians (our protecting power in Baghdad), the French, the British and the Indians have over the past several weeks made diplomatic representations in Baghdad in an effort to secure the release of two Americans, Mr. and Mrs. Paul Bail. We have also proposed that King Hussein of Jordan and King Feisal of Saudi Arabia directly approach Iraqi President BAKR. We are in continuous touch with Bails' relatives, concerned Congressmen, and Esso, Bail's employer. In order not to jeopardize the Bails' chances of release, we are seeking to keep publicity to a minimum.

[Omitted here is material unrelated to Iraq]

Elliot L. Richardson

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, President's Daily Briefing, Box 1, February 1-8, 1969. Secret. This memorandum was for the President's Evening Reading.

248. Memorandum From the Assistant Secretary of State
for Near Eastern and South Asian Affairs (Sisco) to
Secretary of State Rogers [1](#)

undated

MEMORANDUM FOR:

The Secretary

THROUGH:
S/S

FROM:

IO - Joseph J. Sisco
NEA - William J. Handley

SUBJECT:
Arthur Goldberg's Suggestion for U.S. Initiatives to Seek Immigration of Iraq's Jews—
ACTION MEMORANDUM

Arthur Goldberg has written you suggesting that we attempt to influence the Government of Iraq to permit its Jews to emigrate (TAB A). He suggests that the United States signify its readiness, either privately or publicly, to admit these Jews into this Country.

We believe this idea should be pursued. It reflects the highest American humanitarian tradition, and if successful it would remove a serious irritant from the Middle Eastern scene. Even if it failed, the impact on world opinion would be very favorable and the President's action when it became known, would be widely acclaimed at home.

The Jewish community in Iraq, which was once large and prosperous, has now dwindled to some 2,500 harassed individuals. There is some slight possibility that Iraq would agree to divest itself of these people, if suitable inducements in cash or kind were offered, and if negotiations were carried on through a proper intermediary and in secret. Israel would probably be prepared to consider some form of compensation for Iraq.

Iran would appear to be the most appropriate intermediary. Iraq is anxious to maintain correct relations with Iran because the latter has the capability of assisting the Iraqi Kurds in their continuing insurrection.

The Iraqis would no doubt demand as one condition of any arrangement that none of the refugees be permitted to go to Israel. As the attached memorandum (TAB B) from the Legal Adviser indicates, the United States would be able to admit them here. Certain other countries would no doubt be willing to receive some of them, if we decided that the group should be dispersed.

Iranian Ambassador Ansary is leaving Washington February 3 for Switzerland, where he will consult with the Shah, the only Iranian who can make a decision in a matter of this importance. If the President should decide that we should take action along the lines suggested by Justice Goldberg, Ansary could raise this sensitive question in a direct and discreet manner.

We do not believe that this operation would adversely affect our efforts to free the two Americans now held in Iraq.

At the appropriate time, we would wish to do some selective consultations with Congress.

RECOMMENDATION:

That you seek Presidential authorization to permit us to pursue this proposal with representatives of Iran and Israel. A draft memorandum is attached (TAB C).

I have also prepared a brief interim reply from you to Arthur Goldberg (TAB D).

Attachments:

- TAB A - Letter from Justice Goldberg
- TAB B - Legal Memorandum
- TAB C - Draft Memorandum to the President
- TAB D - Interim Reply to Justice Goldberg

NEA:RDavies/IO:DHPopper:mtb

¹ Source: National Archives, RG 59, Central Files, 1967-69, SOC 14 IRAQ. Secret; Exdis. Tabs A, B, C and D to the memorandum from Sisco and Handley to Rogers, January 31, were attached, but are not published.

249. Memorandum From Secretary Rogers to President Nixon, Washington, February 1, 1969¹

Washington, February 1, 1969

DEPARTMENT OF STATE WASHINGTON
February 1, 1969

MEMORANDUM FOR THE PRESIDENT

SUBJECT:

Assistance to Iraqi Jews

Arthur Goldberg has written to me suggesting that we attempt to influence the Government of Iraq to permit its Jews to emigrate, and that we signify our readiness either privately or publicly to permit them to enter this country. The number of individuals involved approximates 2,500.

I believe such a step would be in the humanitarian tradition of the United States, and that when it became known it would have a highly favorable impact both here and abroad regardless of the outcome. Secret approaches could be made through the Government of Iran, since we have no relations with Iraq. Under the Immigration and Nationality Act, Iraqi Jews could be admitted to the United States as refugees, or in the parole of the Attorney General.

I recommend that you authorize me to pursue this matter promptly, working discreetly through the Government of Iran.

William P. Rogers

¹ Source: National Archives, RG 59, Central Files 1967-69, SOC 14 IRAQ. Secret; Exdis. A handwritten note on the document reads "Approved by President according to Sec. Rogers 2/10/69 JPW. Asst. Sec. Sisco informed 2/10/69."

250. Memorandum From John M. Leddy of the European Bureau to Secretary of State Rogers, Washington, February 7, 1969¹

Washington, February 7, 1969

DEPARTMENT OF STATE
Washington, D.C. 20520
FEB 7 1969

TO:
The Secretary

THROUGH:
S/S

FROM:

EUR - John M. Leddy

SUBJECT:
Expression of Appreciation for Belgian Representation of United States Interests in Iraq—
ACTION MEMORANDUM

Belgium has represented our interests in Iraq since 1967. Because of limitations imposed by the Iraqi government, there are no American personnel in Baghdad to assist the Belgian staff. Iraq's chaotic domestic political situation and the Iraqi tendency to equate the United States and Israel render Belgian Ambassador Dupret's task extremely delicate and demanding. For example, for some time Ambassador Dupret has been attempting to forestall the Government of Iraq's desire to purchase, or perhaps even expropriate, our property in Baghdad by simply maintaining that he still has no instructions. In December several American citizens were arrested, including Paul Bail and his wife and son, apparently because the family possessed a short wave radio. After a series of demarches, Mr. Bail was finally freed on Wednesday, February 5 and rejoined his wife who had previously been released in the custody of the Belgian Embassy.

I recommend that you use this occasion to send the attached expression of appreciation to Belgian Foreign Minister Harmel.

Attachment:

Draft telegram

NEA/ARN - Mr. Baas

EUR/FBX:BBean:cpj

2/6/69

¹ Source: National Archives, RG 59, Central Files 1967-69, POL 17 US-IRAQ. Confidential. Drafted by Baas. The attachment is not published. A message of thanks was sent on February 10.

251. Research Memorandum RNA-6 From the Director of the Bureau of Intelligence and Research (Hughes) to Secretary Rogers, Washington, February 14, 1969¹

Washington, February 14, 1969

U.S. DEPARTMENT OF STATE
DIRECTOR OF INTELLIGENCE AND RESEARCH

Research Memorandum
RNA-6, February 14, 1969

To:
The Secretary

THROUGH:
S/S

From:

INR - Thomas L. Hughes

SUBJECT:
Iraq: Internal Stresses and the Search for the Bogeyman

The Iraqi government has recently launched an intensive campaign to rally public support behind it by playing up the subversive and military threat from Israel. Integral parts of this effort are the spy trials and executions in Baghdad* and Iraqi emphasis on the danger of a major Israeli attack. This paper examines briefly the charges that have been raised and the situation of the Iraqi Jewish community. The paper also reviews the deterioration of the Ba'thi regime since its return to power last summer and analyzes the internal political crisis which has led the regime to engage in the current spy hunt and to adopt an increasingly provocative stance toward Israel.

ABSTRACT

The current spy hunt in Baghdad and Iraqi predictions of an Israeli attack on Iraq's forces in Jordan are largely motivated by the Ba'thi regime's extreme insecurity and its fear of imminent overthrow. The Ba'this are seeking to exploit genuine Iraqi apprehension of Israel's

subversive activities within the country for the purpose of mobilizing popular support for the regime and discrediting all opposition elements as agents of Israel. More important, the Ba'this hope to dramatize an Israeli threat sufficiently to unify the Iraqi army behind the regime, whose vulnerability to a coup is increased by internal factional disputes.

Of the fourteen persons hanged as spies in Baghdad on 27 January, nine were Iraqi Jews, and fears have been expressed for the safety of the remaining Jewish community in Iraq. Israel has hinted that it may take drastic action, should further harm befall the Iraqi Jews. The Iraqi regime, for its part, seems almost to be wishing for Israeli action, either against Iraq's troops in Jordan or against Iraq itself, to demonstrate that the alleged threat from Israel is real.

The Ba'th party in Iraq has disappointed early hopes that its rule would be an improvement over the Arif government which it ousted in July 1968. During their seven months in power, the Ba'this have discredited themselves by inept leadership, factionalism, duplicity, and repression—and in the process have alienated virtually every significant political and ethnic grouping in Iraq. In their effort to extend their control over the Iraqi army, the Ba'this have replaced many senior officers, thereby antagonizing others, and the threat exists of a military reaction such as put an end to the 1963 Ba'thi regime. The deteriorating internal security situation has been marked by reports of attempted coups and by arbitrary arrests and random acts of terror by Ba'thi security gangs, which often seem to act on their own authority. There has also been a rising current of anti-Americanism and a frantic search for scapegoats. In December 1968, soon after an Israeli reprisal against Iraqi positions in Jordan, the drumbeating and spy hunting began in earnest. While the Iraqis may have been momentarily checked by unfavorable international, and Arab, reaction to the recent hangings, the survival of the regime is at stake, and the campaign can be expected to continue. Given its narrow political base, dissatisfaction in the army, and the general instability of the situation in Iraq, the present tactics are unlikely to save the Ba'th government for long—unless there is indeed a major Israeli attack.

Shaky Ba'this Attempting to Mobilize Support

The Iraqi government is engaged in a faltering regime's classic ploy of psychological mobilization against an external threat. It asserts that Israel, abetted by its mainstay, the US, is the source of Iraq's current difficulties and that Israel and the US are conspiring to bring about the downfall of

the revolutionary regime. To be effective, such a conspiratorial thesis must be supported by at least some evidence, which the Iraqis have attempted to produce and publicize through the spy trials. Though Israel may well have covert assets in Iraq, the Iraqi Jews, with their movements restricted and under constant surveillance, would make poor recruits for any Israeli espionage or sabotage net. Nonetheless, in the recent trials they and others have served as credible scapegoats to dramatize Iraq's struggle against sinister forces.

Underlying the trials is the insecurity of the regime and its frustration at being unable to develop widespread backing or to achieve decisive control. Nothing has worked for the Ba'this—conciliation, terror, or packing the civil administration, army, and security forces with Ba'th party members, all have been unsuccessful. The regime is still unpopular, weak, and internally divided. Even more unsettling to the Ba'this, who were thrown out by the military in 1963, is uncertainty about the attitude of the army, raising the specter of another military coup, perhaps, as in 1963, with the connivance of disgruntled members of their own regime.

By extending the alleged Israeli conspiracy to take in various dissident elements in the country, the regime seeks to portray domestic opposition as treason to the Arab cause and to justify its own repressive measures as needed protection for the country. The Ba'this have evidently also concluded that their own internal factionalism and the potential disaffection of the army can only be overcome within the framework of a confrontation with Israel—with Iraq in the vanguard. Iraqi drumbeating in Jordan and show trials in Baghdad both highlight Iraq's "exposed position" and the necessity of all Iraqis to rally behind the government. To prove their point, the Ba'this seem to be almost deliberately inviting a major Israeli response.

Show Trials in Baghdad

On January 27, 1969, fourteen Iraqi citizens, including nine Jews, two Christians, and three Moslems, were hanged in Baghdad as Israeli spies. They had been convicted by a three-man revolutionary tribunal whose president announced on January 28 that another espionage trial would follow, in which the defendants would be charged with spying for the CIA. The new trial may have been delayed by the international outcry which greeted the results of the first trial. Not only were the hangings deplored throughout the West, they were received with pained silence and even some criticism in the Arab countries. Cairo's semi-official

newspaper al-Ahram chided the Iraqis for the untimeliness of the executions and for the carnival atmosphere surrounding them. The best that most Arab commentators could find to say was that the Iraqis were entitled to deal with their own citizens and internal affairs as they saw fit. Israeli sources assert that in the next trial there will be 35 defendants, of which 13 are Jews, and that this group will be charged with spying for Israel, as well as with sabotage and with organizing the defection of the Iraqi pilot who flew his MIG-21 to Israel in 1966. Probably in response to the unfavorable world reaction, Iraqi President al-BAKR has told an interviewer that all those in the next group to be tried are Iraqi Moslems. Moreover, about two dozen Iraqi Jews arrested prior to the Ba'thi regime's takeover in July 1968 reportedly have just been released from prison. This apparent amnesty, however, is not known to have been extended to those arrested in Ba'thi security roundups since July 1968 or during the current spy scare.

Over 60 Iraqis are believed to be awaiting trial on various charges. The two most prominent individuals among them are Dr. Abd al-Rahman al-Bazzaz, a highly respected former diplomat who served as Premier in 1966-67, who has been a rallying point for Iraqi moderates, and Major General Abd al-Aziz al-Ugaily, a somewhat apolitical retired officer of strong personality and great prestige among the Iraqi military, who has been repeatedly mentioned as a potential President or Premier and who served as Defense Minister in the 1966 al-Bazzaz Cabinet.

The essence of the government's case can be gathered from confessions made by two of the defendants in the recent spy trial and broadcast over Baghdad radio and television on December 14. The first of these statements described an alleged Israeli espionage network that gathered information on the Iraqi military and conducted sabotage training for Jewish youths. The persons named in this confession were among those executed on January 27. The second confession vaguely linked the Israeli spy ring to an elaborate clandestine plotting group which included members of the pre-1958 regime, members of the Iraqi Christian and Jewish communities, wealthy Iraqi businessmen resident in Beirut, Kurdish rebel leader MULLA MUSTAPHA BARZANI's Beirut representative, and Lebanese Christian politicians such as ex-President Camille Chamoun and Henry Farun. The organization was to furnish military and political information on Iraq to CENTO and "certain neighboring states," who were backing the group. The Kurdish rebellion was to be reactivated to tie down the Iraqi army and prevent it from doing its part against Israel. The group's objectives allegedly were to overthrow the Ba'thi regime, abolish socialism, make peace with Israel,

and form a government of Arabs and Kurds which would be supported by CENTO members "headed by the United States." General al-Uqaily was to have been Defense Minister in the new regime, and Dr. al-Bazzaz was said to have been aware of the plan and to have supported it.

Concern for the Iraqi Jews

Israeli and world reaction to the recent executions has centered on the fact that nine of those hanged were Iraqi Jews. Fears have been expressed about the fate of the remaining Iraqi Jewish community—once totalling over 100,000 persons, but now reduced, mainly by emigration to Israel, to about 3000. The Jewish community dates its beginnings in Iraq from the Babylonian Captivity, and its remaining members are believed to feel no allegiance to Israel. Some have complained that they might have continued to lead a good life in Iraq, had it not been for antagonisms generated by Israel's emergence as a state. Nevertheless, Israel's claims to be the homeland of Jews everywhere has had the effect of turning the remaining Iraqi Jewish community, in the eyes of the local authorities, into a potential fifth column, and the Arabs' feeling of humiliation at Israel's hands has also been taken out on the local Jews. The Iraqi Jewish community thus has for some years led an increasingly circumscribed existence, with restrictions imposed upon its members' property rights and freedom of movement, and they have been subject to greater harassment since the June 1967 war.

Israeli Premier Eshkol, in denouncing the executions, told the Israeli Parliament that nothing stands between the Jewish communities and annihilation but "Israel and her strength." In an interview over Baghdad Radio after the hangings, Baghdad's Grand Rabbi Sasson Khaddouri denied that the trials had been aimed at the Jews and stated that the world-wide outcry on this basis against Iraq was "unjust," that "Iraqi Jews, like people of other religions, enjoy complete freedom to carry out their religious rites and normal work." Rabbi Khaddouri's carefully phrased statement was doubtless intended to offset such remarks as Eshkol's, which would confirm the Iraqis in their view that the local Jews were instruments of Israel. Indeed the Iraqi Jews feared that any intervention on their behalf by Israel might unleash a pogrom in Iraq.

The Present Ba'thi Regime

The Ba'thi regime in Baghdad, which came to power through a coup d'état, sees itself beset by plotters on every side. Its fears are no doubt justified because it has progressively alienated virtually every other

significant political and ethnic grouping in Iraq. Moreover, the Ba'athis are threatened by internal schism and the possibility of a coup attempt by one of their own factions against another. During their seven months of power, the Ba'athis have been so preoccupied with trying to shore up their position that governmental decision-making has been at a relative standstill, and it is unclear who speaks with authority for the regime. The Ba'ath has set up an extensive internal security apparatus as an instrument of party control, but this apparatus seems to be operating semi-independently, and its unruly and violent actions have only served to discredit the regime. More important, despite a determined effort to fill key military posts with at least nominal Ba'athis, the regime is unsure of the loyalty of the army. Ba'athis still brood over the fact that the last Ba'athi government in Iraq, in 1963, was unseated after nine months by the Iraqi military (including some nominally Ba'athi officers like Harden Tikriti) because of the excesses of the radical elements of the regime.

The Ba'ath returned to power in Iraq on July 17, 1968, when the so-called Right-Wing Ba'athi group, made up of some of the more moderate members of the 1963 Ba'athi regime, joined with several young officers in a bloodless coup against the Arif government. Within two weeks, however, on July 30, the Ba'athis ousted their less politically experienced military colleagues from power and assumed full control. At first the reconstituted, by now wholly Ba'athi regime sought to broaden its narrow political base. It entered into contacts with Kurdish rebel leader MULLA MUSTAPHA BARZANI, it called for a coalition of "progressive forces" under Ba'athi leadership, and released many political prisoners, including Communists, as a token of good faith. Meanwhile, to offset their numerical weakness, the Ba'athis set out to appoint Ba'ath party personnel to as many key administrative and internal security posts as possible. The regime also recalled to active service many Ba'athi officers who had been eliminated from the army when the Ba'ath was overthrown in 1963.

Ba'athi Factionalism

A basic policy difference soon emerged over the question of how to consolidate the regime. The more moderate faction urged cooperation with non-Ba'athi elements, especially among the military; the leader of this group was Deputy Premier and Defense Minister Harden Tikriti, who was believed to have close ties with non-Ba'athi officers. A hard-line faction, led by Interior Minister Saleh Ammash, called for excluding non-party elements from key posts—especially in the military and internal security forces. The Ammash group warned that the Ba'ath had collapsed before because it had equivocated on this point. A third prominent figure

in the Ba'ṯhi leadership, Party Secretary General Saddam Tikriti, evidently endorsed the hard-line approach, but seemed to have a personal following of his own. President Ahmed Hassan al-BAKR did not enter the factional strife. He was believed to incline more to the moderate approach, but seemed mainly concerned with his own survival in office.

Potential allies of Harden Tikriti's moderate faction are two fellow members of the ruling Revolution Command Council (which also includes President al-BAKR and Saleh Ammash)—Brigadier Sa'dun Ghaidan, now the commander of the Baghdad Garrison, and Lieutenant General Hammad Shihab Tikriti, who recently was made Iraqi Chief of Staff. These two were members of the young officer group which cooperated with the Ba'ṯhis in Arif's overthrow; they evidently soon became Ba'ṯhis by convenience and assisted in the elimination of their non-Ba'ṯhi colleagues from the regime. The validity of their Ba'ṯhi credentials, however, remains in question.

Ba'ṯhi Troubles with the Kurds

The five year Kurdish rebellion, led by Mullah Mustapha Barzani, had subsided following a cease-fire agreement arranged in 1966 under the Premiership of Dr. Abd al-Rahman al-Bazzaz. The Iraqi government failed to implement the agreement's provisions, however, and a renewal of hostilities threatened. The Ba'ṯhis established contacts with Barzani in August 1968 in an apparent effort to reach a settlement. This effort was soon nullified by a Ba'ṯhi decision to support the "progressive" rival Kurdish group of Jalal Talabani in a rather crude divide-and-rule campaign designed to undermine Barzani, who reacted strongly to the regime's duplicity. In a series of skirmishes, Barzani's numerically superior forces inflicted losses on Talabani's followers, despite Talabani's indirect support from the Iraqi army. Hostilities seem to have been suspended by winter weather, but the Kurds expect the struggle to be renewed on a larger scale in the spring.

The Plots Thicken

Meanwhile, rumors of plots have proliferated. In late September, the regime claimed to have foiled a coup attempt by a combination of Nasserists and Left-Wing or Syrian-oriented Ba'ṯhis, reportedly encouraged by Damascus. Several persons were arrested, but there was speculation that, whatever the dimensions of the actual plot, the regime had used it as an excuse to round up a number of potential dissidents.

Among those jailed was a former Agriculture Minister, retired Major General Abd al-Hadi al-Rawi.

October and November were marked by a growing number of beatings, shootings, and arbitrary arrests carried out by members of the Ba'thi security forces, who often seemed to be operating independently of government control. The Chairman of the local Coca-Cola bottling company was killed during interrogation by security men. A former Iraqi Foreign Minister and Ambassador to Washington, Dr Nast al-Hani, was abducted and murdered one night, reportedly by members of the security forces. Some observers felt that the murder of al-Hani, a leading moderate, might have been intended as a warning to other Iraqi moderates, who had turned out in force at the Baghdad airport a few days earlier to welcome the return of former Premier al-Bazzaz from a long stay in Beirut.

Despite the apparent effort by the regime to woo the dominant faction of the Iraqi Communist Party, communist leaders were outraged when security men reportedly fired on a demonstration previously authorized by the government on the anniversary of the Bolshevik Revolution, and several demonstrators were killed or wounded. In another such episode, striking communist workers were shot down at a Baghdad factory.

On December 11 reports reached Beirut that the Iraqi regime had put down a coup attempt by officers associated with the long-defunct monarchy. On December 27 the Iraqis reshuffled several top military posts, including that of Chief of Staff. Non-Ba'thi incumbents were dismissed and replaced by men considered more loyal to the regime. The regime broadcast telegrams of support from key military units, but the event bore all the hallmarks of a narrowly averted military coup.

The Anti-American Campaign

The regime had already begun a campaign of harassment of American educational institutions in Iraq. It expelled the American faculty members of the Jesuit al-Hikma University and American personnel of the American Philanthropic Society in Northern Iraq, a Protestant group which had run a girls' school in Baghdad for many years. In December, the anti-American campaign intensified, and other hitherto untouched elements of the resident American community became targets. An American technician and his wife, on assignment with the Iraq Petroleum Company, were arrested and kept under detention for several weeks on suspicion of espionage. Their release was finally obtained by

considerable US diplomatic pressure through third countries. In January, several American wives of Iraqi citizens, plus the American wife of a British UN official, were detained without explanation. In mid-January the American workers at an oil refinery were ordered to leave the country without an explanation being given for their expulsion. Throughout this period, a steady outflow of government propaganda has pictured the US, in alliance with Israel, as the relentless foe of Iraqi and Arab aspirations.

Discovery of a Fifth Column—Iraq in the Front Lines

On December 4 the Israeli Air Force attacked Iraqi positions in northern Jordan in retaliation for Iraqi artillery fire on Israeli settlements in the Jordan valley. The Iraqis offered little effective defense and suffered a number of casualties. This was the first time Iraq had received a major Israeli blow since the June 1967 war, and the reaction was electric. In the resulting pandemonium, an Iraqi soldier was mysteriously shot in Baghdad. Also on December 4 a train was allegedly attacked and robbed in northern Iraq by the Kurds. The Iraqi regime chose to discern a pattern in these events. On December 5 President al-BAKR addressed a mass meeting in Baghdad and charged that while Iraq was facing the enemy on the Arab-Israel front, a fifth column of agents of Israel and the US was striking from behind. The two confessions, broadcast on December 14, provided the theme. In early January, rumors began to sweep the Arab countries predicting an imminent Israeli assault, probably aimed at the Iraqi troops in Jordan. These rumors seemed to originate with the Iraqis who were also the only ones to take them very seriously. Although the attack has not yet materialized, the Iraqi regime seems almost to be trying to provoke one—whether in response to its bluster in Jordan or to the trials in Baghdad—as proof that Iraq is now Israel's principal target and adversary.

Conclusion

The next set of spy trials in Baghdad can be expected to develop further the theme of a beleaguered Iraq, striving at home and abroad against the Israeli/Imperialist menace. Although the Iraqis may have been somewhat taken aback by the mildly unfavorable Arab reaction to the recent executions, they will not be deterred in launching further trials by concern for what Israel might do. An Israeli blow against the Iraqi troops in Jordan would demonstrate only that Iraq was in the front lines and that the threat from Israel was not imagined. (It should be noted that the Iraqi troops in Jordan may be in a sense expendable in that they

have often been described as a convenient dumping ground for military elements that the Iraqi regime does not trust to have at home.) On the other hand, an Israeli action directed against Iraq might unleash a pogrom there and would certainly be pointed to by the regime as proof that the local Jews were in fact creatures of Israel. In either instance, Israeli action would confirm Iraqi fears and tend to rally the country behind the regime. Although the present campaign of psychological mobilization may buy the Ba'this a little time, their long range prospects will not be improved. Like their rivals in Syria, whom they increasingly resemble, the Ba'this in Iraq may totter on in defiance of gravity somewhat longer. However, their inadequacies and internal flaws remain and their collapse is inevitable—as a result either of factional infighting or a military coup.

A successor regime is unlikely to be much more lasting or secure, however. As long as factional intrigue and demagoguery remain the rule in Iraq and the military is the final arbiter of power, such regimes will rise and fall quickly, keeping the political scene in continuous turmoil.

¹ Source: National Archives, RG 59, Central Files 1967-69, POL 27 ARAB-ISR. Secret; No Foreign Dissem.

* See RNA-4, "Legal Aspects of the Iraqi Espionage Trials," February 11, 1969.

252. Research Memorandum RNA-10 From the Acting Director of the Bureau of Intelligence and Research (Denney) to the Acting Secretary of State (Johnson), February 27, 1969¹

February 27, 1969

DEPARTMENT OF STATE
DIRECTOR OF INTELLIGENCE AND RESEARCH

Research Memorandum
RNA-10, February 21, 1969

To:
The Acting Secretary

THROUGH:
S/S

From:

INR - George C. Denney, Jr.

SUBJECT:
Iraq: The National Oil Company Takes Action to Develop the Disputed North Rumaila Oilfield

The Iraq National Oil Company (INOC), an Iraqi governmental agency, reportedly has sent formal invitations to thirteen (unspecified) companies to submit tenders for preparing (on a turnkey basis) the North Rumaila oilfield for production. Such an action by INOC would end speculation on the nature of the oil policy of the Baathist regime in Iraq. It would appear to be identical with that of the previous Arif government. This paper examines the new action and its implications.

ABSTRACT

The overthrow of the Iraqi government headed by 'Abd al-Rahman 'Arif raised some hope in Western circles that Iraq's long-standing disputes with the Western-owned Iraq Petroleum Company (IPC) might be amicably settled. However, the new regime of Ahmed Hasan Bakr has now reportedly taken steps which indicate that its oil policy will be

essentially the same as that of its predecessor. This would mean that, whatever else might happen, IPC will not get back the concession areas that the Iraqi Government unilaterally took from it in 1961, the most important of which was the known oilfield called North Rumaila.

The BAKR government has stated that it will honor the commitments of the previous regime to the French government-owned oil company ERAP, which had entered into a contract with INOC, the Iraq National Oil Company, to explore for and produce oil in certain areas still claimed by IPC. The new government's call for bids for the preparation of North Rumaila for production indicates that, like the previous government, it has decided to have INOC handle the development of that field itself—by hiring whatever skills it may need, rather than by turning over the field in toto, either under a managerial contract or by concession, to a foreign oil company.

Before the change of government (and of INOC's management), INOC had held discussions with several companies on just such an in-toto contract but was dissatisfied with the net return it was offered by the companies. Whether its own method of development of the field will yield as much as it might have received from a foreign oil company is highly questionable. Moreover, it will now have no built-in sales agreement for the oil, a usual feature of in-toto contracts, and IPC has indicated that it will use whatever means are available to block any sales attempted by INOC.

It remains to be seen what IPC actually can or will do in this respect. An attempt, particularly a successful attempt, to block Iraqi exports of "IPC's" oil could mean that in spite of the resultant probable loss to Iraq, the government would nationalize IPC's remaining holdings—its producing fields. On the other hand, the major shareholders of IPC (British Petroleum, Shell, Esso, Mobil, and the Compagnie Francaise des Petroles) have important oil concessions in other countries that might be endangered if IPC does nothing about Iraqi exports of oil from expropriated concession areas. The governments of these other countries might decide that if Iraq could expropriate and not be penalized, they could do the same. IPC hopes that Iraq can be persuaded to pay some compensation for North Rumaila (and the other areas as well), which would more or less legitimize the takeover. Otherwise, the company's alternatives are not very attractive.

The Background in Brief

The Iraq Petroleum Company (IPC) and its affiliates, the Basrah Petroleum Company (BPC) and the Mosul Petroleum Company (MPC)(*) formerly held (and in their own view still hold) oil concession, rights over most of Iraq. In 1961 the Iraqi Government unilaterally rescinded these rights except in the limited areas where the companies were already producing oil. The choicest of the areas taken from the companies was one known as North Rumaila, where an oilfield, which is an extension of the South Rumaila field already under production by BPC, had been located and on which work had begun, including the drilling of productive wells. The field had not, however, been developed to the point of tying the wells in with BPC's existing collection system or of constructing a new system. For many years after 1961, succeeding Iraqi governmental regimes had been unable to come to any final decision on what to do with the concession areas taken back from IPC and its affiliates.

[footnote] (*) These three companies have the same shareholders in the same percentages (British Petroleum, 23.75%; Royal Dutch/Shell, 23.75%; Compagnie Francaise des Petroles, 23.75%; Near East Development Cooperation, i.e., Standard of New Jersey and Mobil in equal shares, 23.75%; and Participations and Explorations Corporation, belonging to the Gulbenkian estate, 5%). The three companies (IPC, MPC, BPC) are usually referred to collectively as IPC.

The Oil Policy and Actions of the 'Arif Regime

Finally in 1967, under the 'Arif regime, the preempted areas were definitively assigned to the governmental oil company INOC, which was empowered to develop them itself or in conjunction with others but not under a concession type of agreement. INOC entered into a contract agreement with the French governmental company ERAP (Entreprise de Recherches et d'Activites Petrolieres), under which ERAP would explore for and produce oil in certain limited areas in southern Iraq for INOC's account and would be permitted to purchase at an attractive price a portion of the oil it might produce. The North Rumaila field was not included in this agreement. Negotiations were also undertaken with a Yugoslav company leading reportedly toward an ERAP-type contract for another small area in southern Iraq (not North Rumaila), but no agreement had been signed by the time the regime was ousted. On North Rumaila itself, there were negotiations with several foreign companies, but INOC finally announced that the offers made by these companies were not sufficiently attractive and INOC would develop the field itself.

INOC Plans for North Rumaila

The general outline of INOC's plans called for a first phase of development which would take about two years and cost six million Iraqi dinars (\$16.8 million). This stage would result in an annual production of five million tons of oil. The profits from oil sales would be utilized to expand production in the second phase to eighteen million tons a year. The oil would be marketed through long-term contracts with independent refiners, and INOC claimed to have a number of contract offers. Since neither INOC nor any other Iraqi company or organization was capable of handling the development of a new oilfield, there was speculation that it might be done with the aid of Soviet or Eastern European technicians and equipment or by hiring various specialist companies to undertake different parts of the job. In fact, some well-drilling companies operating in the Persian Gulf area were approached but turned down the opportunity because they were reluctant to get on the wrong side of the powerful shareholders of IPC. Discussions were also held with an Italian consulting engineering firm (Techint) and with the National Iranian Oil Company (NIOC) over the possibility of their providing assistance in developing the field. Finally, the commercial attaches of various foreign embassies in Baghdad in late April 1968 received a letter from the then Chairman of INOC announcing that INOC would soon be inviting suppliers and contractors to tender, on a turnkey basis, for projects involved in the development of North Rumaila. The attaches were informed that if any companies or organizations of their countries should be interested in tendering, INOC would be pleased to discuss the subject with them.

The letter also outlined the work to be done. The first phase—to develop an export capacity of five million tons of oil a year—was to consist of work-over and completion of five wells, installation of the necessary production and field facilities, construction of 130 kilometers of 16-inch pipeline, and improvement of terminal and loading facilities. The “five wells” are presumably those already in existence—drilled by BPC before the Iraqi Government excluded the company from the North Rumaila area. The terminal and leading facilities are also in existence, although they may need some reworking and updating. In order to avoid another confrontation and some sticky questions of valuation, BPC has offered to turn over to INOC its old terminal facilities at the port of Al Faw (Fao) near the mouth of the Shatt al-Arab, now unused except in emergencies, since BPC has a newer deep-water terminal offshore at Khor al-Amaya. The second phase—to raise export capacity to eighteen million tons a year—was to consist of the drilling and equipping of twenty wells,

installation of the required production and field facilities, 150 kilometers of 32-inch pipeline, and an offshore loading terminal with submerged pipelines. It was intended that all contracts be awarded on a turnkey basis; however, "other suitable alternatives [would] also be considered." Presumably, a company with the necessary qualifications could bid on more than one, perhaps all, of the stages of each phase.

The Oil Policy of the New Regime

After the change of regimes in Iraq in July 1968, the new (Bakr) government announced that it would honor the ERAP contract, which had been under heavy fire from Iraqis and other observers who considered it too favorable to ERAP. As for North Rumaila, the first indication of the new government's approach was a tentative inquiry as to whether BPC would undertake a contract to produce and deliver certain quantities of North Rumaila oil through its own facilities to Al Faw for INOC's account. The Government did not follow up this idea, and it would now appear that the new regime has adopted more or less in toto the plans of the old regime. The thirteen companies to which invitations to bid have reportedly been sent are probably those which indicated their interest in response to the letter or letters sent out by the former regime. They are believed to include firms (or state agencies) in Eastern Europe, in some Western European countries, and in Japan, but not in the US or Britain. No new disclosures have yet been made to indicate what arrangements the new regime contemplates for financing the development of North Rumaila and for marketing the oil but presumably they too are more or less the same as those the old regime had in mind. The cost of the first phase of development, although it may turn out to be substantially greater than the original estimate of about \$17 million, should not be beyond the resources of the Iraqi Government, particularly since the successful contractor will probably have to provide, or assist in finding, at least partial medium- or long-term financing for the project. Some contracting companies or organizations might well be willing to take payment in oil, when it is available. Even if first-phase development costs should turn as high as \$25 million, this amount would represent little more than half a year's output of oil at the five-million-ton rate.

The Profitability of North Rumaila Under INOC Management

Reportedly, when the development of North Rumaila under an ERAP-type contract was being negotiated by the previous government, the highest offer made by any interested company would have netted INOC

\$1.12 per barrel of oil. Although INOC did not publicly reveal the offers that were received, it did announce that they were not good enough and gave an estimate of what it could expect to realize by going ahead on its own. Net return was estimated at \$1.20 a barrel, assuming a posted price of \$1.76 a barrel, a discount of 40 cents (since posted prices now bear little relation to realized prices), and production costs of 16 cents a barrel. INOC may yet be sorry the \$1.12 offer was not accepted. In the first place, the posted price at the crude oil terminal of Khor al-Amaya for crude with an API gravity of 34.0-34.9 degrees is \$1.70, not \$1.76. Oil from the main pay zone of the North Rumaila field is reportedly of 34.5° API gravity and from the other two known lesser pay zones is 33° and 27° API. If INOC chooses to shut off the subsidiary pay zones and draw only from the main zone, the posted price would still be only \$1.70. With a discount of 40 cents a barrel and production costs of 16 cents, the net profit would be reduced to \$1.14 a barrel. INOC could, of course, reduce its discount to something less than 40 cents. With Persian Gulf realized prices continuing to slide downhill, and considering the risks a purchaser would run in contracting with the less-than-reliable Iraqis while incurring the displeasure of not only IPC's shareholders but probably many other oil producers as well, INOC could well find itself compelled to offer more than a 40-cent discount. Moreover, the 16-cent production cost assumed by INOC is presumably based on BPC's costs for the South Rumaila and Zubair fields. It will be somewhat surprising if inexperienced and inefficient INOC, even with outside technical assistance, can keep its unit costs on a relatively small volume of production down to the level attained by the experienced BPC on a considerably larger volume.

It is true that INOC's initial capital costs will be low—with no exploration necessary, with the initial wells already drilled, and with the terminal facilities already in place—but presumably the second phase of development, involving full capital costs, will begin as soon as the first phase is completed. Even when the second phase is completed, the expected production of 18 million tons a year will approximately equal BPC's 1964 output, in which year BPC's costs were over 19 cents a barrel (not including payments to the government). With a 40-cent discount and costs of 19 cents a barrel, INOC's net return even on its second-phase production would be one cent less than the highest offer by an outside company, and there is reason to believe that INOC will be extremely fortunate to do that well. However, whether or not INOC makes the profit it hopes to make, it will undoubtedly make a profit, provided it can sell the oil. Inefficient as it may be, its production costs can hardly be expected to rise to the point of eliminating all profit, even

if it finds that it must offer a more substantial price discount on its sales than it had expected to give.

Can INOC Sell Its Oil?

It is probable that INOC could dispose somewhere of at least the first-phase production of five million tons a year from North Rumaila. One fairly large refinery could take it all, although a refinery with a capacity of five million tons might be reluctant to tie itself to a long-term contract with one possibly erratic supplier and would probably need more than one grade of crude. How much success IPC or its shareholders would have in any attempts to prevent consummation of sales through legal actions or commercial pressures is questionable. It is unlikely that they could close all doors, even in free-world countries, let alone in Eastern Europe. The French Government, for instance, has obviously chosen to ignore IPC's claims to its former concession areas in Iraq, since ERAP has entered into an oil production contract with INOC for certain ex-IPC territories. In fact, ERAP may be one of the thirteen companies INOC has invited to bid on the development of North Rumaila. The French Government is aware that its regulatory powers give it a life-and-death hold over the very substantial refining and marketing interests of the IPC shareholders in France. Any attempt to prevent ERAP from lifting the oil it may find in Iraq or, for that matter, from developing North Rumaila and buying the oil from INOC, would almost certainly provoke French Government retaliation.

What Will IPC Be Able To Do?

It remains to be seen what IPC can or will do when INOC or its contractors begin to export oil from Iraq. When the Anglo-Iranian Oil Company's Iranian holdings were nationalized in 1951, the company, assisted by the other major oil producers (and by Iranian ineptitude as well) was able to prevent more than token sales by Iran, most of which were subsequently immobilized by litigation. However, the major oil companies at that time controlled ninety percent or more of the available market and controlled or were able to influence most of the available tanker transport. This is no longer true to the same extent, especially now that Eastern European countries are looking for crude from other than Soviet sources. There would seem to be relatively little IPC could do either by legal action or commercial pressure against the Eastern European countries or in fact against a number of the less-developed countries in the free world, unless for instance, the tankers carrying the "misappropriated" oil were to put in at a port where it would be possible

to take legal action to attach their cargoes. Pressure brought to bear upon tanker owners to refuse to charter to INOC or its oil purchasers would presumably have no effect upon Communist country tankers, and some free-world owners willing to take a risk could probably be found, especially as within a couple of years the tanker market is likely to be glutted again. Moreover, Anglo-Iranian was free to go all out against Iran since it had nothing left to lose there. IPC has a good deal more to lose in Iraq, and while the Iraqis would themselves undoubtedly take a heavy loss by nationalizing IPC's present producing fields, their emotional response to "imperialist pressures" might well persuade them to do it at whatever cost.

The Other Side of the Coin

On the other hand, if IPC does nothing to prevent the lifting of "its" oil by INOC, ERAP, or other oil purchasers, or if it makes the attempt and is notably unsuccessful, other producing countries in which IPC's shareholders have important interests might consider that the door was open for them to do what Iraq has done. The Iranian Government, for instance, has already threatened to take over a producing field from the Iranian Oil Consortium. The Iranians appear to be taking considerable interest in the outcome of Iraq's venture into the partial unilateral abrogation of its concession agreements.

When Does the Crunch Come?

The question of preventing Iraqi sales of oil will probably not arise in the immediate future. INOC, or at least its previous management, had estimated the time required for the first-stage development of North Rumaila at about two years, to which must be added the time it will take to come to agreement with a company (or state agency) over the details and the price of the job. At present, the Iraqi Government seems incapable of making final decisions on anything, let alone a sensitive and complex subject like oil development. ERAP, which has drilled one dry hole in Iraq, might take somewhat less time than INOC to begin exporting if it finds oil but probably not much less than two years. It may be noted that IPC has taken no legal action to prevent ERAP from exploring and drilling for oil in areas still claimed by IPC. Legal action in Iraq would presumably have been useless, but it might have been possible for IPC or some of its shareholders to proceed against ERAP in France. However, any such move, certainly if it were successful, would have invited retaliation by the French Government. Whether IPC can take legal action against companies that might undertake the

development of North Rumaila for INOC would depend upon their country of origin. If the "company" were an Eastern European state agency, it seems improbable that anything could be done, and if it were French, it might be impolitic to do anything.

If there then appears to be no prior action that is useful or desirable, In has two or three years before it must finally decide whether or not to go all out to block, or attempt to block, Iraqi exports of oil. Presumably, IPC is devoutly hoping that something will happen in the meantime to obviate the decision—e.g., a settlement of some sort that will at least partially compensate IPC for its loss of concessionary rights and make it appear that Iraq did not get off-scot-free with its unilateral abrogation of those rights. In fact, Iraq will not have got off scot-free even if it is able to sell oil with no difficulty. It has sacrificed hundreds of millions of dollars in potential revenue from the increased production that might have been expected during the seven years or so that have already passed since IPC was precluded from further exploration and the development of new fields. However, this thought might have little effect upon governmental officials of other producing countries, who might believe that they would not be afflicted by the same indecision as the Iraqis and could immediately increase their country's total production by a similar abrogation of existing concession rights.

Conclusion

IPC's choices in this matter, assuming no settlement with the Iraqi Government, are not attractive. If the company (or its shareholders) succeeds in blocking INOC's sales, IPC may lose its remaining highly valuable properties in Iraq. If the company does nothing or, even worse, if it tries to block the sales and does not succeed, its shareholders' properties in other countries may be endangered. It will seem, at least to the less discerning, that abrogation of concessions incurs no penalty. Although IPC is not renowned for flexibility and appears at present to be determined to take action if there is no settlement of its dispute with the Iraqi Government, it remains to be seen what it will and can do when the time for action arrives.

¹ Source: National Archives, RG 59, Central Files 1967-69, PET 6 IRAQ. Secret; No Foreign Dissem; Controlled Dissem; No Dissem Abroad.

253. Telegram 1474 From the Embassy in Belgium to the
Department of State, March 6, 1969, 1742Z¹

March 6, 1969, 1742Z

TELEGRAM
Department of State
BRUSSELS 1474 01474

ACTION NEA 15

INFO EUR 15,JPM 04,NSC 10,SP 02,SS 20,RSC 01,L 03,H 02,SCS 04,SCA
01,CIAE 00,INR 07,NSAE 00,O 02,E 15,RSR 01,/102 W 118973

PR 061742Z MAR 69

FM

AMEMBASSY BRUSSELS

TO
SECSTATE WASHDC PRIORITY 8237

INFO
AMEMBASSY BEIRUT
AMEMBASSY LONDON
AMEMBASSY TEHRAN

SUBJECT:
REPIR - IRAQIS CONNECT BAIL CASE AND U.S. EMBASSY PROPERTY

REF:
BRUSSELS 1291 AND 856 NOTAL

1. IT IS CONCEIVABLE THAT GOI MAY BE PLANNING TO GRANT BAILS' EXIT VISAS IN EXCHANGE FOR OUR AGREEMENT TO SELL AMERICAN PROPERTY ACCORDING TO MARCH 5 TELEGRAM FONOFF HAS JUST RECEIVED FROM BELGIAN EMBASSY BAGHDAD. INFORMAL TRANSLATION OF THIS MESSAGE FOLLOWS:
2. BEGIN TRANSLATION: I WAS CALLED IN BY DIRGEN CONSULAR AFFAIRS WHO TOLD ME THAT (A) FONMIN EXPECTS BAILS MAY SOON BE AUTHORIZED TO LEAVE COUNTRY: (B) FONMIN HOPED TO RECEIVE FAVORABLE US RESPONSE TO GOI REQUEST TO PURCHASE AMEMBASSY.

3. I REPLIED THERE WAS NO CONNECTION BETWEEN THESE TWO MATTERS, AND THAT IT WAS IMPOSSIBLE TO CONSIDER FURTHER EXAMINATION OF REQUEST (FAVEUR SOLLICITEE) SO LONG AS FULL JUSTICE HAD NOT BEEN GIVEN (WITH RESPECT TO BAILS).
4. I GATHERED FROM THIS MEETING THAT GOI OFFICIALS ARE PERSUADED THAT ONLY MEANS OF OBTAINING COVETED AMEMBASSY PROPERTY IS THROUGH FREELY-MADE DECISION BY USG. I PLAN TO DISCUSS THESE QUESTIONS WITH AMEMBASSY BRUSSELS DURING FORTHCOMING VISIT TO BELGIUM. (SINCE DUPRET DID NOT INDICATE DATE OF HIS PROPOSED VISIT, FONOFF HAS REQUESTED DETAILS).
5. AT THAT TIME, I BELIEVE IT WILL BE NECESSARY TO HAVE SOME WORD ON OFFICIAL US RESPONSE TO IRAQI REQUEST.
6. FYI, YOU OUGHT TO KNOW THAT IRAQIS HAVE TAKEN STEPS TO EXPROPRIATE IPC CENTRAL ADMINISTRATION BUILDING WHICH IS LOCATED IN SAME AREA.

(END TRANSLATION)

KNIGHT

¹ Source: National Archives, RG 59, Central Files 1967-69, POL 17 US-IRAQ. Confidential. Repeated to Beirut, London, and Tehran. In telegram 33546 to Brussels, March 7, the Department rejected the notion of paying the Iraqis ransom for the former U.S. hostages. (Ibid.)

254. Memorandum From Bryan H. Baas, NEA/ARN, to the Deputy Assistant Secretary for Near Eastern and South Asian Affairs (Davies), March 13, 1969¹

March 13, 1969

NEA - Mr. Rodger P. Davies
NEA/AR - Bryan H. Baas
March 13, 1969

Your Meeting with Ambassador Dupret in Brussels

During your meeting in Brussels with Ambassador Marcel Dupret, the following topics are very likely to come up:

Protection of US Interests in Iraq—You might express to Ambassador Dupret our profound appreciation for his outstanding defense of US interests.

Mr. and Mrs. Paul T. Bail—In particular, you might express our appreciation for his handling of the Bail case. This case was a tremendous burden on him both before he secured their release and in the period afterward when he was obliged to have them as house guests. Dupret may complain about our making a statement to the press while Mr. Bail was still in jail. If so, you may wish to point out to him that the press had already learned of Bail's imprisonment and that we were obliged to answer a question raised at the noon press briefing. Time factors prevented our clearing this in advance with Dupret.

Threat to Embassy Properties—You may wish to reiterate to Dupret the fact we have no intention of selling the Embassy property to the GOI. At the same time we do not wish to refuse outright for fear it would precipitate seizure of the Embassy. We fully appreciate the difficult position this puts Dupret in and we regret it very much, but we see no reasonable alternative. In this connection, reports I have received from various sources indicate that the GOI is in the process of taking over a number of buildings in the area of the Presidential Palace. Even the IPC headquarters, which you will recall are several blocks away, have been threatened.

American Officer on Dupret's Staff—Ambassador Dupret on several occasions in the past has asked that we assign a third secretary to the U.S. Interests Section of the Belgian Embassy as is provided for by our agreement with the GOI. We have refused and we still do not wish to send an officer. One reason is that he would be so completely circumscribed by Iraqi security that he would be able to perform no useful function other than housekeeping chores in the Embassy. This, in our opinion, does not justify the problems involved in trying to support and maintain communications with a lower ranking officer in Baghdad. Also, given the capriciousness of the Iraqis, he would be subject to being declared persona non grata on the least pretext.

Prospects for Resumption of Relations—You may wish to tell Dupret that our view from Washington is that the prospects for resumption of relations with the GOI are as remote as ever. The Iraqi Government is obviously hostile to the United States and the GOI has made it abundantly clear that it does not wish to resume relations. We do not intend to take the initiative, but we would be happy to consider the question should the Iraqi Government indicate an interest. You might add for Dupret's background that under the present deteriorating conditions in Iraq we are not particularly eager to resume relations. If and when relations are resumed, we would have very few conditions and the main ones would be (1) that the Iraqis agree in principle to compensate us for damage to the Embassy and the Consulate in Basra, (2) that the boycott of American goods be rescinded and (3) that overflights of US civil aircraft be permitted.

Basra Consulate—We have no intention of reopening our Consulate in Basra, and we therefore hope to sell the land and buildings. Under the present conditions in Iraq it is doubtful that there are many buyers, but we would be pleased to consider any offers. FYI FBO's asking price is \$1 million but this, of course, is subject to negotiations. Book value of the property is about \$500,000. End FYI.

Security Situation—You might tell Dupret that our assessment is that the security situation in Iraq has deteriorated sharply over the last few months. It is not entirely clear to us who is in control in the country. For this reason we still have an outstanding instruction to all posts to advise Americans contemplating travel to Iraq that we do not think they should go there unless they have compelling reasons to do so. You may wish to invite Ambassador Dupret to comment on the situation in Iraq.

Clearances:SCA - Mr. Smith
NEA/EX - Mr. Hallman

¹ Source: National Archives, RG 59, NEA/ARN, Office of Lebanon, Jordan, Syria and Iraq Affairs, Lot File 72D4, Box 6, POL 7, Visits and Meetings, Misc., 1969. Confidential. The meeting was held on March 20 (see [Document 256](#)).

255. Memorandum from William J. Handley of the Bureau of Near Eastern and South Asian Affairs to the Assistant Secretary of Near Eastern and South Asia Affairs (Sisco), March 18, 1969¹

March 18, 1969

March 18, 1969
MEMORANDUM

TO:
NEA - Mr. Sisco

FROM:

NEA - William J. Handley

SUBJECT:
Iraqi Jews

You asked me last night to review what we have done so far on the tragic question of the Iraqi Jews. Here wrap-up on the past as well as on our reactions to the WILLIAMS-Scott Resolution.

1. What have we done publicly?

Publicly, we have condemned the executions and public hanging of bodies. The Secretary made a statement, Yost addressed a letter to U Thant, and McCloskey has made at least two public statements to this effect. We have been reluctant to say more publicly because (1) the Iraqi government is very hostile to us and any overt evidence of USG interest might be used as an excuse to persecute the Jews further and (2) as a practical matter, we have no influence with the GOI and cannot hope to persuade the Iraqis to change their handling of what they regard as entirely a domestic matter.

2. What have we done privately.

We have confidentially asked the French Government to intervene. To date, the French have not reported any success. Starting in the fall of 1967 we asked the Spanish to The Spanish Ambassador in Baghdad made

a number of approaches at various levels in the GOI. He was finally told in no uncertain terms to stay out of Iraqi domestic affairs. Following the executions in January, the Spanish Government, on its own initiative, asked the Egyptian Government to intervene. We have no report on the outcome of this endeavor.

We have asked Ralph Bunche to have U Thant appeal to the Iraqis. U Thant has done so, but we have no indication that the Iraqis ever replied. We have also asked the assistance of the International Committee for the Red Cross and that of the UN High Commission for Refugees. Neither of these organizations appears to have any influence with the GOI.

I tried my best to get the Indians (who represent the Iraqis here) involved in this, on humanitarian grounds, and Banerjee promised to help. It appears, though, that they never really tried and my impression is that they would rather stay out of this. They did try to help on the Bail case and made a rather tough demarche in Baghdad.

3. What else could be done—diplomatical with other Arab or other governments?

Unfortunately, there is little that can be done diplomatically. The Iraqi Government is so torn by internal dissension and political rivalry that it is basically impervious to world opinion. Very few nations have any influence whatsoever with Iraq. The French and Spanish have marginal influence and we have used them. Other nations with influence—such as the USSR or Communist China—would hardly be receptive to our request for intervention. Pakistan has some influence, but it is so limited that it is doubtful that it would risk what little influence it has on such a dubious venture. Thus, until there is a change in government, which could occur at any time, there is little that can be done.

4. Our attitude toward the WILLIAMS-Scott Resolution; i.e. should we endorse or keep quiet?

As noted above, official USG interest in the Jews might only further prejudice them. While we should keep quiet, we could and probably should tell Senators WILLIAMS and Scott what we have done and why we are reluctant to do anything more.

5. Should we make a public statement welcoming the Iraqi Jews, and reaffirming that our immigration laws permit them to enter?

Again, it is the public aspect that is troublesome. We have had a deluge of Congressional correspondence on this subject, and in all cases we have been able to report that under existing legislation we can take the Iraqi Jews as refugees. Many other nations have indicated a willingness to do the same. We could reiterate this to Senators WILLIAMS and Scott.

The only real problem is that the GOI will not permit the Jews to depart. All other potential problems, such as transport, resettlement, etc., can be handled with ease once the first hurdle is overcome.

Recommendation:

I recommend that you telephone Senators WILLIAMS and Scott to express understanding of their action and to explain what we have done and why we would be reluctant to take a strong supportive public role. You might say something to Ambassador Lucet about this matter at some appropriate time. So long as the French have some capital in the Arab world, they might have some influence if they should wish to spend some of it.

¹ Source: National Archives, RG 59, NEA/ARN Files, Office of Lebanon, Jordan, Syria and Iraq Affairs, Lot 72D4, Box 6, POL 13-3, Ethnic and National Minorities, Jews, 1969.

256. Memorandum of Conversation, March 20, 1969¹

March 20, 1969

DEPARTMENT OF STATE
Memorandum of Conversation
PART I OF II

DATE:

March 20, 1969
Brussels, Belgium

SUBJECT:

Government of Iraq Efforts to Acquire Embassy Baghdad Compound

PARTICIPANTS:

H.E. Marcel Dupret, Belgian Ambassador to Iraq
Mr. George Moffitt, Jr., American Embassy, Brussels
Rodger P. Davies, Deputy Assistant Secretary, NEA

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Ambassador Dupret said that there was no question about the GOI's strong desire to acquire the Embassy property for security reasons. In his opinion there was no anti-American feeling involved: the government planned to convert the entire area between the main Karadat Mariam road and the Tigris River and between the two bridges into an official compound in which all government activities would be concentrated. It was proceeding with expropriations to accomplish this (see attached map).

In addition, it planned an inner security area for the Palace. To accomplish this, a dog-leg around the curve in Mansour Street would be built so that the entire point of land formed by the curve of the river could be sealed off and protected. The most vulnerable side of the Palace complex was that of the American Embassy compound which adjoined.

Ambassador Dupret said that in the turbulent atmosphere that is likely to prevail in Iraq, the Embassy is badly located insofar as its own security is concerned. During the attack on the Palace in the Fall of 1968, he had watched from across the river and seen the firing around and over the Embassy buildings: one shell had fallen in the garden of the Residence.

In these circumstances, the Ambassador thought the U.S.G. had three options. First, it could continue to disregard the request and try to put it off for as long as possible. In this case, he thought the government would begin to harass American citizens and interests. If we took this position, we should develop some contingency plans to mount counter pressures. He thought we probably wanted less from Iraq than the Iraqis wanted from us. He thought we might consider such things as ousting the Iraqi Interests Section from Washington, making it difficult for Iraqis to get into the U. S. for technical and academic training, restricting exports of essential spares for the American-equipped sector of the Iraqi economy, etc.

A second option was to agree to the Iraqi request to send a team of officials to Baghdad to negotiate a settlement of the question. He advised against this unless we had reached a decision to sell.

The third option was to authorize the Belgian Embassy to negotiate with the Government of Iraq to get a formal note requesting purchase of the Embassy property and affirming an oral commitment given him by the Minister of Foreign Affairs that the GOI would not confiscate or nationalize the property but would resolve the question through negotiations. We should, Ambassador Dupret thought, agree to turn over the property only after the Government of Iraq had made available a replacement in the form of equivalent property and buildings constructed to our specifications.

I told the Ambassador that on my return to Washington I would put the problem to my colleagues and forward a recommendation for approval at higher levels. I agreed with him that some answer had to be made to the Iraqis.

On a related matter, the Ambassador said the Iraqi guards who occupied the date grove between the Embassy and the Palace had begun to raise the height of the wall of the compound, apparently as part of a general effort to improve security. Although a raised wall would have the advantage of cutting off the view of soldiers who thronged to the roofs of shacks next door to look at the girls in the Embassy pool, he had

protested to the Foreign Ministry on the basis of failure to get permission of the owner and the work was stopped. At his behest, the Foreign Ministry had given him a note officially requesting him to seek U.S.G. approval for raising the wall.

I said that if the GOI were to agree that the construction was not to involve any expense for the U.S.G. and that it would be of similar construction to the existing wall, I thought we could give approval. Ambassador Dupret said the Iraqi note conveyed these assurances.

Mr. Moffitt undertook to pass this request to the Department for approval.

¹ Source: National Archives, RG 59, Central Files 1967-69, POL 17 US-IRAQ. Confidential. The conversation took place in Brussels, Belgium.

257. Letter from the Assistant Secretary of State for Congressional Relations (Macomber) to the Chairman of the House Foreign Affairs Committee (Morgan), April 3, 1969¹

April 3, 1969

DEPARTMENT STATE
Washington, D.C. 20520

Honorable Thomas E. Morgan
Chairman
Committee on Foreign Affairs
House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

Thank you for giving me the opportunity to comment on House Resolutions 226 and 227 on the subject of the recent executions in Iraq.

The Secretary of State announced publicly on January 27 that the executions in Iraq were, on humanitarian grounds, a matter of deep concern to the United States and that they presented a spectacle that was repugnant to the conscience of the world. On behalf of this Government Ambassador Yost sent a letter on January 29 to the President of the UN Security Council in which he said that, although the United States recognizes the right of any government to administer justice to any of its citizens, the manner in which the Government of Iraq conducted the trials and executions scarcely conform to accepted standards of human rights and human dignity. He also stated that the spectacular nature of these trials and hangings seemed designed arouse emotions and intensify the explosive situation in the Middle East, and that their repetition would make more difficult the search for peace in that area of the world.

Since seven additional persons—all Moslems—have been executed in Baghdad under circumstances similar to those attending the executions of January 27. (For your information, only eleven of the fourteen executed on January 27 were hanged in Baghdad the other three executions took

Place in Basra. Although none of the executions was actually carried out in public, the bodies were later displayed for several hours on gibbets in the central squares of both cities.)

While we are, therefore, fully sympathetic to the concern that prompted the resolutions, we do not believe it would be advisable from a practical standpoint for the United States to seek a Security Council meeting for the purpose of preserving the human rights of the people of Iraq. Even if it should do so, we doubt that Council consideration would be likely to influence the Government of Iraq in the direction of better observance of human rights. Indeed, Security Council discussions of the subject, with the harsh words and hardened positions that sometimes characterize them, can have a negative effect on the condition and prospects of the people of Iraq, especially those in minority status.

As a practical matter, the only means that could help improve the situation would be those that obtain the cooperation of the Government of Iraq. Since the United States has no representation in that country, and in view of the intensity of anti-American feeling on the part of official circles there, we have acted in the belief that initiatives toward alleviating the plight of minority groups should best be undertaken by third parties. Accordingly, we have cooperated actively in this regard with friendly governments, voluntary agencies and international organizations. We will continue to do so, in the conviction that the interests of those Iraqis deprived of their human rights are better served by such quiet and persistent efforts than by a public approach that could worsen their plight.

The Bureau of the Budget advises that from the standpoint of the Administration's program there is no objection to the submission of this report.

Sincerely yours,
William B. Macomber
Assistant Secretary for
Congressional Relations

IO/URP: TShuart;jw 2/28/69

Clearances:

UNP: Miss Brown

S/R: Mr. Abernethy

NIA/ARN: Mr. Baas

¹ Source: National Archives, RG 59, Central Files 1967-69, SOC 14 IRAQ. No classification marking. Drafted by Thomas H. Shugart, IO/UNP; cleared by Elizabeth A. Brown, IO/UNP; John T. Abernethy (S/R), and Baas. This letter is an unsigned copy. House Resolutions 226 and 227 were attached, but are not printed.

258. Memorandum of Conversation, Washington, May 29,
1969¹

Washington, May 29, 1969

DEPARTMENT OF STATE
Memorandum of Conversation

DATE:

May 29, 1969

SUBJECT:

Kurdish Threat Against Kirkuk Oil Installations; Iranian and Israeli Support for Assyrians

PARTICIPANTS:

Mr. Zaya Malek Isma'il
Mr. Sam Andrews
Mr. William Yonan
Mr. Rodger P. Davies, NEA
Mr. Bryan H. Baas, NEA/ARN

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NEA/IRN Amembassy TEL AVIV

NEA/IAI

White House - Mr. Saunders

The Assyrian gentlemen called on Mr. Davies at their request. Mr. Yonan introduced Messrs. Isma'il and Andrews stating that they had recently been in Kurdistan and had some information which they wished to share with us.

Mr. Andrews said that he and Mr. Isma'il had gone to Iran in early April 1969. Through the intercession of the Assyrian representative in Majlis, they were able to obtain permission—apparently from the Shah himself—to visit Mullah Mustafa Barzani in Kurdistan. A primary purpose of their visit was to ascertain the condition of Assyrians in

Kurdish territory. The Iranian armed forces obligingly provided a helicopter to take them into Kurdistan. They arrived there April 20 and departed April 23.

Mr. Andrews said they had long talks with MULLAH MUSTAFA every evening. The Mullah gave them a letter addressed to Secretary Rogers. The letter, a copy of which is attached, will be officially delivered next week by them in the company of the Kurdish representative in Washington, Shafiq Qazzaz. They permitted us in confidence to make a copy of the letter for our own information. MULLAH MUSTAFA had specifically asked Messrs. Andrews and Ismatil to convey a message to the American Government. That is, the Mullah wants us to know that he is under pressure from his followers to unleash attacks on the Kirkuk oil facilities. The Kurds will give serious consideration to this in the future. The rationale is that the oil earns income for the Iraqi Government which in turn is used to buy arms to attack the Kurds. In reply to a specific inquiry from Mr. Baas, Mr. Andrews said that MULLAH MUSTAFA was not demanding anything from us in return for agreement not to attack the Kirkuk facilities. MULLAH MUSTAFA merely wanted us to be informed. Mr. Andrews said that, of course, Barzani looks for support from any quarter. He added that the Mullah said he would like to see Kurdistan become the 51st state.

In discussing the threat to the IPC facilities at Kirkuk, Andrews and Isma'il seemed to be unaware of the March 1969 attack on the facilities. (This is puzzling, since the Kurds have publicly taken credit for the attack.)

Mr. Andrews said that the Assyrians are fighting the Iraqis alongside the Kurds. There is apparently complete confidence between the Kurds and the Assyrians and some integration of their fighting forces. In this connection, Mr. Andrews said that the Iranian Government had assured him of Iranian assistance to the Assyrians in their confrontation with the Iraqis. In Tehran he had also gotten in touch with the Israelis. The Israelis also assured him that they would be pleased to provide Assyrians with arms. Mr. Andrews added that the Israelis are supplying the Kurds with arms while the Iranians provide them with food and other supplies. Iranian support for the Kurds, Mr. Andrews noted, tends to vary in direct proportion to tensions between the Iranian and Iraqi Governments. MULLAH MUSTAFA had complained to Mr. Andrews that when there is rapprochement between the Iraqis and the Iranians, aid to the Kurds becomes a mere trickle. At times like the present, the Kurds are well supplied by the Iranians.

Mr. Andrews reported that the Kurds enjoyed high morale and were determined to carry on their war with the Government of Iraq. The Iranians, the Israelis and the Kurds all agreed that even if MULLAH MUSTAFA were to die, the Kurds were united enough in their confrontation with the Iraqis that they would carry on the fight.

Mr. Andrews noted in passing that Jalal Talabani's forces are ineffectual. Mr. Davies said that we had heard about two months ago a rumor that Talabani had been killed in a clash with the Barzani forces. Mr. Andrews said most emphatically that Talabani is still alive. He said that at about the time we understood that he had been killed, Talabani and a band of supporters attempted to ambush Barzani and a group of his followers. The ambush failed, and some 60 Talabani followers were killed. Both Talabani and Barzani escaped unscathed.

In reply to a question from Mr. Davies, Mr. Andrews said there are no negotiations between Barzani and the GOI at present.

Mr. Andrews alluded to the possibility of US assistance to the Kurds and Assyrians. Mr. Davies informed the gentlemen that following the February 1964 truce between the Kurds and the GOI, the US Government had instituted a Title II program in northern Iraq to provide relief to needy Kurds. This program had been terminated by the break in relations between the United States and Iraq. In the absence of relations there is little we can do to provide relief to needy minorities in that country. Mr. Davies went on to say that we are very sympathetic with all the minorities including the Kurds, the Assyrians, the Jews, the Chaldeans, and others.

Mr. Andrews said that he would get in touch with Shafiq Qazzaz and would then be back in touch with Mr. Baas to arrange for an appointment to deliver MULLAH MUSTAFA's letter to the Secretary. Mr. Andrews said he stands ready to be helpful in any way possible and asked that we feel free to call on him. Mr. Davies thanked him and said we are happy to have this new channel of communication.

Attachment:

Copy of a letter to the Secretary from Barzani.
DEPARTMENT OF STATE DIVISION OF LANGUAGE SERVICES
(TRANSLATION)
LS NO. 10056 T-58
Arabic

The Honorable William Rogers
Secretary of State of the United States of America

Greetings and respects.

Your Excellency, you are aware of the fact that the people of Kurdistan of Iraq have been for more than seven and a half years the victims of a racial war waged against them by the dictators in Baghdad, who seized power through bloody military coups.

In addition to the threat which this war has aimed at the existence and legitimate aspirations of our people, both Kurds and Assyrians, it has brought disaster and affliction upon all its victims, deprived the people of Kurdistan, particularly the Assyrians and the Kurds, of education and health [needs], and rendered tens of thousands of them refugees. All these[calamities] have been inflicted upon us only because we have claimed the basic and legitimate human and national rights, to which we, like any other people, are entitled.

On more than one occasion, our people have appealed to the people and Government of the United States of America for assistance in their tribulation and inclusion in your country's aid, in all fields, to many of the underdeveloped peoples.

As we reiterate our appeal to the people and government of the United States through Your Excellency, we hope that President Richard Nixon's administration may usher in more propitious times for our cause, and that this appeal may meet a receptive ear on your part and gain the necessary sympathy and support.

Any serious step you may take towards this end will ensure for your country the generous gratitude and support of our people, as well as prove the best application of the policy of the United States, whose objective is to serve humanity and stand by small nations subjected to distress and suffering.

The delegation consisting of Shafiq Qazzaz, Zia Malak Ismail, and Sam Andrews is authorized to speak on my behalf and to set forth in detail the various aspects of our case. I am hopeful that the delegation will enjoy the favor of an audience with you.

Please accept, Excellency, the assurances of my highest consideration.

Mustafa Al-Barazani

4/22/69

¹ Source: National Archives, RG 59, Central Files 1967-69, PET IRAQ. Secret; Limdis. Drafted by Baas. The conversation took place at the Department of State.

259. Memorandum of Conversation, June 13, 1969¹

June 13, 1969

DEPARTMENT OF STATE
Memorandum of Conversation

DATE:

June 13, 1969

SUBJECT:

Kurdish/Assyrian Appeal for U.S. Assistance

PARTICIPANTS:

Mr. William Yonan, President, Assyrian American Federation
Mr. Sam Andrews, Secretary, Assyrian-American Federation
Mr. Zaya Malek Isma'il, Representative of Assyrians in Syria
Dr. Perley, Attorney for Assyrian-American Federation
Mr. Shafiq Qazzaz, Representative of the Kurdish Revolution in the USA
Mr. Talcott W. Seelye, NEA/ARN
Mr. Bryan P. Baas, NEA/ARN

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NEA/ARN Amembassy TEHRAN

INR (IO) Amembassy BEIRUT

NEA/IRN Amembassy LONDON

NEA/IAI Amembassy TEL AVIV

Mr. Qazzaz stated that the principal purpose of his visit was to deliver a letter from Mullah Mustafa Barzani to Secretary of State William P. Rogers. The letter appeals to the United States to provide assistance to the Kurds and the Assyrians in their struggle with the Iraqi Government. Mr. Seelye accepted the letter and assured the gentlemen that it would be brought to the Secretary's attention.

Mr. Andrews and Mr. Isma'il related approximately the same story they had given to Mr. Davies on May 29 (see Memorandum of Conversation of that date). Mr. Qazzaz added a new dimension to the problem by emphasizing that the Kurds felt compelled to take decisive action against the Iraqi Government. He said it is more imperative now than at any

time in the past eight years that the Kurds attack the IPC oil installations and interrupt the flow of oil. He noted that oil income is vital to the Iraqi economy. If this income is denied the GOT, the economy will suffer a severe blow and the government itself will be weakened to its very foundation. The GOT would lack money to purchase arms and its war effort would be severely impaired.

W. Qazzaz asked for assistance from the United States Government. He was not very specific, but he said the Kurds needed money to buy arms and other supplies. He alluded to the sufferings of the Kurds in the north, malnutrition among the children and lack of medical supplies. He said that if the Kurds were provided with essential commodities they could handle the Iraqis by themselves and would not need further help. He said 25,000 Kurds are now under arms. In response to a question about Iranian and Israeli assistance, he acknowledged help from these sources but said it was insufficient. Much later in the conversation, when it became apparent that no US assistance was forthcoming, Mr. Qazzaz noted that if the Kurds succeeded in gaining limited autonomy or independence, they would not forget who had refused them aid when they needed it.

Mr. Seelye told the visitors quite explicitly that the United States Government does not get into this type of clandestine operation. Mr. Yonan alluded to the landings of the Marines in Lebanon in 1958. Mr. Seelye pointed out that times have changed and that the attitudes of the American public and American Government are quite different on the subject of foreign adventures. The gentlemen apparently understood quite clearly that clandestine assistance from the United States was not forthcoming.

Mr. Seelye asked Mr. Qazzaz about assistance for needy Kurds from international organizations. Mr. Qazzaz said that the JCRC had provided some help to the Kurds through the Iranian Red Crescent. He said that the American Red Cross had not been helpful and he felt that that door was entirely closed to help from that source.

Considering the Kurdish question from a humanitarian viewpoint, Mr. Qazzaz said that the Kurds had made an appeal to U Thant to have their problem brought before the Human Rights Commission. Apparently, nothing resulted from this effort.

Mr. Seelye asked Mr. Qazzaz what the Kurds have in mind doing with the assistance they are requesting. Mr. Qazzaz said that the Kurds would

like to cause the downfall of the present Iraqi regime and have it replaced by a government that would be more cooperative with the Kurds. He was not clear as to how this could be brought about. He insisted, however, that the Kurds would never cooperate with an Iraqi Government that would not recognize Kurdish rights. He also said that although the Kurds have not been demanding independence—only limited autonomy and cultural integrity—he could not vouch for their demands in another five or ten years. In other words, the Kurds are completely fed up. They have absolutely no trust in the Iraqi Arabs and they are becoming less inclined toward compromise.

The Assyrian visitors stated that the Assyrians in Kurdish areas have joined the Kurds in their rebellion against the Iraqi Government. Assyrians fight side by side with the Kurds, and one of Idris Barzani's bodyguards is an Assyrian: (Idris is Mullah's son and is a field commander of the Kurdish forces.) Mr. Seelye noted that Assyrian participation in the insurgency entails a number of risks for the Assyrian community as a whole in Iraq, which is more exposed.

Mr. Seelye assured the gentlemen that the United States is sympathetic toward the sufferings of the Kurds and the Assyrians. We do not however support an independent Kurdish/Assyrian state, and we are not prepared to support this objective either overtly or covertly. He added that the United States has many interests in the area and had to take those interests into consideration also. In conclusion Mr. Seelye said that he thought that this had been a useful exchange and said he would be pleased to talk to the gentlemen again at any time.

As the gentlemen were leaving, Dr. Perley took Mr. Baas aside and said that he really wouldn't look with favor upon an independent Kurdish state because he knew that the Muslim Kurds at that point would immediately turn on the Christian Assyrians.

¹ Source: National Archives, RG 59, Central Files 1967-69, POL 14 IRAQ. Secret; Limdis. Drafted by Baas. The conversation took place at the Department of State. According to a memorandum of conversation, another delegation led by Sam Andrews returned to the Department on January 30 to plead the Kurdish-Assyrian case. Rodger Davies responded that "while the US does not have a significant national interest in the situation in Iraq, the Iranian and Israeli governments apparently do. We are not suggesting in any way that the Assyrians turn to them for help,

but it would be surprising if their apparent interest would not encourage them to provide the support that is desired." (Ibid., POL 23-9 IRAQ.)

260. Memorandum of Conversation, July 17, 1969¹

July 17, 1969

July 17, 1969

SUBJECT:

Inquiry about USG Assistance to New Iraqi Government

PARTICIPANTS:

Mr. Saad Saleh Jaber, Iraqi Businessman
Mr. Talcott W. Seelye, NEA/ARN
Mr. Thais J. Scotese, NEA/ARN
Mr. Bryan H. Baas, NEA/ARN

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Amembassy TEHRAN

Mr. Jaber reviewed the current state of affairs in Iraq emphasizing the widespread unrest and resistance to the Baath regime. He noted that the army is at war with the Kurds in the north, that there have been anti-government demonstrations by the Shi'a in the south, that Iraqi troops are stationed in Jordan and Syria and that the GOI has needlessly provoked Iran. Disenchantment with the regime is general through the country. Although there are many army officers and high-ranking government officials that support the Baath regime, they are not doctrinaire Baathis but are merely opportunists who would easily be swayed.

Mr. Jaber expounded the theory that all Iraqi revolutions have been the embodiment of popular sentiment. Going back to July 1958, he stated that the revolution was truly popular and was supported by 99% of the people. In February 1963, the Iraq populace had become thoroughly fed up with Qassim and naturally welcomed the change in government. In November of the same year the Iraqis were thoroughly disgusted with the Baath and the thugs in the National Guard and were fully behind Abdul Salem's revolution. The same situation, he said, obtains at present. The Iraqi people have had their fill of the Baath regime and would quickly rally behind a revolution. He feels the Baath is very insecure and it would take very little to bring it down. He noted in this connection

that the majority of the troops in the army are Shi'a, whereas the officers are Sunni, and he suggested this could be an element in bringing about a revolution. Mr. Baas asked whether the Shi'a troops would respond to an appeal from Muhsin al-Hakim to mutiny against the Sunni officers. Mr. Jaber (who is Shi'a) said that he really didn't know (1) if Hakim could be persuaded to issue such an order or (2) if the troops would comply. The Shi'a nevertheless are firmly opposed to the current regime and could be counted upon to support a revolution.

Mr. Jaber asked what support a new Iraqi Government could expect from the United States if it were moderate, rightist and pro-West. (Mr. Jaber did not ask at any time about assistance in bringing about the overthrow of the Baath.) Mr. Jaber went on to explain that what he had in mind was financial assistance to permit the new regime to establish itself solidly. He noted that at the time of takeover by a new group, the Treasury would probably be bare.

Mr. Seelye told Mr. Jaber that if a moderate group took over in Iraq and wanted U.S. recognition and establishment of diplomatic relations, we would probably respond promptly and positively. He noted, however, and Mr. Jaber agreed, that prompt recognition by the USG would not necessarily be helpful to a new regime attempting to establish itself. Mr. Seelye went on to explain that there are some very real obstacles to the assistance of the type envisaged. For one thing, in the absence of diplomatic relations there are legislative prohibitions to providing assistance, and the only possibility that occurred to Mr. Seelye offhand was CCC credit. Even if relations were established, it would be exceedingly difficult to obtain Congressional authorisation for any type of aid program. With diplomatic relations such things as Export-Import Bank credits and PL-480 would be possibilities that could be explored. Mr. Jaber understood that prompt material U.S. assistance was not something that could be counted upon.

Mr. Jaber said that he was proceeding to Beirut on the evening of July 17. He indicated that his trip was prompted by a cable he received a few days ago. Although Mr. Jaber did not state the purpose of his trip to Beirut, he left the distinct impression that it was concerned with a conspiracy to unseat the Baath in Baghdad.

At the conclusion of the conversation, the possibility of commercial financing for a new government was considered. It was noted that a number of U.S. banks have a very real interest in doing business in Iraq and have in the past been anxious to extend loans because of GOI's

excellent repayment record. Also, there are quarterly payments from the Iraq Petroleum Company. Mr. Jaber indicated that he would give further consideration to private, commercial sources of funding. He also indicated that he would be in touch with us in the future.

¹ Source: National Archives, RG 59, NEA/ARN, Office of Lebanon, Jordan, Syria, and Iraq Affairs, Lot 72D4, Box 5, POL 2, General Reports and Statistics, Iraq, 1969.

261. Airgram 386 From the Embassy in Lebanon to the
Department of State, September 22, 1969¹

September 22, 1969

AIRGRAM
Department of State
BEIRUT 386

TO:
Department of State

INFO:
AMMAN
KUWAIT
LONDON
TEHRAN
BRUSSELS

FROM:

Amembassy BEIRUT

DATE:
Sept. 22, 1969

SUBJECT:
Iraq-Iran Relations: Rumored Activities of Bakhtiar

During the last few weeks rumors have circulated in Beirut to the effect that Teymour Bakhtiar, former head of the Iranian intelligence service who broke with the Shah and was exiled in 1961, is now in Baghdad organizing an anti-Shah movement. Last April, when Iran abrogated its 1937 treaty with Iraq concerning navigation on the Shatt al Arab river, Bakhtiar, who had only recently been released from prison in Lebanon, sent messages to Iraqi President AHMAD HASAN AL BAKR expressing his support of Iraq. Baghdad press and radio at the time publicized a statement, allegedly from Bakhtiar, urging the Iranian people to rise against the Shah. It was also reported that Bakhtiar had asked for permission to reside in Baghdad. Though there has never been any official indication from Baghdad whether Bakhtiar's request was granted, reports from Tehran have alleged he is in Baghdad and directing a group known as the "Movement for the Liberation of Arabistan."

On September 11 the pro-UAR weekly as Sayyad carried a long interview with Bakhtiar. Though the article did not state where the interview had occurred, another article in the same issue indicated that the interviewer, reporter Talal Salman, has recently been in Iraq. The essence of the interview is as follows:

Bakhtiar believes Iran is on the brink of revolution. He accuses Iranian authorities of deliberately provoking the crisis with Iraq over the Shatt al Arab boundary to divert rising popular discontent with the Shah. Since there had been no problem with Iraq over the Shatt al Arab for more than thirty years, the timing of the present crisis shows that the Shah has become the "ally of Israel and American imperialism", which are anxious to have Iraq withdraw her forces from the eastern front against Israel. Bakhtiar described himself as leader of the "Iranian Movement Abroad" against the Shah and, citing the example of Lenin, said, "We must now struggle from abroad because we cannot enter Iran."

COMMENT: If in fact Bakhtiar is in Baghdad leading an anti-Shah movement, it might represent Iraq's response to reports alleging an increase in Iranian support of Kurdish leader Mulla Mustafa Barzanl. (The Beirut press has on several occasions quoted the official Iraq News Agency to the effect that Iranians have been infiltrating into northern Iraq to join Mulla Mustafa forces. On September 13, Radio Baghdad claimed that thirty Iranians had been killed and fourteen captured while trying to infiltrate into northern Iraq.) It is hard to know how much in these reports is fact, and how much fantasy. It would seem unlikely that Bakhtiar would forsake the pleasures of living in Switzerland for ill task of trying to organize, an anti-Shah movement, or that Bakhtiar would join the Arabistan movement.

¹ Source: National Archives, RG 59, Central Files 1967-69, POL IRAN-IRAQ. Limited Official Use. Drafted by J. Thomas McAndrew; approved by Curtis F. Jones.

262. Memorandum of Conversation, Washington, October 15, 1969¹

October 15, 1969

DEPARTMENT OF STATE
Memorandum of Conversation

DATE:

October 15, 1969

SUBJECT:

How To Buy A Revolution: Talk With an Iraqi Plotter

PARTICIPANTS:

Mr. Loutfi Obeidi, Iraqi Emigre and Businessman
Mr. Talcott W. Seelye, Country Director, NEA/ARN

COPIES TO:

Embassy, Amman
Embassy, London
NEA /UAR
Embassy, Beirut
Embassy, Tehran
NEA/AR P
USINT, Cairo
Embassy, Tripoli
EUR/BMI
Embassy, Jidda
NEA/ARN
NEA/IRN
Embassy, Kuwait
INR (10) AF/N

(In response to a telephonic request from Mr. Robert Anderson, I agreed to meet with Mr. Obeidi for lunch to hear what he had to say about his recent trip to the Middle East.)

Obeidi stated that the overthrow of the current Bathist regime in Iraq by Iraqi emigres working with the Kurds and the Iranians, which had been scheduled for the last week in August, had foundered on Iranian stupidity and obstinacy. He claimed that the Iranians had put all their money on one horse, a Colonel Mohamad Ali Sa'id, Commander of the Tenth Armored Brigade, which defends Baghdad. The Iranians had offered Sa'id L30,000 for his participation in the coup effort and had lapsed into the complacent belief that he was the key to the whole operation. Fortunately, according to Obeidi, the Deputy Commander of

Sa'id's Division got word to the Iraqi emigres plotting from London that Sa'id was really playing a double game. He had informed the Iraqi regime of the Iranian offer and, in return for a higher Bathist stipend, had agreed to play the role of double agent. What Sa'id was supposed to do was to entice the Iranian negotiators to Baghdad (presumably incognito) for their next session, instead of meeting them at the border. Presumably, once in Baghdad they would have been nabbed red-handed. Obeidi said that the information concerning Sa'id's duplicity had forced the Iraqi plotters to suspend the operation immediately. In this way they had succeeded in protecting their contacts in Iraq—whose identities would have been surfaced to Sa'id in time. Obeidi claimed that the Iranians still are not convinced that Sa'id is a double agent.

Obeidi listed other grievances which the Iraqi plotters had against Iran, including Iran's failure to give Barzani enough arms or money. He said that when Barzani was in Tehran recently the Iranians had given him L50,000, an amount which Obeidi said was hardly enough to spark a successful campaign from Kurdistan. Also, he claimed, the Iranians were dragging their feet with regard to providing adequate arms. Barzani needs, for example, anti-tank guns if he is to be effective against the Iraqi military forces.

Obeidi expressed the view that even without the support of the Baghdad garrison a successful revolt could be launched. When queried as to what the revolvers could do against the Iraqi Air Force, Obeidi said that the plan had been to seize Kirkuk, Mosul and Habbiyeh simultaneously and thus neutralize the Iraqi Air Force. Obeidi claimed that the Commander of the Iraqi troops in Kurdistan is not a Ba'thist and is prepared to join in the revolt once assured that the chances of success are excellent. General Sa'id, on the other hand, is a Ba'thist with good Ba'thist contacts. Nevertheless, Obeidi thought that if Sa'id could be offered enough money (maybe L200,000) his mercenary propensities would override his ideological affinities.

Obeidi said that al-Rawi, one of the key Iraqi emigres involved in the plot, is now very discouraged and is being wooed by the Iraqi Ba'thists. According to Obeidi, the Ba'thists are offering him money and an ambassadorial position. He said that others in the plot, including the Iraqi Ambassadors in Tripoli and Madrid, have endeavored to submit their resignations to the Iraqi Government but these resignations have been refused. Obeidi said that the reason for this was that the Iraqi Government knows of their anti-regime activities and feels that it can keep better tab on them, as well as inhibit their dissident activities, by

keeping them on as ambassadors. He alleged that some of the plotters are now considering cooperating with the Syrian Ba'athists in the latter's current efforts to overthrow the Baghdad Government.

Obeidi expressed the understanding that Saudi Arabia had put some money into the pot through Iran but he had some doubts as to whether this money had ever gotten to Barzani. He said he feared the Iranian officials are pocketing money destined for the Iraqi Kurdish rebellion. He characterized the Iranians operating in the coup endeavor as being of very low caliber. He wondered whether the Shah was aware of how poorly the Iranians had handled the operation, since the Shah had once told an Iraqi emigre-plotter that the group could rely on Iran's full support. Obeidi said he was casting around for an effective way of bringing directly to the Shah's attention the concern of the Iraqi emigres regarding the botched Iranian effort.

Obeidi said that there are five different Iraqi emigre groups plotting together and that each group claims to have well-placed contacts in Iraq. The key problem is orchestrating the operation. He deplored the fact that Salah Jabr, who had recently left the United States for London and Tehran to help in the coup effort, had claimed that he had been in contact with U. S. Government officials and had implied that he had USG support. Obeidi said that he had called Jabr aside at one point and reprimanded him for making such claims, whether true or not. He emphasized that making known any identification with the USG would not be helpful. (I told Obeidi that we also had been concerned at reports that had filtered back to us of Jabr's claims to having USG support. Obeidi evidently had not believed them.)

Obeidi said that one immediate problem facing some of the Iraqi emigres is a home base. One result of the recent patching-up of Lebanese-Iraqi differences had been a Lebanese undertaking to expel from Beirut certain leading Iraqi emigre politicians. These included several of his friends, who would have increasing difficulty in obtaining passports. He wondered what we could do to help out. I indicated that they could apply for immigration to the U.S., perhaps on the basis that they might be able to qualify as bona fide political refugees. However, they would then have to serve out their residence requirements and become American citizens. When I wondered why the emigres could not obtain Iranian passports, Obeidi said that the Iranians used the passports as a club. They validated them for only six months and sought quid pro quos in return for renewing the passports.

Obeidi expressed concern that the momentum which had been generated last summer for the coup effort was gradually slowing down and he thought that after two or three months it would be difficult to sustain the cooperation of the different groups. He expressed the view that unless the Shah and perhaps King Faisal throw their full support behind the coup effort and reverse the trend, they too would eventually go the way of the other conservative regimes. Obeidi said that he thought that Kuwait would be next on the list. He said that because the Kuwaiti regime is afraid of Iraq, however, no support could be expected from that quarter.

Obeidi asked if the United States Government could be of any assistance. I replied emphatically in the negative. I said that I would be happy to listen to what he had to say but obviously the United States Government could not become involved. He wondered whether I could give him any advice at all. He noted that the Shah was coming to the United States and wondered whether this might not present an opportunity for a USG official to talk to the Shah about the plight of the plotters. I said that it would not be appropriate for us to do so but that Obeidi through his American business or other contacts was free to try to establish communication with the Shah.

Obeidi claimed that he was on the periphery of the plotting efforts since "he is a businessman and not a politician" and that his job is essentially as a go-between.

Obeidi also had some other comments to make. He said he had learned from his colleague, the Iraqi Ambassador in Libya—who he said, is not in sympathy with the regime, that the Iraqi Ba'athists have the inside track in Libya. NASSER has been frozen out. As for internal politics in Iraq, he expressed the view that Saddam Takriti is the strong man. He cast aspersions at the British, alleging that they support the Baghdad regime. I sought to disabuse him of this notion.

¹ Source: National Archives, RG 59, Central Files 1967-69, POL 2 NEAR EAST. Secret; Limdis. On November 7, J. Thomas McAndrew, Second Secretary of the Embassy in Lebanon, wrote to Seelye, "Your October 15 memcon of a talk with Lutfi Obeidi came across my desk just after my conversation with Sa'd Jabr. (see [Document 260](#)) Though Sa'd did not mention Lutfi's name, I do not for a moment doubt that the two are in league. Sa'd spoke with great conviction and feeling that time is running

out for the United States if it does not either 1) substantially alter its policy toward the Arabs or 2) encourage the few remaining moderate elements in the Middle East. In this latter category he would place, in addition to his 'group,' the Kurds under MULLAH MUSTAFA, the Druze of Syria, the Bedouins of Jordan, the Lebanese, and some elements in the Yemen .It seems to me that no group seeking to overthrow an established regime will have much chance of success unless it can obtain support from an important component of the indigenous military establishment." (Ibid., NEA/ARN, Office of Lebanon, Jordan, Syria, and Iraq Affairs, Lot 72D4, Box 6, POL 23-9, Rebellions, Coups, (Embassy Attaché), 1969)

263. Telegram 10069 From the Embassy in Lebanon to the
Department of State, December 8, 1969, 1749Z¹

December 8, 1969, 1749Z

TELEGRAM
Department of State
BEIRUT 10069
R 081749Z DEC 69

FM

AMEMBASSY BEIRUT

TO
SECSTATE WASHDC 9252

INFO
AMEMBASSY

SUBJ:
IRAQ—POSSIBLE COUP D'ETAT

REF:
JABR/MCANDREW MEMCON, 4 NOV 69

1. SAAD JABR CONTACTED MCANDREW DECEMBER 8 TO REPORT HIS "GROUP" PLANNING ESTABLISH "IRAQI GOVERNMENT" NORTHERN IRAQ AND FOMENT REBELLION IN SOUTH WITHIN NEXT SIX WEEKS. AFTER OUR REITERATION OF USG INABILITY GET INVOLVED IN A COUP, JABR SAID HIS GROUP ABLE CARRY OUT COUP WITHOUT OUTSIDE SUPPORT, BUT NEEDS USG COMMITMENT TO TAKE FOLLOWING ACTIONS ONCE "IRAQI GOVERNMENT" ESTABLISHED:
 - A. PUT PRESSURE UPON PARENT COMPANIES TO WAVE IPC EITHER WITHHOLD ALL PAYMENTS TO "ILLEGAL GOVERNMENT IN BAGHDAD" OR PREFERABLY TO MAKE PAYMENTS UNDER CONCESSION TO "NEW GOVERNMENT." IF IPC REFUSED, HIS "GOVERNMENT" WOULD PERMIT BARZANI'S FOLLOWERS BY SABOTAGE TO CUT OFF FLOW OF OIL TO REFINERY AND THROUGH PIPELINE.
 - B. URGENT PROVISION OF MEDICINES, FOOD, AND CLOTHING FOR DISTRIBUTION BY NEW "GOVERNMENT," WHICH MIGHT

ALSO REQUIRE CREDIT FACILITIES.

C. PROVISION OF NAMES OF INDIVIDUALS BOTH INSIDE AND OUTSIDE IRAQ WITH WHOM NEW "GOVERNMENT" COULD SAFELY COOPERATE.

2. DEPARTMENT WILL NOTE VARIATION BETWEEN THIS AND PAST PLANS OF JABR COUP. JABR INDICATED CHANGE DICTATED BY REALIZATION THAT HIS FORMER ASSOCIATE, EX-PRIMIN NAYIF, DOES NOT HAVE THE SUPPORT IN THE ARMED FORCES HE CLAIMS TO HAVE.
3. EMBOFF TOLD JABR USG COULD NOT MAKE SUCH COMMITMENTS. JABR INSISTED HIS THREE QUESTIONS BE REFERRED TO WASHINGTON. HE WILL RETURN BEIRUT FROM IRAN DECEMBER, 12 FOR DEFINITIVE REPLY. FAILING SATISFACTORY RESPONSE FROM USG, HE SAID HE WILL ADVISE HIS FOLLOWERS TO ABANDON THE EFFORT TO OVERTHROW THE IRAQI REGIME.

PORTER

¹ Source: National Archives, RG 59, Central Files 1967-69, POL 23-9 IRAQ. Secret; Exdis. Repeated to Tehran. J. Thomas McAndrew was the Political Officer in the Embassy in Lebanon.

264. Telegram 204979 From the Department of State to the Embassy in Lebanon, December 10, 1969, 1615Z¹

December 10, 1969, 1615Z

TELEGRAM

Department of State 204979
10 DEC 69 1615Z

ACTION: Amembassy BEIRUT

INFO: Amembassy TEHRAN

SUBJECT:

Iraq—Coups d'Etat Plans

REF:

BEIRUT 10069

1. Department notes contradiction between Saab Jabr's expression of need for assurances from USG and reports from intelligence sources that he has already assured his fellow conspirators that he has USG backing. Jabr's assertion in paragraph 3 reftel that he would advise his group abandon effort overthrow regime lacks credibility inasmuch as this group's coup plans were never dependent on expression of support from USG. It is apparent that cohesion among conspirators has broken down, and it is also apparent that group's cooperation with Iranian Government and with Kurds leaves much to be desired. Jabr gives impression of desperately casting about to gain support to put coup d'etat back on track. FYI. Jabr intimated to Department Officer in September 1969 that he expects to be Foreign Minister if new government formed. END FYI.
2. In any event, Jabr has already been informed in Washington that any new moderate government in Baghdad could expect the same consideration that USG would show to any other friendly government. Jabr was also informed, as example, of routine, non-political economic assistance available, such as Commodity Credit Corporation and Export-Import Bank credits. He was given no assurances in this respect but merely reminded of existence such programs and of possible availability upon application after new government formed.
3. Upon Jabr's return to Beirut December 12, Embassy Officer McAndrew may reply to his specific questions as follows:

- (a) We would assume that if a change of government were to take place in Baghdad, IPC would disburse quarterly payment check to appropriate, new beneficiary. In the meantime, Department does not propose suggest IPC make payment to anyone other than existing Iraqi Government, since IPC has contractual obligation make payment to Government. FYI. We have already received threat to pipeline directly from Barzani headquarters. Pipeline extremely vulnerable and there little preventive action that can be taken should Kurds find it in their interest to stop oil flow. END FYI.
- (b) We cannot consider provision of emergency supplies to coup plotters, nor can we make advance commitment. As Jabr knows, we have had relief programs in Iraq in past, but until new government formed and until new circumstances assessed, it premature consider such program.
- (c) Department unable provide Jabr with names of individuals with whom his group might cooperate in staging coup d'etat or with whom they might deal after successful coup. We assume Jabr's group has capability of obtaining and evaluating such information.
- (d) In summary, USG unable to become involved in plotting against current Iraqi regime nor in making advance commitments. Should new government prove to be moderate and friendly, however, we would be prepared to consider prompt resumption of diplomatic relations and would certainly be disposed to cooperate within the limits of existing legislation and our overall policy. In this connection, you may wish to review types of limited economic assistance which might be made available (see para 2 above).

END

ROGERS

¹ Source: National Archives, RG 59, Central Files 1967-69, POL 23-9 IRAQ. Secret. Drafted by Baas. Approved by Sisco.

265. Telegram 598 From the Embassy in the United Kingdom to the Department of State, January 23, 1970, 1525Z¹

January 23, 1970, 1525Z

TELEGRAM
Department of State
LONDON 598 231603Z

ACTION NEA-15

INFO OCT-01 EUR-20 CIAE-00 DODE-00 PM-05 H-02 INR-07 L-03 NSAE-00 NSC-10 P-03 RSC-01 SS-20 USIA-12 IO-13 RSR-01 AF-12 /126 W 113922

P R 231525Z JAN 70

FM

AMEMBASSY LONDON

TO
SECSTATE WASHDC PRIORITY 5424

INFO
AMEMBASSY BEIRUT
AMEMBASSY TEHRAN
AMEMBASSY AMMAN
AMEMBASSY ANKARA
AMEMBASSY JIDDA
AMEMBASSY TEL AVIV
AMCONSUL DHAHRAN
AMEMBASSY KUWAIT
CINCSTRIKE/CINCMEAFSA

SUBJ:
IRAQI COUP ATTEMPT

1. INFORMATION ON EVENTS IN IRAQ NOW AVAILABLE TO FONOFF IS SIMILAR TO REPORTS APPEARING LONDON PRESS DATED BEIRUT. FONOFF AND PRESS DETAILS APPEAR BELOW. FONOFF IRAQ DESK (HINCHCLIFFE) TELLS US THAT IT FAIRLY CLEAR THAT IRAQIS HAVE KNOWN ABOUT PLOT FOR SOME TIME AND DELIBERATELY WAITED UNTIL LAST MINUTE TO

NAB PARTICIPANTS. FURTHERMORE, HINCHCLIFFE SAYS, FONOFF IS REASONABLY SATISFIED IRANIANS WERE INDEED BEHIND ATTEMPT: RELATIVE RESTRAINT OF IRANIAN REACTION TO DATE MAY REFLECT THEIR UNCERTAINTY OVER BEST RESPONSE UNDER CIRCUMSTANCES.

2. FONOFF'S LATEST FIGURES ON NUMBER OF PLOTTERS EXECUTED IS 41 WITH UNDETERMINED NUMBER OF OTHERS JAILED FOR VARIOUS TERMS. WORD FROM BAGHDAD INDICATES THAT IRANIAN AMBASSADOR AND FOUR OF HIS STAFF WERE GIVEN BRUSQUE TREATMENT IN EXPULSION EXERCISE. DIPLOMATIC RELATIONS BETWEEN TWO COUNTRIES HAVE NOT RPT NOT BEEN SEVERED AND, AT THIS MOMENT, FONOFF DOUBTS FULL DIPLOMATIC RUPTURE WILL COME. PRESS REPORTS HERE SPEAK OF TROOP MOVEMENTS BY BOTH COUNTRIES ON EITHER SIDE OF SHATT AL ARAB BUT FONOFF HAS NO CONFIRMATION.
3. FONOFF INFORMATION INDICATES THAT IRAQI REGIME HAS IRANIAN INVOLVEMENT IN PLOT FAIRLY WELL DOCUMENTED AND THAT BAGHDAD INTENDS TO EXPLOIT ITS "EVIDENCE" TO MAXIMIZE EMBARRASSMENT FOR IRAN. HINCHCLIFFE NOTES THAT UK WAS MENTIONED DURING FIRST FEW HOURS AFTER COUP ATTEMPT WAS BROKEN BUT HAS NOT BEEN SPOKEN OF SINCE. HOWEVER, BAGHDAD RADIO CONTINUED TO LINK CIA WITH IRANIANS AS PERPETRATORS OF ATTEMPT.
4. ONLY PRESS COMMENT TO DATE APPEARED IN TODAY'S TIMES WHICH TREATS PLOT AS SIMPLY ANOTHER INEVITABLE CONSPIRACY AGAINST SMALL GROUP WHO HOLD POWER IN BAGHDAD. MORE SUCH PLOTS WILL COME SINCE THIS IS ONLY WAY TO CHANGE REGIME WHICH IS "INCOMPETENT AND BLOODTHIRSTY." TALLY OF EXECUTIONS OF PAST TWO DAYS IS HIGH EVEN BY IRAQI STANDARDS. "SO THE REVOLUTION EATS ITS CHILDREN, AND A GREAT MANY OTHER UNFORTUNATES AS WELL." ACCUSATIONS AND ACTION AGAINST IRAN ARE NEW ELEMENT IN THIS LATEST TERROR, PAPER SAYS. REAL TRUTH IS DIFFICULT TO UNCOVER: "ALL THAT IS CERTAIN IS THAT ONCE AGAIN THE MEN IN BAGHDAD HAVE SHOWN THEMSELVES TO BE MEN OF BLOOD."

HUGHES

¹ Source: National Archives, RG 59, Central Files 1970-73, POL 23-9 IRAQ. Confidential; Priority. Repeated to Beirut, Tehran, Amman,

Ankara, Jidda, Tel Aviv, Dhahran, Kuwait, and
CINCSTRIKE/CINCMEAFA.

266. Telegram 269 From the Embassy in Iran to the
Department of State, January 24, 1970, 1100Z¹

January 24, 1970, 1100Z

TELEGRAM
Department of State
TEHRAN 269 241223Z

ACTION NEA-15

INFO OCT-01 EUR-20 AF-12 CIAE-00 DODE-00 PM-05 H-02 INR-07 L-03
NSAE-00 NSC-10 P-03 RSC-01 PRS-01 SS-20 USIA-12 AID-28 RSR-01 IO-13
/154 W 126862

P R 241100Z JAN 70

FM AMEMBASSY TEHRAN

TO
SECSTATE WASHDC PRIORITY 154

INFO
AMEMBASSY AMMAN
AMEMBASSY ANKARA
AMEMBASSY BEIRUT
AMCONSUL DHAHRAN
AMEMBASSY JIDDA
AMEMBASSY LONDON
AMEMBASSY TEL AVIV
CINCSTRIKE/CINCMEAFSA

SUBJECT:
IRAN-IRAQ RELATIONS

1. I QUERIED DEPUTY FONMIN KHALATBARI THIS MORNING ABOUT IRAQ SITUATION AND IRAQ-IRAN RELATIONS. HE REPLIED SITUATION "CONFUSED" AND IT NOT CLEAR WHETHER THERE IS ONE OR MORE GROUPS IN IRAQ INVOLVED IN REPORTED COUP.
2. HE SAID IRAQIS HAD NOT OBSERVED DIPLOMATIC NORMS IN TREATMENT OF IRANIAN DIPLOMATIC PERSONNEL IN BAGHDAD IN THAT THEY FIRST THREW MILITARY CORDON AROUND EMBASSY AND SUBSEQUENTLY HAD LOCKED IRANIAN AMBASSADOR AND OTHER IRANIANS IN SMALL ROOM AT

BAGHDAD AIRPORT HOLDING THEM THERE FOR SEVERAL HOURS BEFORE DEPARTURE. FURTHERMORE WHEN IRANIAN CHARGE HAD RETURNED TO EMBASSY FOLLOWING HIS AMBASSADOR'S FORCED DEPARTURE HIS CAR HAD BEEN STOPPED AT GUN POINT OUTSIDE-EMBASSY AND THOROUGHLY SEARCHED, ETC.

3. KHALABARI SAID WORD OF THIS TREATMENT STIRRED UP CONSIDERABLE ANGER AMONG DIFFERENT ELEMENTS IN IRAN AND TEHRAN AIRPORT OFFICIALS HAD WANTED TO LOCK IRAQI AMBASSADOR IN SMALL ROOM GIVING HIM SIMILAR TREATMENT TO THAT OF IRANIAN AMBASSADOR IN BAGHDAD. THIS FONMIN HAD FIRMLY RESISTED AND HAD INSISTED THAT IRAQ AMBASSADOR AND FOUR MEMBERS OF EMBASSY WHO WERE ASKED TO LEAVE BE GIVEN FACILITIES OF VIP ROOM AND TREATED AS FRIENDLY DIPLOMATS. (EXTENSIVE FILMED COVERAGE OF DEPARTURE EXPELLED IRAQI DIPLOMATS ON IRANIAN TV SHOWED VIP WAITING ROOM ATMOSPHERE AND EXCHANGES BETWEEN DIPLOMATS, OFFICIALS AND GUESTS WAS RELAXED, FRIENDLY AND GOOD HUMORED. CONTRARY TO IRAQI CHARGES OF MISTREATMENT IMPRESSION GIVEN BY COVERAGE WAS ONE OF COURTESY AND WARM FAREWELLS ON BOTH SIDES, INCLUDING EMBRACE BETWEEN IRAQI AMBASSADOR AND PRESIDING IRANIAN FONMIN OFFICIALS.) HE ADDED THAT WHEREAS IRAQIS HAD PNG'D IRAN AMBASSADOR AND FOUR COLLEAGUES, GOI HAD ONLY ASKED EQUIVALENT NUMBER OF IRAQI DIPLOMATS TO LEAVE IRAN WITHOUT PNG.
4. KHALATBARI SAID THAT WHILE GOI WANTED TO REACT IN MODERATE AND BALANCED WAY TO IRAQ, GOI FACED VERY DIFFICULT PROBLEM TO STRIKE PROPER BALANCE FOR TWO REASONS: IF GOI DID NOTHING (A) IRAQIS MIGHT INTERPRET THIS AS WEAKNESS AND PROCEED TO EVEN GREATER PROVOCATION: (B) IRANIAN PUBLIC OPINION WOULD BE VERY CRITICAL OF GOI FOR NOT RETALIATING IN KIND. NONETHELESS IRAN WOULD TRY TO STRIKE PROPER BALANCE AND FONMIN FAVORED MODERATION. SPEAKING PERSONALLY I SAID MODERATION WOULD SEEM TO SERVE IRAN'S INTEREST BECAUSE WHEN CONTRASTED WITH IRAQ EXTREMES IT WOULD BENEFIT IRAN'S INTERNATIONAL IMAGE. KHALATBARI AGREED BUT SAID IT WAS ALL VERY DIFFICULT.
5. I ALSO ASKED WHETHER THERE WERE ANY IRAQI MIITARY MOVEMENTS WHICH GAVE GOI CONCERN. HE REPLIED THAT WHILE HE UNDERSTOOD THERE HAD BEEN SOME DEPLOYMENTS, THERE HAD BEEN NONE OF WHICH HE HAD HEARD THAT WERE CAUSE FOR CONCERN AND THIS WAS UNDERSTANDABLE SINCE

WITH KURDS AND POTENTIALLY DISSIDENT ELEMENTS WITHIN IRAQ, IRAQI GOVT PROBABLY HAD ITS HANDS FULL.

6. HE CONCLUDED BY SAYING PRESENT BAGHDAD REIGN OF TERROR AND BLOODBATH PROBABLY DESIGNED TO ELIMINATE EXISTING OPPOSITION LEADERS AND TO INTIMIDATE ANYONE WHO OPPOSED EXISTING REGIME. WHETHER IN FACT IT WOULD INTIMIDATE MAJORITY OF IRAQIS WHO HE SAID OPPOSED PRESENT REGIME OR WHETHER THEY WOULD FEAR THAT THEY MIGHT BE NEXT ON LIST AND WOULD REACT AGAINST PRESENT REGIME, ONLY TIME COULD TELL.

MACARTHUR

¹ Source: National Archives, RG 59, Central Files 1970-73, POL IRAN-IRAQ. Confidential; Priority. Repeated to Amman, Ankara, Beirut, Dhahran, Jidda, London, Tel Aviv, CINCSTRIKE/CINCMEAFSA.

267. Central Intelligence Agency Information Cable TDCS
DB-315/01044-70, Washington, March 9, 1970¹

Washington, March 9, 1970

Intelligence Information Cable
DIRECTORATE OF PLANS
ROUTINE
IN -039040

DIST
9 March 1970

COUNTRY
IRAN/IRAQ/ISRAEL

DOI
4-7 MARCH 1970

SUBJECT
ISRAELI AID TO KURDISH REBELS

ACQ
(7 MARCH 1970)

SOURCE
[text not declassified]

TO STATE:
NO DISTRIBUTION EXCEPT TO DR. RAY S. CLINE

TO DIA:
EXCLUSIVE FOR GENERAL BENNETT

TO NMCC/MC:
EXCLUSIVE FOR ARMY ACSI, GENERAL MCCHRISTIAN;
NAVY ACNO (INTEL), ADMIRAL HARLFINGER;
AIR FORCE AFCIN, GENERAL TRIANTAFELLU

TO NSA:
EXCLUSIVE FOR ADMIRAL GAYLER

1. IDRIS BARZANI, SON OF KURDISH REBEL LEADER MULLAH MUSTAFA BARZANI, ARRIVED IN TEHRAN, IRAN, ON 4 MARCH IN RESPONSE TO A REQUEST FROM THE IRANIAN NATIONAL SECURITY AND INTELLIGENCE ORGANIZATION (SAVAK) THAT HE COME FOR DISCUSSIONS CONCERNING THE FUTURE OF THE KURDISH REVOLUTION. ON 4 AND 5 MARCH BARZANI, SAMI

SANJARI, AND ANIR QASIMI MET WITH REPRESENTATIVES OF THE GOVERNMENT OF ISRAEL. THE ISRAELIS PUSHED HARD FOR RESUMPTION OF HOSTILITIES IN NORTHERN IRAQ AND PROMISED THE KURDS THAT THEY WOULD SUPPLY ANTI-AIRCRAFT WEAPONS AND LIGHT ARTILLERY (SIC). IDRIS BARZANI REQUESTED ASSISTANCE IN THE FORM OF ARMORED CARS AND ARMORED PERSONNEL CARRIERS. THE ISRAELIS ALSO AGREED TO SUPPLY THIS TYPE OF EQUIPMENT. IN SUBSEQUENT DISCUSSIONS, THE ISRAELIS SAID THAT MULLAH MUSTAFA BARZANI SHOULD MAKE AN EFFORT TO CAPTURE AT LEAST TWO IRAQI TANKS. USING THIS CAPTURE AS COVER, THE ISRAELIS PROMISED THAT THEY WOULD SUPPLY, VIA IRAN, ADDITIONAL TANKS WITH CREWS. IDRIS BARZANI SAID THAT HE PREFERRED TO HAVE ALL KURDISH CREWS FOR ANY TANKS AND REQUESTED THAT KURDS BE TRAINED IN THE OPERATION OF TANKS. THE ISRAELIS READILY CONSENTED TO THIS REQUEST.

2. ON 6 MARCH BARZANI MET WITH GENERAL NEMATOLLAH NASSERI, CHIEF OF SAVAK. NASSERI DISCUSSED IRANIAN PLANS FOR FURTHER AID TO MULLAH MUSTAFA BARZANI AND IRANIAN CONCERN OVER BARZANI'S NEGOTIATIONS WITH THE IRAQI REGIME. NASSERI SAID THAT IRAN WAS FULLY BEHIND THE ISRAELI PLAN TO RENEW THE FIGHTING IN NORTHERN IRAQ, AND IDRIS SHOULD CAREFULLY NOTE WHAT THE ISRAELIS WERE SUGGESTING. IDRIS BARZANI WAS TO MEET WITH NASSERI AGAIN ON 7 MARCH TO DISCUSS FURTHER THE ISRAELI PROPOSALS.
3. DURING THE PAST MONTH IRANIAN AND ISRAELI FINANCIAL ASSISTANCE TO BARZANI HAS BEEN 1,200,000 IRAQI DINARS (U.S. DOLLARS 3,360,000).
4. [*text not declassified*] DISSEM: NONE [*text not declassified*]

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 601, Country Files, Middle East, Iran and Iraq, TDCS DC-315/01044-70. Secret; No Foreign Dissem; Controlled Dissem; No Dissem Abroad; Background Use Only.

268. Telegram 37806 From the Department of State to the Embassy in Iran, March 14, 1970, 0039Z¹

March 14, 1970, 0039Z

TELEGRAM
Department of State 037806

ACTION:
Amembassy TEHRAN IMMEDIATE

STATE
PLEASE DELIVER TO AMBASSADOR OPENING OF BUSINESS MARCH
14

SUBJECT:
Soviet-Iraq Threat to Iran in Middle East

REF:
Tehran 928

1. You may draw from following in your talk with Alam and during any further discussions with any ranking officials you may have concerning events in Iraq and the possibility of Soviet collusion there.
2. While agreeing that just announced Iraqi/Kurdish settlement looks more binding than anything developed heretofore, we question whether it will hold for any substantial length of time. Careful reading of Fifteen Point Settlement Declaration appears leave unanswered critical question of what degree of autonomy Kurdish province will in fact enjoy. As this is doubtless key element of any lasting agreement believe implementation will uncover serious if not fatal flaws. Even should active hostilities not be resumed in these circumstances believe possibility will be latent cause for Baghdad concern for some time to come. Doubt therefore that Iraqi government will feel free for long to make significant shift in its attention and resources away from Kurds to Iran and Persian Gulf area. Furthermore, any easement on this score might well see troops being redeployed in Jordan and Syria rather than southern Iraq.
3. We agree Soviets have been encouraging Iraqi/Kurdish settlement but it less clear what effect this actually had in bringing about current settlement. Soviet attitude toward Kurds has fluctuated and generally been subordinated to other Soviet policy considerations in the area. No

doubt their important investment in the Baghdad Government was seen as being vitiated somewhat by internal strife and that an Iraqi/Kurdish settlement was clearly to be preferred.

4. While it is likely Soviets are interested in developing a position of influence among the Kurds we doubt this is an asset they would wish to employ in the immediate future. We particularly skeptical that they would attempt to promote a "Kurdish corridor" at this time. To do so would obviously raise grave questions among Soviet Arab friends as to what their true intentions were since they would be witnessing the detachment of an important province from an Arab state. Further it seems unlikely that the Soviets would want to risk damaging their carefully nurtured relations with Iran and Turkey by embarking on a plan such as foreseen para 4(e) refel which would presumably elicit strong reaction from both those countries.
5. We of course agree with GOI general premise that this is an important development which merits most careful and continuing attention. We appreciate concern this gives GOI and welcome any further views it may have.

End

[ROGERS]

¹ Source: National Archives, RG 59, Central Files, 1970-73, POL IRAQ-USSR. Secret; Immediate; Exdis. Drafted by William H. Hallman, NEA/IRN. Cleared by Seelye; William K. Anderson, EUR/SOV; and Dirk Gleysteen, S/S. Approved by Davies. In telegram 928 from Tehran, March 12, MacArthur had sent word that the Shah believed his worst fears of Soviet influence on Iraq had been confirmed with the formation of an autonomous Iraq-Kurdish province. (Ibid.)

269. Telegram 54598 From the Department of State to the Embassy in Israel, April 14, 1970, 0109Z¹

April 14, 1970, 0109Z

TELEGRAM

Department of State 54598
14 APR 70

ACTION:

Amembassy TEL AVIV

INFO:

Amembassy AMMAN
ANKARA
BEIRUT
JIDDA
KUWAIT
LONDON
MOSCOW
PARIS
TEHRAN
USINT CAIRO
STATE

SUBJ:

Soviet Pressure for Iraqi-Kurdish Agreement

1. During Secretary's discussion on Middle East with Israeli FonMin DirGen Rafael April 10, latter asserted Soviets had played decisive role in Iraq-Kurdish agreement. According Rafael, Iraqis were extremely reluctant to settle Kurdish problem but Soviets insisted, indicating they wanted peace in proximity of USSR's borders. Iraqi negotiators had literally asked Kurds to state their terms for agreement and then signed without further discussion.
2. Rafael volunteered the same comments on subject during conversation April 10 with DepAsst Sec Swank (septel), offering this alleged Soviet action with Iraq as illustration of powerful influence Rafael thinks USSR could bring to bear in Cairo if so disposed. (Latter point also made by inference in conversation with Secretary.) Rafael added Israeli info, which he called totally reliable, indicates Soviets put into balance (A) further Soviet arms assistance to Iraq, (B) Soviet oil cooperation with Iraq, and (C) probably also promises of Soviet support for bigger Iraqi role in Persian Gulf affairs.

3. Rafael expanded his thesis in Swank conversation to suggest that Moscow has traditionally alternated its Middle East attention between penetration into Red Sea as gateway to East Africa and into Persian Gulf as avenue to South Asia, and when stymied in one direction, shifts back to other. Rafael asserted Soviets in 1950s had not calculated potential setbacks to their efforts in Egypt or enormous investments required. Said that Israel as early as 1966 anticipated Soviet shift of interest to Gulf; he said so himself to Secretary Rusk and urged US fill British vacuum, but was told US would not take on UK commitments east of Suez. Rafael predicted to Swank that Soviet pressures which produced Iraqi-Kurdish agreement were only first manifestation of new Soviet drive for influence in Persian Gulf.
4. COMMENT: We realize Israelis have good sources on Kurdish matters but believe Rafael has exaggerated Soviet role in recent Iraqi-Kurdish agreement. Addressees' views would be welcome.

GP-3
END

¹ Source: National Archives, RG 59, Central Files 1970-73, POL NEAR E—USSR. Secret; Limdis. Repeated to Amman, Ankara, Beirut, Jidda, Kuwait, London, Moscow, Paris, Tehran, and Cairo. Drafted by Theodore H. Wahl (NEA/IAI); cleared by Seelye, H. H. Stackhouse (NEA/IAI), William H. Gleysteen, Jr.(S/S), Emory C. Swank (EUR), and G. Norman Anderson (EUR/SOV); approved by Davies. In telegram 1491 from Tehran, April 15, the Embassy reported that the Iranian Government concurred that Soviet influence on Iraq was strong and increasing. (Ibid.) In telegram 2909 from London, April 16, the Embassy wrote that the Foreign Office thought Soviet influence had been important, but not necessarily decisive. (Ibid.)

270. Airgram 295 From the Embassy in Lebanon to the
Department of State, July 2, 1970

July 2, 1970

AIRGRAM
DEPARTMENT OF STATE
BEIRUT 295
July 2, 1970

TO:
Department of State

INFO:
MOSCOW
TEHRAN
KUWAIT
JIDDA
LONDON
DHAHRAN

FROM:

Amembassy BEIRUT

SUBJECT:
IRAQ: Soviet Pressures on GOI

REF:
CERP D

During an impromptu social encounter June 28, Mike Gardiner, Deputy Chief Representative of the Iraq Petroleum Company (IPC) in Baghdad (protect), told the reporting officer in "strictest confidence" that IPC for the first time in five years had faint hopes of resolving several of its most difficult outstanding problems with the GOI. The primary reason for this new optimism is the desperate financial plight of the GOI.

According to Gardiner, the Soviet Union is putting heavy pressure on the GOI to pay the overdue installments on past Soviet loans for the construction of various industrial projects. (Gardiner mentioned a figure of 35 million pounds sterling.) The government does not have the necessary cash and the Soviet Union allegedly has threatened to withdraw its support of some current projects, including development of the Mishraq sulfur deposits (a Polish project) and construction of the

new \$62.5 million Basra refinery (a Czech project). Alternatively, it would be willing to negotiate a debt moratorium if the GOI would take into the government several persons it would designate.

The Baathi rulers in Baghdad fear acceptance of such conditions would irrevocably compromise their hegemony in Iraq and lead to formation of a government totally subservient to Soviet will. They see this development as the logical next step after their surrender to Soviet pressure for an unwelcome settlement with the Kurds.

Gardiner believes the Soviet objective is to create a secure base in Iraq for penetration into the Gulf and eventual subversive moves against Iran, Kuwait, and Saudi Arabia. To avoid this development, IPC believes the GOI may now be willing to settle outstanding problems in exchange for a "generous" cash consideration. Gardiner asked that this subject be held very closely so as not to jeopardize the sensitive negotiations now taking place.

On another subject, Gardiner stated that the GOI had recently sentenced a number of Iraqis for various alleged subversive activities. He mentioned specifically former Defense Minister 'Abd al Aziz al 'Uqayly, sentenced to death, and his brother Ghanim al 'Uqayly, sentenced to fifteen years imprisonment for his association with Lutfi 'Ubaydi and former Secretary of the Treasury Robert Anderson in connection with negotiations over the Mishraq sulfur scheme.

Comment: The austerity theme highlighting recent Iraqi budgetary statements and static Iraqi oil revenues foreseen at ID 170 million are probably not unrelated to Gardiner's comments. IPC payment of at least \$150 million in settlement of the OPEC royalty expensing formula of 1964/65, which Iraq never has accepted, and subsequent higher annual payments to Iraq would indeed help the Iraqi revenue picture. One must view Gardiner's opinions with some caution, however, as they no doubt reflect the hopeful views of his superior, C. (Cocky) E. Hahn, chief IPC representative in Iraq, Hahn is well known as a very persistent negotiator and his relations with IPC/London headquarters dictate a hopeful tone in his reports to London. V-P Henry Moses and Robert Barnes of Mobil/New York noted this aspect of Hahn's operations in Iraq during their recent passage (June 12-16) through Beirut, On the other hand, Moses also noted that recent changes in IPC's top-level management could mean a more aggressive and flexible approach to resolution of IPC's long-standing problems in Iraq. Another point concerning the Iraqi financial picture was recently brought to our

attention by the Beirut-based representative of Morgan Guaranty bank, He was very puzzled by the \$60 million drop in Iraqi foreign exchange and gold holdings in the period December 1969-January 1970, as indicated in IMF financial statistics. We could not recall any sudden payment that would have accounted for a drop of this magnitude and a check of Iraqi-watchers in Beirut produced no concrete information on the reason for the drop. Our Iraqi contacts also have had little information of the results of GOI action taken against the 'Uqayly brothers; to our knowledge, this is the first reliable information we have had concerning their fate, Ghanim's Beirut-based partner, Tariq Shafiq, is currently in the United States; we suspect Aramco, Continental, or Thomas E. Stauffer of Arthur D, Little in Cambridge, would know his whereabouts.

PORTER

271. Intelligence Note RNAN, Prepared in the Bureau of Intelligence and Research, Washington, July 16, 1970¹

July 16, 1970

July 16, 1970

INTELLIGENCE NOTE
BUREAU OF INTELLIGENCE AND RESEARCH

IRAQ-PERSIAN GULF: IRAQ LOOKS AT THE GULF

The planned withdrawal of the British from the Persian Gulf region by the end of 1971 provides Iraq with an opportunity to expand its present role in Gulf politics. This expanded role, however, may be restricted by Iraqi preoccupation with the Israeli problem. The recent easing of tensions between Iraq and its Kurdish minority has, on the other hand, enabled the government to turn its attention to the Gulf.

Increased activities noted. Iraq has greatly increased its activities in the Gulf during the past two years, including numerous Tikriti visits to Kuwait and the nine Gulf emirates and several Gulf exchanges of official visits. In April 1969 Iraqi Vice President HARDAN visited Iraq in that year. Tikriti visited Kuwait again in 1970. Both the Crown Prince and the Ruler of Bahrain have made several visits to Baghdad.

Iraq has also endeavored to establish branches of Iraqi banks, insurance companies and trade offices, and to obtain airline landing rights in various Gulf states. In Bahrain, a new Iraqi trade office, a branch of the Iraqi Rafidain Bank, and an office of the Iraqi Insurance Company have all been opened in the past year.

Of greater potential significance, the Iraqi government is attempting to strengthen its ties with radical elements in the Arab Gulf states, and possibly in Iran as well. For example, the radical Ba'thist party faction that dominates the Iraqi government has set up a commercial center in Kuwait that appears to be the control center for Iraqi subversion in the Gulf. In Kuwait, the Iraqi Embassy has pressured young Iraqi residents to return to Iraq for training in subversive activities, and Iraqi agents have been recruiting Bahrainis and Omanis for similar training in Iraq.

Iraq has also attempted, without notable success, to encourage subversive elements in Iran's Arab-speaking province of Khuzistan through the formation of the Arabistan Liberation Organization.

Iraq-Iran: Mutual competition and antipathy. Iraq views Iran as the principal source of competition for leadership in the Gulf in the wake of the UK withdrawal, and the major opponent to the spread of Iraqi radicalism in the Gulf. Of particular concern to Iraq are Iran's intentions to establish hegemony in the Gulf after the British withdrawal. Iranian predominance would be opposed by Iraq not only on political and ideological grounds—Iranian conservatism vs. Iraqi radicalism—but also on nationalistic grounds—Arabism vs. Iranianism. Iranian nationalism is in conflict with the Arab concept of the "Arab nature of the Gulf," a recurring theme in Iraqi propaganda. Iraq has attempted to exploit the fears of the smaller Arab Gulf states about Iranian intentions in the Gulf. For instance, Iraq has made an issue of the disputed sovereignty over the Tunbs and Abu Musa, small islands in the Gulf that are claimed by Iran and by two Gulf shaykhdoms, and has stated publicly that it would oppose the transfer of these islands to Iran. It has also privately attempted to persuade the two Arab shaykhs involved not to give up their claims.

Iran's friendly relations with Israel and the transit of Iranian oil through the Israeli pipeline are a further source of Iraqi hostility to Iran. A key element in Iraqi strategy in influencing the Gulf Arab rulers is a campaign of intimidation against Arab leaders who collaborate with a friend of Israel.

Iraq-Saudi Arabia: The major Arab competition. Iraq's attempt to play a major role in the Gulf also places it in competition with Saudi Arabia. Like the Shah, the conservative Saudi regime is strongly opposed to the spread of Arab radicalism in the lower Gulf. Even though, as an Arab state, it is suspicious of Iranian intentions in the Gulf, Saudi Arabia is willing to cooperate with Iran to keep radicalism out of the Gulf. If, however, the issue developed into one of Arabism vs. Iranian hegemony, it would be difficult for the Arab shaykhdoms and for Saudi Arabia to refrain from a forthright stance against Iranian "imperialism."

Iraq-Kuwait: Target of special attention. When the Ba'thists came to power in 1963 Iraq agreed to drop its claim to Kuwait and to demarcate the Iraq-Kuwait border. Iraq, however, has not carried through on border demarcation, and it has continued to use the threat of pressing its claim to intimidate the Kuwaiti regime. In May 1970 Iraq cautioned Kuwait

against becoming too cooperative with Iran or concerting with Iran and Saudi Arabia on the issue of the Tunbs and Abu Musa. Duly intimidated, the Kuwait government ordered two Kuwaiti newspapers to publish a series of articles derogatory to Iran and Saudi Arabia, thereby souring Kuwaiti relations with the two most powerful states in the area. Despite increased pressure, however, it remains unlikely that Iraq would attempt to back up its efforts with force as this would prompt Kuwait to appeal for help from the conservative Arab regimes, the other Arab Gulf leaders.

Caution: The Iraqi watchword. Iraq will probably move carefully in developing its policy toward the Gulf States. On the one hand, it will probably continue to woo the present traditional leaders of the states through diplomatic and economic means. On the other hand, it will continue to use political intimidation to influence the rulers if the Carrot does not work. At the same time it can be expected to important, this pro-Iraqi majority among the Ba'thists is likely to give Iraqi-oriented elements a significant role in Bahraini politics after the British withdraw from the Gulf.

If the new British Government ultimately decides to delay the UK's departure from the Gulf, the Iraqis can be expected to launch a strong anti-British, anti-imperialist campaign to encourage the ruling shaykhs to pressure the British to leave as rapidly as possible. The US, as the alleged leader of "western imperialism," will also be a major target of this "anti" campaign. In addition, Iraq could step up its subversive activities aimed primarily at the British and pro-British Arab governments. In the meantime, given the uncertainties about British intentions, Iraq will probably continue to pursue a cautious "wait and see" policy. Once the British depart, however, Iraqi activity can be expected to accelerate considerably, reflecting Iraqi confidence that it can exert a major influence on future Gulf politics.

INR/Near East and South Asia
Director: Dayton S. Mak
Analyst : John F. Lilley
Ext. : 22298

¹ Source: National Archives, RG 59, Central Files 1970-73, POL IRAQ-NEAR E. Secret; No Foreign Dissem. Drafted by John F. Lilley. Approved

by Dayton S. Mak, INR/NEA. Attached but not published is a map of the Middle East.

272. Telegram 128256 From the Department of State to the Embassy in France, August 8, 1970, 0012Z¹

August 8, 1970, 0012Z

TELEGRAM
Department of State 128256

ACTION:
AmEmbassy PARIS PRIORITY

INFO:
AmEmbassy MOSCOW

STATE _____

SUBJ:
Current Iraqi Visit to Moscow

REF:
Paris 10423

1. What little information we have re current Iraqi visit to Moscow (see para 4 reftel) indicates trip's original purpose was Iraqi desire to discuss Soviet loans to Iraq involving, among other things, Iraqi effort to revise or extend installment payments on loans which reportedly total \$60 million. In this connection we have heard reports of Iraqi financial difficulties obliging them at one stage to approach Libyans for assistance. Libyans allegedly turned them down.
2. We also had earlier unconfirmed reports of Iraqi intention to seek more arms including perhaps aircraft.
3. In any event, we believe it quite likely Soviets will seize opportunity to pressure Iraqis to change their current anti-NASSER stand. Supporting this view was Soviet press attack in Pravda on Iraq which appeared on August 1 expressing Soviet displeasure over current opposition to NASSER's acceptance of US peace initiative. In addition during lackluster August 5 luncheon in honor of Iraqi Delegation, Mazurov, First Vice-Chairman of USSR Council of Ministers made pointed statement of Soviet support for "attainment of just political settlement of M.E. conflict." Finally, unconfirmed Beirut report says that Iraq has recently received request from Soviets for repayment of Iraqi debts and threatening to suspend aid and shipment of spare parts.

COMMENT: We doubt Soviets will have much luck with unpredictable and uncontrollable Iraqis who appear to have painted themselves into isolated anti-NASSER corner. Playing important role in Iraqi thinking is long standing Ba'athi antipathy to NASSER compounded by traditional Mesopotamian suspicion of and contempt for Egyptians.

END

ROGERS

¹ Source: National Archives, RG 59, Central Files 1970-73, POL 7 IRAQ. Confidential. Repeated to Moscow. Drafted by Thomas J. Scotese (NEA/ARN); cleared by Martha Mautner (INR/RSE/FP), Beigel; and approved by Seelye.

273. Central Intelligence Agency Information Cable IN
143628, Washington, August 10, 1970¹

Washington, August 10, 1970

Intelligence Information Cable
ROUTINE
IN 143628
CITE TDCS -314/08439-70

DIST
17 AUGUST 1970

COUNTRY
IRAQ

DOI
10 AUGUST 1970

SUBJECT
INDICATION THAT THE KURDS ANTICIPATE A SHOWDOWN WITH THE GOVERNMENT
OF IRAQ

ACQ
10 AUGUST 1970 FIELD NO.

SOURCE
[text not declassified]

1. IRAQI-KURDISH RELATIONS ARE STRAINED. THE BARZANI KURDS ADVOCATE THE FORMATION OF A NATIONAL FRONT, FREEDOM FOR POLITICAL PARTIES AND THE IMPLEMENTATION, AT AN ACCELERATED RATE, OF THE IRAQI-KURDISH AGREEMENT OF 11 MARCH 1970. THE BATH PARTY OF IRAQ (BPI) REGIME IS ADAMANTLY OPPOSED TO THE FIRST TWO DEMANDS; AND, ALTHOUGH IT IS SINCERE IN ITS WILLINGNESS AND READINESS TO IMPLEMENT THE KURDISH-IRAQI AGREEMENT, IT HAS DECIDED TO GO ABOUT IT AT A VERY SLOW PACE.
2. KURDISH PUBLIC AND UNEQUIVOCAL SUPPORT OF U.S. SECRETARY OF STATE ROGERS' PEACE PROPOSAL AND OF UAR PRESIDENT JAMAL ABD-AL-NASIR'S ACCEPTANCE OF A PEACEFUL SOLUTION FOR THE PALESTINE PROBLEM HAS BECOME ANOTHER BONE OF CONTENTION BETWEEN THE BPI AND THE KURDS. INSTEAD OF ATTACKING THE PEACE PROPOSALS, AS THE IRAQI GOVERNMENT HAD DIRECTED, AL-TAAKHI, THE

MOUTHPIECE OF THE BARZANI KURDS, SUPPORTED THAT COURSE OF ACTION.

3. THE BARZANIS, ANTICIPATING A SHOWDOWN WITH THE IRAQI GOVERNMENT, ARE STRENGTHENING THEIR FORCES AND LINING UP POTENTIAL ALLIES. THEY ARE ATTEMPTING TO FACTIONALIZE THE JALAL AL-TALABANI FORCES BY ATTRACTING THOSE WHO ACCEPT BARZANI'S LEADERSHIP, AND ATTACKING THOSE WHO WAIVER. THEY HAVE SENT EMISSARIES TO LONDON TO CONVINCED IBRAHIM AHMAD, TALABANI'S COLLEAGUE, TO JOIN THEIR RANKS. THEY HAVE ALSO ESTABLISHED CLOSE WORKING RELATIONSHIP WITH THE COMMUNIST PARTY OF IRAQ (CPI), WHICH SUPPORTS THEM IN THEIR DEMANDS FOR A NATIONAL FRONT, FREEDOM FOR POLITICAL PARTIES, AND THE SPEEDY IMPLEMENTATION OF THE 11 MARCH AGREEMENT. COMMUNIST LEADERS, WANTED BY THE IRAQI AUTHORITIES, ARE AGAIN FINDING SAFEHAVEN IN BARZAN-CONTROLLED AREAS.
4. [*text not declassified*] DISSEM: CINCMEAFA. [*text not declassified*]

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 603, Country Files, Middle East, Iraq, TDCS 314/08439-70. Secret; No Foreign Dissem.

274. Telegram 4546 From the Embassy in Moscow to the
Department of State, August 13, 1970, 1530Z¹

August 13, 1970, 1530Z

TELEGRAM
Department of State
MOSCOW 4546 131640Z

ACTION EUR-25

INFO OCT-01 AF-12 NEA-13 IO-13. CIAE-00 DODE-00 PM-05 INR-07 L-04
NSAE-00 NSC-10 P-03 RSC-01 PRS-01 SS-20 USIA-12 ACDA-19 RSR-01 /149
W 019801

R 131530Z AUG 70

FM

AMEMBASSY MOSCOW

TO
SECSTATE WASHDC 8236

INFO
AMEMBASSY PARIS
USINT ALGIERS
AMEMBASSY BEIRUT
AMEMBASSY AMMAN
USINT CAIRO
AMEMBASSY DHAHRAN
AMEMBASSY JIDDA
AMEMBASSY KUWAIT
AMEMBASSY LONDON
AMEMBASSY RABAT
AMEMBASSY TEL AVIV
AMEMBASSY TRIPOLI
AMEMBASSY TUNIS
RUEHDT/USMISSION USUN 1228

SUBJ:
SOVIET-IRAQ COMMUNIQUE

1. JOINT SOVIET-IRAQ COMMUNIQUE, ISSUED FOLLOWING AUGUST
4-12 VISIT TO USSR OF IRAQI DELEGATION HEADED BY SADDAM
HUSSEIN TIKRITI, INDICATES SOVIETS FAILED TO PERSUADE

IRAQIS TO MODIFY THEIR TOUGH ANTI-NASSER STAND, AND THAT TWO SIDES CONTINUE TO DISAGREE OVER HOW TO DEAL WITH ME SITUATION. COMMUNIQUE CONTAINS NO MENTION OF AGREEMENT ON ADDITIONAL SOVIET AID TO IRAQ, NOTING ONLY THAT BOTH SIDES HAVE AGREED TO CONTINUE TALKS. THIS SUGGESTS THAT IN RESPONSE TO IRAQI REFUSAL TO ADOPT MORE MODERATE LINE ON ME, SOVIETS MAY HAVE TAKEN TOUGH BARGAINING STANCE ON AID QUESTION AND MAY EVEN HAVE TURNED DOWN IRAQI REQUESTS FOR EXTENSION OF LOAN PAYMENTS.

2. DEPTH OF DISAGREEMENT IS MOST STRIKING IN TREATMENT OF ME, ON WHICH COMMUNIQUE SAYS ONLY THAT SIDES "EXCHANGED VIEWS ON SITUATION." THIS IS STANDARD SOVIET COMMUNIQUE LANGUAGE FOR LACK OF ANY AGREEMENT. TOTAL ABSENCE OF COMMENT ON ME SITUATION STRIKES US AS SOMEWHAT SURPRISING. EVEN ASSUMING FUNDAMENTAL DISAGREEMENT OVER SITUATION, TWO SIDES MIGHT HAVE BEEN EXPECTED TO COME UP WITH SOME STANDARD LANGUAGE CONDEMNING ISRAELI AGRESSION. EXTENT OF DIFFERENCES IS ALSO SHOWN BY FACT SOVIETS CHOSE TO OMIT ANY REFERENCE TO "SUPPORT FOR ARAB STATES AND PEOPLES." ONLY RELATED AREA ON WHICH SOME AGREEMENT WAS POSSIBLE IS PERSIAN GULF, WHICH RATES PARAGRAPH EMPHASIZING NECESSITY OF LIQUIDATING IMPERIALIST PRESENCE IN REGION.
3. CHARACTERIZATION OF ATMOSPHERE OF "OPENNESS AND MUTUAL UNDERSTANDING" IS DEFINITELY ON COOL SIDE AND COVERS WIDELY DIFFERING VIEWPOINTS. OTHER NOTICEABLY RESTRAINED STATEMENTS INCLUDE EXPRESSION OF "SATISFACTION" WITH STATE OF RELATIONS BETWEEN TWO COUNTRIES AND CHARACTERIZATION OF MEETINGS AS "USEFUL." ALTHOUGH TIKRITI HAD OFFICIALLY ANNOUNCED MEETING WITH KOSYGIN ON AUGUST 11, COMMUNIQUE POINTEDLY FAILS TO MENTION THIS, IN LISTING MAZUROV AND PONOMAREV AS HAVING LED SOVIET SIDE.
4. WHILE WE WOULD EXPECT IRAQIS TO HAVE SOUGHT ADDITIONAL AID FROM SOVIETS, COMMUNIQUE GIVES NO HINT THAT SOVIETS MADE ANY NEW COMMITMENT. IN PHRASING THAT APPEARS INTENDED TO REFER MAINLY TO PAST ASSISTANCE, IRAQI SIDE EXPRESSES GRATITUDE FOR SOVIET ASSISTANCE IN "DEVELOPING ECONOMY, TRAINING NATIONAL CADRES AND STRENGTHENING DEFENSE CAPACITY" OF IRAQ. HOWEVER, COMMUNIQUE CONTAINS NO CLEAR INDICATION

THAT SOVIETS WILL CONTINUE SUPPLY AID, SAYING ONLY THAT SIDES AGREED TO CONTINUE TALKS "TO CONCLUDE AGREEMENTS ON NUMBER OF CONCRETE MATTERS."

5. PERHAPS TO MAKE UP FOR LACK OF ANY DISCUSSION OF ME SITUATION, PORTIONS OF COMMUNIQUE DEALING WITH OTHER INTERNATIONAL ISSUES CONTAINS UNUSUALLY LARGE AMOUNT OF WINDOW DRESSING. TREATMENT OF A NUMBER OF ISSUES— DENUNCIATION OF US AGRESSION IN SEA, ABOLITION OF COLONIALISM, SUPPORT FOR CES, BAN ON CHEMICAL WEAPONS, SUPPORT FOR SEA BED TREATY AND ROLE OF UN-CLOSELY FOLLOWS LAST MONTH'S SOVIET-UAR COMMUNIQUE (MOSCOW 3999 NOTAL). NOTEWORTHY POINT IS PITCH, WE ASSUME BY SOVIETS, FOR GENERAL RECOGNITION OF GDR AND ADMISSION OF BOTH GERMANIES TO UN.
6. IN WHAT MAY HAVE BEEN A MINOR CONCESSION, COMMUNIQUE NOTES THAT BREZHNEV, PODGORNYY, AND KOSYGIN ACCEPTED INVITATION TO VISIT IRAQ. HOWEVER, STATEMENT THAT TIMING OF VISITS WILL BE DECIDED THROUGH DIPLOMATIC CHANNELS SEEMS TO IMPLY VISITS ARE UNLIKELY TO TAKE PLACE SOON.

BEAM

¹ Source: National Archives, RG 59, Central Files 1970-73, POL 7 IRAQ. Confidential. Repeated to Paris, Algiers, Beirut, Amman, Cairo, Dhahran, Jidda, Kuwait, London, Rabat, Tel Aviv, Tripoli, Tunis, and USUN.

275. Central Intelligence Agency Information Cable,
Washington, August 24, 1970¹

Washington, August 24, 1970

Intelligence Information Cable
ROUTINE
CITE TDCS DB-315/04352-70

DIST
24 AUGUST 1970

COUNTRY
IRAQ/USSR

DOI
EARLY JANUARY 1970 TO EARLY AUGUST 1970

SUBJECT
INDICATION OF SOVIET DISAPPOINTMENT WITH THE GOVERNMENT OF IRAQ

ACQ
MID-AUGUST 1970 FIELD NO.

SOURCE
[text not declassified]

1. THE SOVIETS BEGAN CRITICIZING THE GOVERNMENT OF IRAQ ABOUT JANUARY 1970, TALKING POINTEDLY ABOUT THE "BA'TH GOVERNMENT." IN MARCH THE CHARGE', IN EXPLAINING SOVIET CONCERN WITH INTERNAL IRAQI DEVELOPMENTS, SAID THAT, AFTER ALL, THE SOVIET KURDS CONSIDER MULLAH MUSTAFA BARZANI TO BE THE "KING OF THE KURDS." BY JUNE THE CHARGE' WAS USING THE TERM "NATIONAL SOCIALISM" TO CHARACTERIZE THE BA'TH REGIME. IN JULY THE SOVIET AMBASSADOR SAID THAT DESPITE THE MILITARY AID GIVEN TO IRAQ SINCE 1963, IRAQ HAS NOT EVEN STARTED PAYING INTEREST ON THE WEAPONS THEY HAVE RECEIVED. ACCORDING TO THE SOVIET AMBASSADOR, THE SOVIETS WOULD BE WILLING TO SETTLE FOR EVEN A TOKEN OF IRAQI SINCERITY, SUCH AS A CONCESSION ON THE IDEA OF A NATIONAL FRONT.
2. THE FOLLOWING IS AN EXAMPLE OF SOVIET DISAPPOINTMENT IN THE GOVERNMENT OF IRAQ. THE MILITARY ATTACHE SAID THE SOVIETS WOULD LIKE TO HAVE IN SOUTHERN IRAQ A REFINERY TO SERVE AS A SOVIET REFUELING BASE (SIC).

ACCORDING TO THE SOVIET ATTACHE, BASRA IS INADEQUATE FOR SUCH A PURPOSE. (SOURCE COMMENT: THE SUB-SOURCE SAID HE HAD THE IMPRESSION THAT THINGS ARE NOT GOING AT ALL WELL FOR THE SOVIETS IN THE GULF, BUT HE HAS NO EVIDENCE OTHER THAN THE FOREGOING TO SUPPORT THIS FEELING, AND THE SOVIET ATTACHE REFUSED TO BE DRAWN OUT FURTHER ON THIS SUBJECT.)

3. THE FOLLOWING IS AN EXAMPLE OF SOVIET-IRAQI FRICTION. EVERY KEY BA'THI OFFICIAL HAS AT LEAST TWO AND SOMETIMES THREE RADIO-TELEPHONES ON HIS DESK, AND ONE OR MORE IN HIS CAR AS A BACK-UP. THIS IMPROVED EFFICIENCY IN COMMUNICATIONS HAS MADE THE SOVIETS NERVOUS, AND THE BA'TH REGIME OBVIOUSLY IS IN BETTER CONTROL OF THE COUNTRY THAN EVER BEFORE. MORE SPECIFICALLY, MOVEMENT OF SOVIETS IN AND OUT OF BAGHDAD ARE CAREFULLY MONITORED. THE CARS OF SOVIETS OFTEN ARE STOPPED AND INSPECTED AT CHECKPOINTS, AND THE SOVIETS SAY THEY HAVE PROTESTED FREQUENTLY TO THE IRAQI GOVERNMENT. SOVIET FAMILIES OFTEN GO TOGETHER IN GROUPS OF TWO OR THREE FAMILIES TO FISH AT LAKE HABBANIYAH, WHICH IS NEAR THE HABBANIYAH AIR BASE.
4. [*text not declassified*] DISSEM: NONE.

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 603, Country Files, Middle East, Iraq, TDCS DC-315/04352-70. Secret; No Foreign Dissem; Controlled Dissem; No Dissem Abroad; Background Use Only. Kissinger initialed the cable.

276. Central Intelligence Agency Information Cable IN
152111, Washington, August 28, 1970¹

Washington, August 28, 1970

Intelligence Information Cable
ROUTIN
IN 152111
CITE TDCS -314/08944-70

DIST
28 AUGUST 1970

COUNTRY
IRAQ/THE PERSIAN GULF

DOI
AS OF 28 AUGUST 1970

SUBJECT
PLANS OF A PLOTTING GROUP LED BY SHI'A MUSLIMS TO ATTEMPT OVERTHROW OF
THE GOVERNMENT OF IRAQ ABOUT MID-SEPTEMBER

ACQ
[text not declassified] (28 AUGUST 1970) FIELD NO.

SOURCE
[text not declassified]

1. MUHAMMAD JA'FAR AL-NUMAYRI, A SHI'A MUSLIM FROM BASRAH, IRAQ, WHO CLAIMS HE IS A FORMER IRAQI MINISTER, IS INVOLVED IN AN ANTI-COMMUNIST COUP PLOT AGAINST THE GOVERNMENT OF IRAQ, WHICH IS LED BY THE SHI'A MUSLIMS, AND IS TO BE ATTEMPTED ABOUT MID-SEPTEMBER. AL-NUMAYRI HAS BEEN WORKING IN ABU DHABI AND DUBAI. (HEADQUARTERS COMMENT: AL-NUMAYRI IS PROBABLY IDENTICAL WITH ONE MUHAMMAD AL-NUMAYRI WHO WAS REPORTED BY FBIS ON 22 JANUARY 1970 AS HAVING RECEIVED A DEATH SENTENCE IN ABSENTIA BECAUSE OF HIS INVOLVEMENT IN THE 22 JANUARY 1970 ABORTIVE COUP AGAINST THE GOVERNMENT OF IRAQ. WE HAVE NO FURTHER INFORMATION ON ALNUMAYRI AND ARE NOT ABLE TO VERIFY THAT HE IS A FORMER MINISTER.)
2. ACCORDING TO AL-NUMAYRI, THE SHI'A IS FED UP WITH THE BA'TH REGIME'S DISCRIMINATION AGAINST THEM. AL-NUMAYRI

SAID HE HAS SUPPORT FROM SHAYKH ZAYID OF ABU DHABI; TARIQ BIN TAYMUR OF OMAN; IMAM MUSA AL-SADR, SHI'A LEADER OF LEBANON; AND THE AGHA KHAN, LEADER OF THE SHI'A ISMA'ILIS. AL-NUMAYRI IS WORKING WITH THE "ISMA'ILI OFFICE" IN BEIRUT. IT IS PLANNED TO ATTEMPT THE COUP IN MID-SEPTEMBER BECAUSE THE IRAQI REGIME IS SHAKEN BY INTERNAL DISPUTES, AND THE REGIME WOULD NOT KNOW WHO IS STRIKING AT THIS TIME, I.E., THE UAR, IRAN, KUWAIT, OR SAUDI ARABIA.

3. AL-NUMAYRI, WHO WAS IN POSSESSION OF IRAQI AND ABU DHABI PASSPORTS AND A BUSINESS CARD FROM BAGHDAD, SAID THAT INCLUDED IN THE PLOTTING GROUP ARE FORMER MINISTERS, RELIGIOUS LEADERS, ENGINEERS, AND MILITARY OFFICERS. ONE OF THOSE INVOLVED IS MAHMUD HASAN JUMA', A FORMER IRAQI MINISTER, WHO IS AN ADVISOR TO SHAYKH ZAYID OF ABU DHABI AND JUMA' IS COORDINATING ABU DHABI AND OMANI AID TO THE PLOTTERS. THESE GULF LEADERS WANT TO COUNTER THE ACTIVITIES OF THE IRAQI REGIME IN THE PERSIAN GULF. AL-NUMAYRI PLANS TO STAY IN BEIRUT UNTIL 1 SEPTEMBER, THEN HE PLANS TO GO TO KUWAIT AND ENTER IRAQ FROM KUWAIT.
4. AL-NUMAYRI DOES NOT PLAN TO INFORM SAUDI ARABIAN OR IRANIAN OFFICIALS, BUT HE DOES PLAN TO INFORM THE KUWAITIS "SOON." HE PLANS TO SEE THE KUWAITI RULER IN BEIRUT. AL-NUMAYRI ALSO IS IN TOUCH WITH KURDISH LEADER MULLAH MUSTAFAAL-BARZANI. AL-NUMAYRI SAID HE IS WILLING TO COOPERATE WITH FORMER FOREIGN MINISTER 'ABD-AL-RAZZAQ NAYIF, BUT ONLY AT THE LAST MINUTE, BECAUSE NAYIF IS NOT TRUSTWORTHY (SIC). (HEADQUARTERS COMMENT: NAYIF HELPED THE BA'THIS GAIN POWER IN MID-1968 AND WAS EXILED TWO WEEKS LATER BY THE BA'TH REGIME.)
5. AL-NUMAYRI CONTACTED A SYRIAN ARMS DEALER ON URGENT BASIS ON 28 AUGUST BECAUSE OF AL-NUMAYRI'S NEED FOR EXPLOSIVE DEVICES THE ARMS DEALER HAD IN A WAREHOUSE. (HEADQUARTERS COMMENT: THE SOURCE DID NOT SAY WHETHER HE HAD PROVIDED THE EXPLOSIVES.)
6. [*text not declassified*] DISSEM: STATE CINCPACAFSA. [*text not declassified*]

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 603, Country Files, Middle East, Iraq, TDCS-314/08944-70. Secret; No

Foreign Dissem.

277. Airgram 477 From the Embassy in Belgium to the
Department of State, October 16, 1970¹

October 16, 1970

AIRGRAM
DEPARTMENT OF STATE
BRUSSELS A-477
October 16, 1970

TO:
Department of State

INFO:
Amembassy TEHRAN,

FROM:

Amembassy Brussels

SUBJECT:
Political: Condition of the Jewish Community in Iraq

REF:
Brussels 4585

The body of this airgram is an Embassy translation of a report on the Jewish community in Iraq. The report was prepared by the Belgian Embassy in Baghdad and passed to us by the Belgian Foreign Office. The Foreign Office cautioned that the Belgian Embassy in Iraq should not be cited as the source of this report.

Summary:

Slow improvement in the condition of Iraqi Jews with some reappearing in the economic sector. University reopens its doors to Jewish students. Authorities have renounced the use of certain harassment. Emigration remains forbidden but clandestine departures are made easier by the aid of people living in Kurdish territory. The regime is probably tending towards a normalization but is fearful of reactions of extremists.

End Summary.

The last report which I sent to you on the question of the Israeli community in Iraq was dated June 4, 1969. It was noted in that report that the legal condition of the Jewish community had been improving.

As a matter of fact, in the spring of last year, the authorities revoked certain discriminatory ordinances put into effect by the Ministry of the Interior in 1963. These ordinances covered the rights of Iraqi Jews to travel, to engage in financial activities and to undertake contractual relations. If since then, this legal adjustment has remained largely a dead letter, the real lot of Iraqis of the Jewish confession has none the less in a general fashion slowly improved. In the business world, for example, their ostracism is no longer complete. Certain Jews are discreetly reappearing in business firms which employ them. They are also reappearing at the head of firms still owned by Jews. In these latter cases, the Jews operate for the most part behind Arab frontmen. The Embassies are noticing that it is no longer exceptional that their commercial services are dealing with Jews employed by Iraqi firms.

Higher education is no longer inaccessible to them. At the beginning of the new academic year, the university alone received 20 Jewish students. In principle, all the faculties are open to them with the exception perhaps of the medical faculty where they are encountering difficulties in enrolling. It seems that the authorities believe there is too large a proportion of Jewish doctors in the medical corps of Iraq.

Vexations, which darkened their existence, are tending to disappear. The use of the telephone has been, in principal, returned to them. Their movements within the country are coming under less control. Police surveillance has been relaxed and the general atmosphere tends towards a detente.

On one point, however, the regime remains intractable: emigration. But in this field as well, unexpected horizons recently have opened. If legal departure from the country remains forbidden, clandestine movement has become more practicable than at any time since the Baathists took power. As a matter of fact, the pacification of the Kurds has opened in the North of the country a zone where the frontier is wide open. This zone has been quickly exploited. It seems that as soon as hostilities between the Montagnards (Kurds) and the Government in Baghdad ended, philanthropic associations approached Barzani and set up in Kurdistan an organization for passing Jews across the Iranian frontier.

To this time, some 250 Jews have used this organization to leave Iraq. Met and cared for at the Iranian frontier by a charitable organization based in Tehran, they have been for the most part sent on to Canada or Denmark where special arrangements for their immigration have been made available to them.

At the beginning of September, however, about 100 Jews, who too confidently departed more or less grouped together, attracted the attention of the police. They were arrested at Irbil; all their possessions were confiscated; and they were beaten and thrown into jail. They, were, however, quickly released and do not seem to have been bothered further by the police.

It appears that the era of overt harrassment is finished and that we are moving towards a new equilibrium permitting the two communities to live together. Moreover, as a matter of principle, if it were not for the political conditions which prevail, the Baathists could not be hostile to the Jewish community. The Baath ideology postulates tolerance in questions of religion and race, and in Iraq itself its policies are aimed at rallying the support of the minorities.

Furthermore, the regime has learned to measure the force of world opinion and knows that this force is sensitized to the lot of the Jews remaining in Arab lands. Perhaps the Government has given thought to offering an example in Iraq itself of the harmonious cohabitation which could come into being between Jews and Arabs—a harmony which should one day reign in a liberated Palestine toward which all of its political efforts are aimed.

At this moment, however, a complete normalization of the lot of the Jews is not possible since this would risk once again attracting the thunder bolts of the extremists.

EISENHOWER

¹ Source: National Archives, RG 59, Central Files 1970-73, SOC 14 IRAQ. Confidential. Repeated to Tehran, Beirut, London, and Tel Aviv.

278. Telegram 9048 From the Embassy in Lebanon to the
Department of State, October 16, 1970, 1730Z¹

October 16, 1970, 1730Z

TELEGRAM

Department of State
BEIRUT 9048 161943Z

ACTION NEA-15

INFO OCT-01 EUR-20 CIAE-00 DODE-00 PM-05 H-02 INR-08 L-04 NSAE-
00 NSC-10 P-03 RSC-01 PRS-01 SS-20 USIA-12 AID-28 COM-08 E-15 FRB-
02 TRSY-11 XMB-06 CEA-02 INT-06 OEP-01 RSR-01 /182 W 092246

R 161730Z OCT 70

FM

AMEMBASSY BEIRUT

TO

SECSTATE WASHDC 2190

INFO

AMEMBASSY AMMAN
AMEMBASSY KUWAIT
AMEMBASSY TEHRAN
AMEMBASSY JIDDA
AMEMBASSY BRUSSELS
AMEMBASSY ANKARA
AMEMBASSY TEL AVIV
AMEMBASSY LONDON
AMEMBASSY MOSCOW
AMEMBASSY PARIS

SUBJECT:

DISMISSAL OF HARDAN TIKRITI

1. IRAQI REVOLUTIONARY COMMAND COUNCIL OCTOBER 15
DISMISSED VICE PRESIDENT HARDAN ABD AL GHAFAR AT
TIKRITI FROM ALL OF HIS "MILITARY AND CIVILAIN POSITIONS."
HARDAN, WHO WAS ON OFFICIAL MISSION TO SPAIN WHEN
DECISION TAKEN, HAD WHAT LOCAL PRESS TERMED "STORMY
SESSION" WITH REPS FROM IRAQI EMBASSY WHEN HE

TRANSITED BEIRUT LAST NIGHT. REPORTEDLY EMBASSY OFFICIALS ADVISED HIM NOT RETURN BAGHDAD, BUT TO NO AVAIL.

2. THOUGH THERE HAS BEEN NO OFFICIAL EXPLANATION OF HARDAN'S DISMISSAL, WE HAD BEEN HEARING RUMORS RECENTLY OF DEEP TROUBLE WITHIN RULING BAAATH PARTY LEADERSHIP OVER THE FAILURE OF IRAQI TROOPS IN JORDAN TO INTERVENE ON FEDAYEEN SIDE DURING THIS SEPTEMBER CLASH WITH JAA. HARDAN, WHO WENT TO MAFRAQ DURING CRISIS, APPARENTLY PLAYED DECISIVE ROLE IN KEEPING IRAQI FORCES FROM INTERVENING, EVEN THOUGH GOI HAD OFFICIALLY PLACED ITS UNITS AT ARAFAT'S DISPOSAL. IN BEIRUT, MICHEL AFLAQ, FOUNDER OF BAAATH PARTY, STRONGLY CRITICIZED GOI FOR REMAINING ALOOF AND DIRECTED STRONG ATTACK AGAINST HARDAN AND THE MILITARY WING OF THE PARTY. DURING FIGHTING, ARAFAT SENT TELEGRAM TO PRESIDENT AHMAD HASAN AL BAKR SAYING "HISTORY WILL NOT FORGIVE THOSE WHO FAILED SUPPORT FEDAYEEN BEING MASSACRED BY JORDAN ARMY."
3. THERE HAS LONG BEEN SCHISM BETWEEN MILITARY AND CIVILIAN WINGS OF RULING BAAATH PARTY IN BAGHDAD. HARDAN, FORMER HEAD IRAQI AIR FORCE, HAS APPARENTLY ENJOYED BAKR'S SUPPORT. HOWEVER, IRAQ'S FAILURE TO PARTICIPATE IN JORDAN CIVIL WAR GAVE STRONGMAN SADDAM HUSAYN AT TIKRITI, ASSISTANT SEC GEN OF BAAATH PARTY AND VICE CHAIRMAN OF RCC, LONG AWAITED OPPORTUNITY ASSERT HIMSELF AND OTHER CIVILIAN "HAWKS" AT EXPENSE MILITARY "DOVES." OBSERVERS HERE BELIEVE BAKR OPTED MAKE HARDAN SCAPEGOAT RATHER THAN GET INTO OPEN CONFLICT WITH CIVILIAN WING OF PARTY. QUESTION NOW IS WHETHER BAKR CAN RETAIN NOMINAL LEADERSHIP OF PARTY AND GOVERNMENT OR WHETHER SADDAM WILL REPLACE HIM. THOUGH BETTING HERE ABOUT EVEN, WE INCLINED FEEL SADDAM'S PENCHANT FOR ANONYMITY WILL KEEP HIM FROM OVERTLY ASSUMING POWER IN BAGHDAD.
4. THE REGIME IN BAGHDAD HAS HAD SURFEIT OF PROBLEMS LATELY. GOVERNMENT LACKS FUNDS EXECUTE DEVELOPMENT PROJECTS AND HAS EXERTED INCREASING PRESSURE ON IPC TO INCREASE OFFTAKE. MARCH 11 SETTLEMENT OF KURDISH PROBLEM JEOPARDIZED BY GOI DECISION POSTPONE CENSUS, SCHEDULED FOR OCTOBER 25, TO DETERMIN AREAS WHERE KURDS ARE IN MAJORITY AND SHOULD HAVE AUTONOMY. IRAQI DINAR HAS DROPPED FROM \$2.80 TO \$2.20 ON BEIRUT

OPEN MARKET. GOI EXPERIENCING DIFFICULTY WITH POLAND
OVER PROJECT EXPLOIT MISHRAQ SULPHUR DEPOSITS.

5. EVIDENCE OF TROUBLE WITH IRAQI BAATH SURPRISE FEW
OBSERVERS HERE AND MOST EXPECT HARDAN'S DISMISSAL IS
ONLY FIRST OF MANY CHANGES TO COME.

BUFFUM

¹ Source: National Archives, RG 59, Central Files 1970-73, POL 15-1
IRAQ. Confidential. Repeated to Amman, Kuwait, Tehran, Jidda, Brussels,
Ankara, Tel Aviv, London, Moscow, and Paris. Although identified as
the Iraqi Vice President, Tikriti was in fact the Minister of Defense. In
telegram 361, March 31, 1971, the Embassy in Kuwait reported that Tikriti
had been assassinated in the city of Kuwait, and that the government
and public "assumes that murder was planned in Baghdad and executed
by Iraqi govt assassins." (Ibid.)

279. Telegram 76 From the Embassy in Iran to the
Department of State, January 6, 1971, 1300Z¹

January 6, 1971, 1300Z

TELEGRAM
Department of State
TEHRAN 76 061446Z

ACTION INR-08

INFO OCT-01 EUR-20 NEA-13 CIAE-00 PM-05 H-02 L-04 NSAE-00 NSC-10
P-03 RSC-01 PRS-01 SS-20 USIA-12 AF-12 RSR-01 /113 W 066698

R 061300Z JAN 71

FM AMEMBASSY TEHRAN

TO

SECSTATE WASHDC 3131
SECDEF
INFO AMCONSUL DHAHRAN
AMEMBASSY JIDDA
AMEMBASSY KUWAIT
AMEMBASSY LONDON
AMEMBASSY MOSCOW
CINCSTRIKE
COMIDEASTFOR

SUBJECT:

SOVIET TASK FORCE VISITS PORT FACILITIES SOVIETS CONSTRUCTING IN IRAQ

REF:

(A) COMIDEASTFOR MESSAGE 021350Z NOTAL: (B) TEHRAN 5534 (SECTION B PARA 2)

1. ACCORDING TO IRANIAN NAVY (IIN) SOVIET TASK FORCE (SUBMARINE, LST AND MINE SWEEPER) WHICH ENTERED GULF END OF DECEMBER (REF A) PROCEEDED JAN 5 TO UMM QASR (IRAQ PORT WHERE SOVIETS DEVELOPING NAVAL FACILITIES) (REF B). ACCORDING TO PRESS REPORT, TASK FORCE COMMANDED BY SOVIET ADMIRAL KARONADONOV AND VISIT TO UMM QASR MAY BE CONNECTED WITH PORT COMMISSIONING CEREMONIES THERE.

2. IT WILL BE RECALLED THAT NO RPT NO RUSSIAN NAVAL VESSEL VISITED PERSIAN GULF FROM 1905 (WHEN ADMIRAL TOGO DESTROYED RUSSIAN IMPERIAL FLEET IN BATTLE OF JAPAN SEA) UNTIL 1968. HOWEVER, CURRENT VISIT BY SOVIET VESSELS IS, BY OUR COUNT, SIXTH TO OCCUR SINCE MID-1968 (SEVENTH, IF WE INCLUDE VISIT TO BANDAR ABBAS IN DECEMBER 1970 BY SOV RESEARCH VESSEL CARRYING HELICOPTER, VISIT WHICH WE HAVE JUST LEARNED OF FROM IIN). IT DEMONSTRATES ONCE AGAIN SOVIET DETERMINATION TO INCREASE ITS NAVAL PRESENCE IN VITALLY IMPORTANT PERSIAN GULF ON WHICH JAPAN AND EUROPE NATO DEPEND SO VERY HEAVILY FOR THEIR ENERGY REQUIREMENTS. IT ALSO IS FURTHER PROOF OF SOVIET DECISION (WHICH WE HAVE REPORTED FOR SOME MONTHS) TO DEVELOP NAVAL FACILITY AT UMM QASR, NOMINALLY FOR IRAQ BUT ALSO FOR NAVY IN ORDER TO SUPPORT A STEADILY EXPANDING SOVIET PRESENCE NOT ONLY IN INDIAN OCEAN AND ARABIAN SEA, BUT ALSO IN GULF.
3. SUCH A SOVIET NAVAL PRESENCE IN GULF COULD, OF COURSE, BE VERY IMPORTANT POLITICALLY AND PSYCHOLOGICALLY TO RADICAL ARAB STATES (PARTICULARLY IRAQ, SOUTHERN YEMEN AND SYRIA) WHEN THEY LAUNCH THEIR MAJOR "NATIONAL LIBERATION FRONT" OFFENSIVES AGAINST MODERATE ARAB GULF STATES. QUALIFIED OBSERVERS HERE BELIEVE THIS OFFENSIVE WILL CERTAINLY OCCUR SOMETIME IN 1972, FOLLOWING WITHDRAWAL OF MOST OF BRITAIN'S PRESENT MILITARY ESTABLISHMENT IN GULF, SO SOVIET EFFORTS TO COMPLETE AND COMMISSION UMM QASR ARE UNDERSTANDABLE.

MACARTHUR

¹ Source: National Archives, RG 59, Central Files 1970-73, DEF 15 IRAQ-USSR. Secret. Repeated to Dhahran, Jidda, Kuwait, London, Moscow, CINCSTRIKE, and MIDEASTFOR.

280. Telegram 36204 From the Department of State to the Embassy in Nepal, March 4, 1971, 0124Z¹

March 4, 1971, 0124Z

TELEGRAM
Department of State 036204

ACTION:
Amembassy KATHMANDU

INFO:
Amconsul DACCA
US MISSION GENEVA FOR RMRC
Amembassy BRUSSELS
USUN

SUBJECT:
Arrest of Iraqi Jews

1. FOR KATHMANDU: Would appreciate Embassy passing to UN High Commissioner for Refugees, Prince Sadruddin Agha Khan, who understood currently to be visiting NEPAL, following information before his departure for Dacca on March 6. Prince is understood to be planning visit to Baghdad around March 15 possibly before returning to Geneva.
2. Department has received several reports during recent weeks of arrests in Baghdad in late December 1970 and early January 1971 of Jewish physicians and pharmacists. Principal source of these reports is American citizen Tawfic Raby, an employee of U. S. Bureau of Standards. Raby's brother, Dr. Albert Raby, a physician, is one of those reportedly arrested. According earlier reports Albert Raby had been released from jail but recent message from US Interests Section of Belgian Embassy in Baghdad indicates he still under arrest.
3. According Tawfic Raby's latest information situation of Jews in Baghdad has become "extremely bad." Help is said to be urgently needed. Reports that some arrested Jewish physicians and pharmacists had been released have turned out to be false, according most recent report. Moreover, around 20 other persons of Jewish faith in Baghdad have been under arrest since early January or late December. This is a separate category from the physicians and pharmacists. Iraqi authorities have given none of arrestees any hint as to reasons behind arrests and few if any of them have been questioned by incarcerating authorities.

4. Names are unavailable of non-physician and non- pharmacist category of arrestees. However, physicians and pharmacists include in addition to five members of the Hakim family, Haskell Nakkar, Daoud Bassoon, Haroun Shemie, Haskell Shohet and his wife Muzli Shohet and Tawfic's brother, Dr. Albert Raby. Tawfic had earlier feared having names of arrestees mentioned to Iraqi authorities on grounds that this might make their situation worse. However, in view of latest reports indicating a worsening situation, he believes an inquiry by High Commissioner about specific persons might be helpful.
5. Department hopes that while visiting Baghdad, High Commissioner will inquire into foregoing arrests and express his concern over welfare of these affected. If he could also urge their release from jail and while High Commissioner is still physically present in Baghdad, we believe Iraqis might well respond favorably.
6. FOR DACCA: In event Embassy Kathmandu was unable bring foregoing to attention Prince Sadruddin during his Nepal stay, would appreciate your passing information on to him during his scheduled stopover in Dacca from March 6 to March 8.
7. FOR BRUSSELS: Please pass foregoing to REPIR Baghdad for information.

END

ROGERS

¹ Source: Source: National Archives, RG 59, Central Files 1970-73, POL 29 IRAQ. Confidential. Repeated to Dacca, Mission Geneva for RMRC, Brussels, and USUN. Drafted by Killgore; cleared by Albert P. Burleigh (NEA/INC), Frank G. Trinko (EUR/AIS), Laurence A. Dawson (S/R-ORM), Craig Baxter (NEA/PAF), J. Theodore Papendorp (EUR/FBX), Clement J. Sobotka, S/R; Seelye; and Orson W. Trueworthy, S/R-ORM; approved by Atherton.

281. Airgram A-82 From the Embassy in Lebanon to the
Department of State, March 16, 1971¹

March 16, 1971

AIRGRAM
DEPARTMENT OF STATE
BEIRUT A-82

DATE:

March 16, 1971

TO:

Department of State

INFO:

Amman
Kuwait
Tehran
Ankara
London
Jidda
Moscow

FROM:

Amembassy BEIRUT

SUBJECT:

Iraq

During a recent call on Michel Sassine, Deputy Speaker of the Lebanese Parliament and companion of Prime Minister Saeb Salem on the latter's six-day official visit to Iraq February 14-21, 1971, he made the following comments on the situation in Iraq:

The Present Regime

Sassine believes the present government of Ahmed Hasan al Bakr is becoming increasingly confident of its ability to remain in power. In conversations with Iraqi dignitaries, Salam and Sassine both had the impression Vice President Salih Mandi 'Ammash is emerging as BAKR's right hand man and the regime's strongman (qabaday). The former qabaday, Saddam Husayn at Tikriti, who played a leading role in bringing about the March 11, 1970 settlement with Kurdish leader Mulla

Mustafa Barzani, was conspicuous for his absence at all official gatherings throughout Salam's visit. Sassine noted that Saddam's name was never even mentioned during the six-day visit. (The IPC representative in Lebanon gave a similar assessment of the current Iraqi regime to the DCM recently. He said that IPC officials in Baghdad have been able to develop a good relationship with 'Ammash, whose star seems to be ascending.)

GROUP 3

Downgraded at 12-year intervals,
not automatically declassified.

Sassine believes the emergence of 'Ammash will enhance the authority of the relatively more pragmatic military wing of the pan-Arab leadership of the Baath Party. Sassine was also favorably impressed with Foreign Minister 'Abd Karim Shaykhali whom he found to be an intelligent, articulate, and effective civilian collaborator with both 'Ammash and BAKR.

Iraqi-Soviet Relations

Sassine was particularly impressed by the current regime's almost fanatic "anti-communism." Iraqi officials told him that the GOI has been quietly encouraging Numeiry's campaign against the Communist Party in the Sudan. 'Ammash and Shaykhali told Sassine that the GOI is at the same time anxious to improve its ties with the West, especially the U.K., to counter-balance the Soviet position in the country. For example, the GOI is now trying to obtain a number of British professors for the faculty of Baghdad University. It would also like to have greater Western European and even American participation in certain industrial development projects. The GOI has not been pleased with the quality of Soviet Bloc project assistance, many of the factories and other installations having turned out to be duds. (The Westinghouse representative in Baghdad, one of the few remaining Americans still working in Iraq, also commented to the reporting officer this week that the Director General of the Ministry of Industry had been "picking his brain" to solve some of the basic technical problems which have arisen in various industrial development projects throughout the country. He mentioned particularly the chemical fertilizer plant at Abu al Khasib, the paper factory at Hartha, the new refinery at Basra, the sulphur extraction plant at

Kirkuk, the cane-sugar factory at Majr al Kabir, and the woolen textile mill at Kut.)

Sassine added, however, that he detected no indication that the regime's hostility to USG policy vis-a-vis the Middle East is any less bitter.

Iraq-Arab Relations

Sassine believes the GOI is anxious to improve relations with Syria, Lebanon, and the UAR in order to end its relative isolation from these "natural allies." While Iraq remains as adamantly opposed to a peaceful settlement of the Arab-Israel conflict as ever, it nevertheless wishes to appease the UAR. Sassine believes BAKR might even modify the present government to include some non-Baathi elements, perhaps along the lines of the coalition put together by Hafiz al Asad in Syria. 'Ammash, in conversation with Salam, encouraged Lebanon to exercise its traditional role of Arab mediator and to use its good offices with Sadat to facilitate an Egyptian-Iraqi rapprochement. Sassine also anticipates an improvement in Lebanese-Iraqi relations and that Iraqi tourists will return to Lebanon in large numbers this summer.

COMMENT: Sassine's remarks add to the mounting evidence that the present government in Baghdad is continuing to consolidate its position. As for the relative positions of 'Ammash and Saddam at Tikriti, available information is contradictory. CAS for example, has reported that 'Ammash and BAKR have put aside their longstanding differences in order more effectively to counter the stronger position of Saddam after the downfall of former Vice President HARDAN at Tikriti in October. On the other hand, some of our press contacts who have been following closely the situation in Iraq tell us they are convinced Saddam's position is virtually unassailable. They also see the UAR and Syria working behind the scenes in an effort to bring about changes in Baghdad to align Iraq more closely with the mainstream of Arab politics. One observer, for example, challenged the thesis that 'Ammash's position relative to Saddam's has improved, noting wryly that 'Ammash now makes news only on the sports page (he is head of Iraq's Olympic Preparatory Committee).

While it is difficult to draw any firm conclusions from the conflicting evidence available, we are inclined toward the view that the present government in Baghdad is likely to be around for some time. While some changes in the cast of characters cannot be ruled out, we suspect they are likely to be more cosmetic than meaningful. As far as the Jarring

peace mission is concerned, we are confident that the Arab governments directly involved in conflict with Israel will have little difficulty in convincing the GOI to go along if a settlement is obtained.

BUFFUM

¹ Source: National Archives, RG 59, Central Files, 1970-73, POL IRAQ. Confidential. Repeated to Amman, Ankara, Jidda, Kuwait, London, Moscow, and Tehran. Drafted by J. Thomas McAndrew; cleared by Nicholas M. Murphy; approved by Curtis F. Jones.

282. Telegram 47357 From the Department of State to the Embassy in Belgium, March 20, 1971, 0249Z¹

March 20, 1971, 0249Z

TELEGRAM
Department of State 47357

ACTION:
AmEmbassy BRUSSELS

INFO:
AmEmbassy THE HAGUE
USMISSION GENEVA
USUN

STATE _____

SUBJ:
REPIR: Arrests of Jews in Baghdad

REF:
State 36204, Kathmandu 738

1. We continue to receive reports that number (now 42) of Jews have been arrested in Baghdad allegedly for participation in attempts to leave Iraq by clandestine means. In addition, our sources here state that there are strong rumors the GOI plans to put these people on trial in the near future.
2. Until now we have been waiting for the UN High Commissioner for Refugees to undertake a visit to Baghdad re plight of Jews before embarking on any USG effort on their behalf. High Commissioner was reportedly expected in Baghdad this week, but we have no confirmation his arrival, although FBIS reports his meeting with Iraqi President on March 16. Would greatly appreciate your querying through Belgian Foreign Ministry REPIR Baghdad re arrival High Commissioner and any other info it might have.
3. In addition, Embassy should also raise subject of alleged arrests and possible trial of Jews with Belgian Foreign Ministry, inquiring whether Belgians would be prepared to make approach to GOI on our behalf. If GOB agreeable, such an approach could be based on increasing appeals for information re condition Iraqi family members by American citizens of the Jewish faith. In this regard, you might also suggest to Belgian

Foreign Ministry possibility of coordinating such an approach with Dutch, whose Ambassador in Baghdad, according to Belgian Ambassador there, has reliable information re Jewish community as well as relatively good relations with GOI.

END

ROGERS

¹ Source: National Archives, RG 59, Central Files 1970-73, POL 29 IRAQ. Confidential. Repeated to the HAGUE, Mission Geneva, and USUN. Drafted by Thomas J. Scotes; cleared by Seelye, Papandorp, Trinkka, and Trueworthy; approved by Atherton.

283. Telegram 1098 From the Mission to Geneva to the
Department of State, March 25, 1971, 1630Z¹

March 25, 1971, 1630Z

TELEGRAM
Department of State
USMISSION GENEVA 1098 251659Z

ACTION NEA-15

INFO OCT-01 EUR-20 IO-13 SR-01 ORM-03 SCA-01 CIAE-00 DODE-00
PM-05 H-02 INR-08 L-04 NSAE-00 NSC-10 P-03 RSC-01 PRS-01 SS-20
USIA-12 SCS-04 RSR-01 /125 W 001049

P R 251630Z MAR 71

FM

USMISSION GENEVA

TO
SECSTATE WASHDC PRIORITY 8758

INFO
AMEMBASSY KATHMANDU
AMEMBASSY BRUSSELS
AMCONSUL DACCA
USMISSION USUN NEW YORK

SUBJECT:
ARREST OF IRAQI JEWS

REF:
GENEVA 1048: B. STATE 049950: C. STATE 036204

1. EUROPEAN DIRECTOR UNITED HIAS SERVICE SEIDENMA
(PROTECT) MET UNHCR PRINCE SADRUDDIN AGA KHAN TODAY
FOR PURPOSE DISCUSSING PROBLEM OF DETAINED JEWS IN
IRAQ. SEIDENMAN BRIEFED MISOFF ON MEETING PRINCIPAL
POINTS OF WHICH AS FOLLOWS:
2. HCR CONFIRMED TO SEIDENMAN THAT HE HAD HANDED OVER
TO IRAQ PRESIDENT THE NAMES OF THE JEWS WHICH HAD
BEEN CONVEYED TO HIM BY US AMBASSADOR IN KATHMANDU

(PARA 4 REFTEL C). IN DOING SO HE SUGGESTED TO IRAQI AUTHORITIES THAT TIME FAVORABLE FOR GOI ACTION FOR BENEFIT DETAINEES CITING FACT THAT GUAR HAD ACTED TO LIBERATE DETAINED JEWS AND THAT SOVIET UNION CURRENTLY BEING RESPONSIVE RESPECT JEWS.

3. HCR REPORTED THAT IRAQI AUTHORITIES HAD LISTENED ATTENTIVELY BUT GAVE NO INDICATION OF ANY PARTICULAR REACTION. HCR SUGGESTED TO SEIDENMAN THAT ONLY TIME WILL TELL WHETHER HIS INTERVENTION WILL PRODUCE BENEFICIAL RESULTS.
4. HCR EXPRESSED CONCERN OVER HANDLING BY REPIR BAGHDAD OF INFORMATION CONCERNING HIS VISIT TO BAGHDAD AND POSSIBLE INTERVENTION BEHALF JEWISH DETAINEES. UPON ARRIVAL BAGHDAD HCR WAS APPROACHED BY UNDP REP (SUDANES NATIONAL) WHO HAD BEEN GIVEN FULL STORY (STATE 036204) OVER OPEN TELEPHONE BY REPIR BAGHDAD. OBSERVING THAT ALL TELEPHONES IN IRAQ ARE PROBABLY TAPPED HCR REMARKED THAT HIS POSITION IN SUCH MATTERS STANDS TO BE COMPROMISED IF IT APPEARS THAT HE IS OPERATING IN US INTERESTS RATHER THAN IN HIS PERSONAL AND PRIVATE CAPACITY OR THROUGH UNHCR GOOD OFFICES. COMMENT: MISSION FULLY APPRECIATES HCR CONCERN MENTIONED PARA 4 ABOVE WHICH MOST REGRETTABLE. WE HAVE HEARD INDIRECTLY THAT HE MAY CALL ON AMBASSADOR TO DISCUSS MATTER. THIS EVENT ASSUME DEPARTMENT WOULD WISH FOR AMBASSADOR TO EXPRESS USG'S PROFOUND REGRET OVER ILL-ADVISED HANDLING OF INFORMATION IN BAGHDAD AND ASSURE HIM THAT UTMOST CARE WILL BE EXERCISED TO AVOID RECURRENCE INCIDENT.
5. APART COMMENT ABOVE NO INDICATION AS YET THAT HCR INTENDS MAKE OFFICIAL REPORT ON HIS VISIT TO US OR TO UN SEC GEN.

RIMESTAD

¹ Source: National Archives, RG 59, Central Files 1970-73, SOC 14 IRAQ. Confidential. Repeated to Kathmandu, Brussels, Dacca, and USUN.

284. Telegram 54497 From the Department of State to the Embassies in the United Kingdom, France, the Netherlands, Spain, Italy, and Switzerland, April 1, 1971, 0118Z¹

April 1, 1971, 0118Z

TELEGRAM

Department of State 54497

ACTION:

AmEmbassy LONDON
AmEmbassy PARIS
AmEmbassy THE HAGUE
AmEmbassy MADRID
AmEmbassy ROME
AmEmbassy BERN

INFO:

AmEmbassy BRUSSELS
USMISSION GENEVA
USUN NEW YORK

STATE _____

SUBJ:

Plight of Iraqi Jews

1. Over last six to eight months we have received reliable reports of arrests of Iraqi Jews, including several prominent doctors and other community leaders. Reason for these arrests is alleged involvement these persons in efforts leave Iraq clandestinely. Current reports place the number of arrested at 42. In addition, more recently there are indications that Iraqi regime may be planning trials of all or some of those arrested. Because of the state of our relations with Iraq, representation on behalf of Iraqi Jews by USG not likely to be helpful. Nevertheless, we have asked the Belgians who represent us in Baghdad to express our concern for imprisoned relatives of American citizens. We believe, however, that on humanitarian grounds, other governments might be in position to make more effective case with the Iraqi regime on behalf of these unfortunates. In this regard, we understand that the Israeli Government has already approached the British, Dutch and French. While we realize that these efforts may

achieve little and might even backfire, we believe that in view of the recent reports of possible trials some action must be taken to alert the Iraqi government to negative effect such trials or severe punishment would have on world opinion.

2. Action posts are requested to inform their host governments of the above information and request that they consider (a) making inquiries re the safety of Iraqi Jews currently being held (names of those known to be held being sent separately); (b) expressing concern over recent reports that these persons may be put on trial in the near future; (c) advising Iraqi government of the negative effect such trials, if held, would have on world opinion, and; (d) authorizing their respective UN Missions take up matter with SecGen.
3. FYI. We are making an informal approach through Ambassador Finger at USUN to SADRUDDIN KHAN, UN High Commissioner for Refugees, to express our appreciation for latter's efforts during recent visit to Baghdad and to suggest that in light of these more recent reports of possible trials in Iraq, that High Commissioner might wish follow up in Baghdad as well as take matter up with Secretary General. END FYI.
4. We repeating to you State 47357, State 36204, Geneva 1048 and Geneva 1098 for background purposes.
5. FOR BRUSSELS: You authorized inform Repir through Foreign Ministry that we are making approach on behalf Iraqi Jews to addressee governments. We appreciate information provided Brussels 1037. Any further information will be most appreciated.

END

ROGERS

¹ Source: National Archives, RG 59, Central Files 1970-73, SOC 14 IRAQ. Confidential. Repeated to Brussels, US Mission Geneva, and USUN. Drafted by Scotese; cleared by Seelye, Frederick Smith, Jr., (SCA), Trueworthy, Greene (IO/UNP), Papendorp, Long (EUR/FBX), Johnson (EUR/AIS), Jack M. Smith (EUR/SPP), Joel E. Marsh (EUR/AIS); approved by Atherton.

285. Telegram 63120 From the Department of State to the Embassies in the United Kingdom, Libya, Iran, Kuwait, Saudi Arabia, Lebanon, France, the Hague, and Austria and the Consulate in Saudi Arabia, April 14, 1971, 2225Z¹

April 14, 1971, 2225Z

TELEGRAM

Department of State 63120

ACTION:

Amembassy LONDON
Amembassy TRIPOLI
Amembassy TEHRAN
Amembassy KUWAIT
Amembassy JIDDA
Amembassy BEIRUT
AmConGen DHAHRAN
Amembassy PARIS
Amembassy THE HAGUE
Amembassy VIENNA

STATE:

SUBJECT:

Middle East Oil Negotiations

REF:

London 2851, 2623

1. Oil companies have offered Iraq and Saudi Arabia higher price for oil exported by pipeline from Eastern Mediterranean terminals which is comparable to new price reached in negotiations with Libya, after adjustments for transportation, gravity, and sulphur content. Iraq has rejected offer and demanded additional 20 cent premium for the special qualities of its oil, and reinvestment commitment by companies in desulphurization installations in Iraq. Companies believe they cannot accept Iraqi demands which would leave them open to demands for further upward price adjustments elsewhere.
2. Saudi Arabian Petroleum Minister Yamani has told companies that at Tripoli meeting April 9-10, Iraqi Oil Minister Hammadi tried to get Libyan and Saudi support for Iraqi position. According to Yamani, Hammadi asked Libyans not to "leapfrog" and make further demands from the companies if Iraq received premium. Outcome of meeting was

not revealed, but Yamani said there was some friction between Libyans and Iraqis as each claimed to be the most militant in dealing with companies. Hammadi said he would take his case before OPEC if companies did not give in to Iraqi demands.

3. Yamani has given companies choice of signing agreement now with Saudi Arabia on terms offered by the companies provided they do not give Iraq more favorable terms, or not signing agreement now in which case he will use his influence with Iraqi to make reasonable common settlement. Companies are leaning toward signing now with Saudi Arabia. Companies have also given thought to making sharing agreement with CFP in case Iraq oil production is shut down, but have decided against such a move for time being.
4. Syria has told IPC that since companies have given short haul premium to Libya, companies should also increase transit fees for pipelines crossing Syria delivering shorthaul crude to Mediterranean.
5. Meanwhile Iranian Finance Minister AMUZEGAR told Consortium General Manager VAN REEVEN that Shah was "displeased" with size of price increase given Libya by companies. AMUZEGAR said companies had "paid too much in Libya" and that Iranian posted price was now 10 to 19 cents too low. He also said 10 cent low and sulphur premium given Libya was too high and "side payment" to Libya (instead of retroactive price increase) was "objectionable." However no specific demands for higher prices were made by Iranians. Van Reevan told Amuzegar Iran should take heart since Libya pricing was pricing its crude out of the European market.
6. Having given low sulphur premium to Libyans, companies now expect that Abu Dhabi and Oman will demand premium for their low sulphur crudes. Abu Dhabi exports crude with 0.8 percent sulphur (1.9 percent in derived fuel oil) and Oman exports crude with 1.2 percent sulphur (1.8 percent in derived fuel oil). This is a lower sulphur content than other Persian Gulf crudes, but higher than Libyan crude which contains less than 0.5 percent sulphur.

IRWIN

¹ Source: National Archives, RG 59, Central Files 1970-73, PET 6 IRAQ. Secret. Drafted by Warren E. Clark Jr. (E/ORF/FSE); cleared by Robert L. Dowell, Jr. (NEA/IRN), Brooks Wrampelmeir (NEA/ARP); approved by Akins.

286. Telegram 67409 From the Department of State to the Embassies in Jordan, Lebanon, Belgium, Saudi Arabia, Kuwait, the United Kingdom, Iran, the Soviet Union, and the Interests Section in Cairo, April 21, 1971, 0116Z¹

April 21, 1971, 0116Z

TELEGRAM

Department of State 67409

ACTION:

AmEmbassy AMMAN
BEIRUT
BRUSSELS
JIDDA
KUWAIT
LONDON
TEHRAN
MOSCOW
USINT CAIRO

STATE:

SUBJ:

Situation in Iraq

1. During call on Asst. Sec. Sisco on April 19, Ambassador Van de Kerchove, Belgian Ambassador to Iraq, characterized internal situation in Iraq as one of relative stability. However, rivalries continue within Baathist Party leadership. Soviet influence is increasing, particularly in commercial area. Soviet political influence, on other hand, is not strong. At moment relations between Iraq and Soviet Union are strained, flowing essentially from Soviet unhappiness with continued Iraqi persecution of Communists. Also Soviets are unhappy with Iraq's negative attitude toward a peace settlement.
2. Sisco inquired whether, as is currently case in certain other Arab countries, there is a QTE loosening up UNQTE in attitudes? Ambassador thought not. Sisco asked whether Soviet presence is considerable. Ambassador said his Soviet colleagues were almost invariably critical of Iraqi Government, both with regard to government's persecution of Communists as well as with respect to difficulties Soviets are experiencing in working with Iraqis in implementing economic projects.

3. Sisco asked whether Ambassador would characterize regime as totalitarian. The Ambassador replied in affirmative with important exception that Kurds are permitted freedom of expression. Kurdish views are expressed in particular in daily Kurdish newspaper al Ta'akhi. But, Ambassador emphasized, this is only form of freedom permitted in Iraq today.
4. In response to Sisco's question re Iraq's attitude toward peace settlement, Ambassador said that Iraqi Government would not openly support peace settlement, but it would do nothing to prevent achievement. Among other things, lack of a common boundary between Iraq and Israel affords Iraq luxury of dissociating itself from settlement.
5. Sisco inquired re Iraqi Government's attitude on Palestinian movement. Ambassador replied that while Iraqi Government gives fedayeen QTE theoretical support UNQTE, Government as practical matter does very little to help fedayeen movement. For one thing Iraqi regime is apprehensive regarding potential rivalry from a strong fedayeen movement. Ambassador agreed with Sisco's observation that Iraqi Government has now turned inward.
6. Ambassador noted that Iraq is taking an increasing interest in Persian Gulf but said it has few assets to work with in this connection. Iraqi Army is weak. Sisco asked whether Iraqi Government has made issue over ownership of Islands of Tunbs and Abu Musa. Ambassador replied that, to his knowledge, subject has never been mentioned in Iraqi press. Sisco commented that Iraq seemed to be isolated even from mainstream of Arab world. Ambassador said that Iraqi Army is generally unpopular in country and noted that recent celebration of Army's 50th anniversary was held outside Baghdad and was attended essentially by members of diplomatic corps and foreign delegates.
7. In response to question about Kurds, Ambassador said that both Kurds and Iraqi Government know that neither side can win. Thus they are ready to cooperate within limits, but Kurds are prepared to resume fighting if necessary. Kurds remain well armed and in a sense are small state within a state.
8. Sisco asked about current Iraqi attitudes toward Jordan. Ambassador said that Iraqi Government has no intention of interfering in Jordan, and he noted recent withdrawal of most Iraqi troops from that country. He said it appears as if Iraqis are not really interested in Jordan now, perhaps in part because of increased Iraqi preoccupation with the Gulf.
9. Sisco inquired about Iraqi relations with Iran. Ambassador said that five months ago relations with Iran were bad, but they improved

during recent OPEC oil negotiations in Tehran. He expected, however that relations between two countries would again deteriorate.

10. In response to Sisco's question re economic situation, Ambassador said that last year was a bad one for Iraq from an economic standpoint. It had an unfavorable balance of trade, and there had been a drought. This year seemed to be slightly better in both areas. Additional oil revenues resulting from recent agreements will help situation.

END

ROGERS

¹ Source: National Archives, RG 59, Central Files 1970-73, POL 2 IRAQ. Secret. Drafted by Seelye; approved by Sisco.

287. Telegram 77002 From the Department of State to the Embassies in the United Kingdom and Lebanon, May 4, 1971, 2205Z¹

May 4, 1971, 2205Z

TELEGRAM

Department of State 77002

ACTION:

Amembassy LONDON PRIORITY
Amembassy BEIRUT

INFO:

Amembassy KUWAIT
Amembassy JIDDA
Amembassy TEHRAN
Amembassy TRIPOLI
AmConsul DHAHRAN
Amembassy BRUSSELS

STATE:

SUBJECT:

Oil Negotiations with Iraq

REF:

London 3746; 3986

1. At meeting with IPC reps May 2 Iraq Vice President Ammash presented list of eight demands, two of which he said were non-negotiable. If companies did not reach agreement with GOI by Thursday May 6, Ammash said GOI would legislate. If companies refused to go along with legislation, Ammash said GOI would nationalize IPC and sell the oil itself, "even if this means accepting only one dollar per barrel." If other companies tried to help IPC by taking collective action against Iraq, Ammash said Iraq would "resort to all means necessary" and "companies would also lose Kuwait and Saudi Arabia, because if Arab brethren do not stand by Iraq," Iraq "would use force to stop their oil flow."

2. Despite these drastic threats, IPC negotiators said meeting with Ammash was cordial and Iraqis seemed genuinely interested in reaching negotiated solution. IPC team now in London and will return to Baghdad to see Ammash May 6, but present indications are they will not be empowered to go very far towards meeting demands.
3. Ammash gave IPC a paper listing eight demands, the last two of which he said were non-negotiable. Demands were as follows:
 - A. Increase liftings at Basrah to 36 million tons this year. (Comment: present capacity of terminal at Khor al Amaya is 30 million tons annually (600,000 b/d) and IPC has given GOI promise of "best endeavor" to lift 28 million tons this year. Export capacity at Fao is 10 million tons annually, but this facility has been given to INOC by IPC).
 - B. Invest new capital to increase capacity of Khor al Amaya above 36 million tons annually and make it capable of receiving tankers of up to 250,000 dw tons. (Comment: CFP has been promoting idea within IPC of expanding Khor al Amaya along these lines, and there is some indication other IPC members might be willing to go along with some expansion there.)
 - C. Compensation in regard to injustices suffered since 1965. (This presumably refers to lack of agreement on royalty expensing between 1965 and 1970).
 - D. Payment of the accumulated debt as a result of the disparity recognized in the Tehran agreement between the Basrah and Ras Tanura posted prices. (This is presumably a claim for a 6 cent increase in the posted price for Basrah crude retroactive to 1965, following the 6 cent "adjustment" in the Basrah price agreed upon at Tehran. This claim would cost IPC about 36 million dollars.)
 - E. Payment of 40 million Dinars (112 million dollars) as partial payment of the accumulated claims of Iraq against IPC. (This is similar to "C" above; 40 million dinars represents half of Iraq's current claims against IPC.)
 - F. A two cent increase in the Tripoli/Banias posted price because of the injustice suffered in the past by the posted price on the Jambur/Bai Hassan blend. (The posted price of this crude in the past was 10 cents per barrel lower than other equivalent crudes because of certain poor quality characteristics. In the current offer by IPC to the GOI, the posted price of this blend has been brought into line with the price of other Iraqi crudes. A two cent increase in IPC's posted price offer would bring the Tripoli/Banias posting to \$3.23 for 36 gravity API crude.
 - G. (non-negotiable). The GOI wants a letter from IPC stating it will adjust the border value of crude in Iraq's favor within three

months. (IPC interprets this to mean that the GOI is insisting on the "Sidon formula" demanded by Hamadi in earlier negotiations. Under this formula, taxes and royalties would be based on the posted price of crude at the Mediterranean terminals rather than on the "border value" of the crude as it passes across the border from Iraq to Syria. This "Sidon formula" would increase GOI take in taxes and royalties by about 6 cents per barrel over the "border value" formula now used.)

- H. (Non-negotiable). Iraq also wants an exchange of letters with IPC stating and recognizing that Iraq reserves its position on the sulphur premium given Libya. (The GOI has insisted that the companies had no justification for giving Libya a 10 cent posted price increase because of the low sulphur content of Libyan crude, and therefore must give Iraq some further upward price adjustment in compensation.)
4. At one point in the talks, Ammash also mentioned that he wanted the capacity of the Khor al Amaya terminal increased because GOI would soon "wish to sell large quantities of crude to IPC." IPC interprets this remark to mean GOI has had difficulty in making arrangements for the transportation and sale of crude from Northern Rumaila, and may now, finally, be contemplating some arrangement with IPC that would move towards resolving this thorny problem.
5. To our knowledge, negotiations with Tapline still suspended pending resolution of negotiations with Iraq.

END

IRWIN

¹ Source: National Archives, RG 59, Central Files 1970-73, PET 6 IRAQ. Secret; Limdis; Priority. Repeated to Kuwait, Jidda, Tehran, Tripoli, Dhahran, and Brussels. Drafted by Clark. Cleared by Scotese and Wrampelmeier. Approved by Akins.

288. Telegram 1302 From the Mission to Geneva to the
Department of State, May 18, 1971, 1515Z¹

May 18, 1971, 1515Z

TELEGRAM
Department of State
USMISSION GENEVA 1302 181534Z

ACTION IO-18

INFO OCT-01 NEA-13 CIAE-00 DODE-00 PM-05 H-02 INR-08 L-04 NSAE-
00 NSC-10 P-03 RSC-01 PRS-01 SS-20 USIA-12 RSR-01 /099 W 034215

R 181515Z MAY 71

FM

USMISSION GENEVA

TO
SECSTATE WASHDC 9398

INFO
USUN NEW YORK 5291

SUBJECT:
UNHCR - IRAQI JEWS

REF:
GENEVA 1098

1. UNHCR PRINCE SADRUDDIN AGA KHAN INVITED MISOFF TO HIS OFFICE MAY 17 TO DISCUSS MATTER OF PUBLICITY GIVEN TO HIS RECENT EFFORTS BEHALF DETAINED JEWS IN IRAQ.
2. THIS REGARD HCR READ TELEGRAM HE HAD JUST RECEIVED FROM IRAQI NEWS AGENCY, TEXT OF WHICH FOLLOWS: QUOTE REFERENCE INVITED TO A JTA DISPATCH DATED WASHINGTON MAY 3 IMPLYING THAT DAVID M. ABSHIRE ASSIST SECRETARY FOR CONGRESSIONAL, RELATIONS AT THE US STATE DEPARTMENT ADVISED SENATOR JACOB K. JAVITS TO THE EFFECT THAT THE US HAD ASKED PRINCE SADRUDDIN KHAN UN WITH COMMISSIONER FOR REFUGEES TO VISIT BAGHDAD

AND MAKE PERSONAL ENQUIRIES AND APPEALS TO THE PRESIDENT OF IRAQ IN QUEST OF THE RELEASE OF JEWS HELD IN IRAQ. ACCORDING TO ABSHIRE THESE APPROACHES AND OTHERS HAVE SUCCEEDED TO SECURE THE RELEASE OF ARRESTED JEWS. THE IRAQ NEWS AGENCY WHICH FOLLOWED WITH KEEN INTEREST THE NEWS OF YOUR VISIT TO IRAQ ON MID-MARCH 1971 HAD NEITHER HEARD FROM YOU IN PERSON NOR FROM THOSE WITH WHOM YOU HAD CONFERRED IN BAGHDAD CONCERNING THE ALLEDGED INTERCESSION. AS THE QUESTION IS OF PARTICULAR INTEREST TO IRAQI PUBLIC OPINION WE SHOULD ONLY BE GRATEFUL IF YOU WOULD LET US KNOW THE EXTENT OF TRUTH TO BE FOUND IN THE QUOTED JTA NEWS DISPATCH. PLEASE ACCEPT OUR COMPLIMENTS. INA. UNQUOTE.

3. HCR REFERRED TO UNFORTUNATE HANDLING BY REPIR BAGHDAD OF INFORMATION CONCERNING HIS VISIT TO BAGHDAD AND POSSIBLE INTERVENTION BEHALF JEWISH DETAINEES REPORTED REFTEL AND EXPRESSED CONCERN OVER THIS FURTHER DEVELOPMENT WHICH HE CONSIDERS MOST UNFORTUNATE PUBLICITY AND WHICH HE FEELS MAY COMPROMISE HIS POSITION VIS-A-VIS IRAQI AUTHORITIES. HCR INDICATED THAT HE MAY TAKE MATTER UP WITH SENATOR JAVITS DIRECTLY.
4. HCR EXPRESSED BELIEF THAT TELEGRAM QUOTED ABOVE WHILE SIGNED BY IRAQI NEWS AGENCY PROBABLY DRAFTED BY GOI MINFORAFFAIRS. SAID HE INTENDS BASE HIS REPLY ON UNHCR'S FUNDAMENTAL CONCERN FOR STATELESS PERSONS AND ALLUDE TO POSSIBILITY THAT AMONG DETAINEES THERE MAY HAVE BEEN SOME PERSONS WITH THIS STATUS.

RIMESTAD

¹ Source: National Archives, RG 59, Central Files 1970-73, POL 29 IRAQ. Confidential. Repeated to US Mission Geneva.

289. Memorandum from the Country Director for Lebanon, Jordan, the Syrian Arab Republic, and Iraq (Seelye) to the Assistant Secretary for Near Eastern and South Asian Affairs (Sisco), Washington, May 20, 1971¹

Washington, May 20, 1971

Memorandum

DATE:

May 20, 1971

TO:

NEA - Mr. Sisco

THRU:

NEA - Mr. Atherton

FROM:

NEA/ARN - Talcott W. Seelye

SUBJECT:

Disclosure of U.S. Efforts on Behalf of Iraqi Jews

Despite our request to use discretion with information re status of Iraqi Jews being provided him in a letter dated April 21 (see attached), Senator Javits released the full text of this letter on May 3 to the Jewish Telegraph Agency.* Inter alia our letter states that we requested UN High Commissioner for Refugees Prince SADRUDDIN KHAN to intercede with the Iraqi President on behalf of Iraqi Jews then being detained by the Baghdad regime. The Prince is now understandably concerned that this disclosure will compromise his position vis-a-vis the Iraqis. We too are concerned because we had endeavored to play down our involvement on behalf of the Iraqi Jews lest the Iraqi Government believe we have been orchestrating a campaign against it and therefore decide not to relax its pressure against the Iraqi Jewish community. The fact that the Iraqi News Agency has now focused on this item underscores our concern.

We have asked Ambassador Symms in H to convey our regret over this disclosure to Senator Javits attention. At the same time we have

contacted Mr. Tawfic Raby, the Iraqi Jew most active in organizing efforts on behalf of his co-religionists and expressed our dismay about the possible negative effect this disclosure may have on our future attempts to help the Iraqi Jews. He expressed his full understanding of our concern and said he would also speak to Senator Javits' office.

April 21, 1971

Honorable JACOB K. JAVITS
United States Senate
Washington, D. C.

Dear Senator Javits:

The Secretary has asked me to reply to your letter of April 2 concerning recent reports of arrests of Iraqi Jews. The Department has been following the situation very closely, in particular Assistant Secretary Sisco and the Bureau of Near Eastern and South Asian Affairs as well as Ambassador Finger at the UN.

As you know, we have no diplomatic or consular relations with the Iraqi Government and our access to that government is, therefore, limited. When we first started receiving reports of arrests of Iraqi Jews, however, we approached the British, French, Dutch, Spanish, Italian and Swiss Governments and asked that they consider interceding on behalf of those being detained. In the meantime, we instructed the Belgians, who represent us in Baghdad, to express our concern to the Iraqi Government about the plight of those arrested who were relatives of American citizens. We also exchanged information with the Israeli Embassy here in Washington. Finally, we were in close contact with Prince SADRUDDIN KHAN, UN High Commissioner for Refugees, who at our request stopped in Baghdad during an Asian tour and made personal inquiries and appeals to the President of Iraq on behalf of the Iraqi Jewish community. These approaches and appeals have apparently been successful and we are now pleased to report that according to reliable information all those arrested have been released. We will certainly continue to watch developments in Iraq closely and will endeavor to do what we can.

Given the unpredictable situation in Iraq, I am sure you can appreciate the need for discretion with regard to the release of the above information.

I trust that this information has been responsive to your inquiry. If you have any further questions, however, please let us know.

Sincerely,
DAVID M. ABSHIRE
Assistant Secretary for Congressional Relations

Drafted by: NEA/ARN:TJScotes:bdf
#7105130

Clearance: NEA/ARN - Mr. Killgore
NEA - Mr. Boyatt
H - Amb. Synmes

¹ Source: National Archives, RG 59, Central Files 1970-73, SOC 14 IRAQ. Confidential. Drafted by Scotes. Sent through Atherton. A handwritten note on the memorandum indicated that "JTA [Jewish Telegraph Agency] report (attached) says Javits released the letter. It could be, of course, that it was released or otherwise let out by Javits' office without the Senator's OK. ASA" The letter to Senator Javits is an unsigned copy. The JTA report was attached but is not published.

290. Memorandum From the Executive Secretary of the Department of State (Eliot) to the President's Assistant for National Security Affairs (Kissinger), Washington, May 21, 1971¹

Washington, May 21, 1971

DEPARTMENT OF STATE
Washington, D.C. 20520
May 25, 1971

MEMORANDUM FOR MR. HENRY A. KISSINGER
THE WHITE HOUSE

COPIES TO:

NEA

NEA/ARN

NEA/EX

O/A

S/S

S/S:RF

SUBJECT:

Iraqi Seizure of Baghdad Embassy Property

During the past two years we have engaged in exchanges and formal negotiations with the Iraqi Government in an effort to arrive at a mutually acceptable response to its request to purchase our Embassy Baghdad property. This property is adjacent to the Iraqi Presidential palace. During February talks in Baghdad, our team was unable to agree to an Iraqi offer which included a price below the actual construction costs of the buildings. The talks were then broken off by the Iraqis who said they would seek other "legal" means to acquire the property. Soon thereafter the Iraqi Government informed us that our Embassy property

had to be vacated by May 15 because of its location in a military zone. Although recognizing our continued right to the buildings, the Iraqis stated that they would decide what "compensation" would be paid. While not spelling out the consequences, implied in the Iraqi notification was a threat of unilateral seizure.

At our request the Belgian Ambassador, who represents us in Baghdad, subsequently reiterated our offer to resume negotiations; indicated that unilaterally-decided compensation was unacceptable; and stated that he would not vacate the property under duress. In a formal reply the Iraqi Government (a) indicated it had no desire to violate the Vienna Convention; (b) argued that it had the right to request evacuation of diplomatic premises from a military zone; and (c) insisted that the property be vacated by May 15.

On May 14 the Iraqi Government informed the Belgian Ambassador that it was giving the Belgians an additional week, until May 22, in order to complete the evacuation of the property. As a last resort, we requested the Belgian Government to authorize the Belgian Ambassador to inform the Iraqi Government of his decision to evacuate and seal the USG diplomatic premises pending a final legal and amicable settlement. On May 22 the Iraqis formally rejected this proposal and gave the Belgians an additional day for evacuation. On May 23 the Belgian Ambassador was informed that all exits to the property were being blocked and he was requested to turn over the keys to the property. Under protest the Belgian Ambassador has evacuated the property but has refused with our concurrence to turn over the keys because he believes such an act would demonstrate acquiescence to this unilateral seizure.

We are now considering ways by which we might demonstrate our displeasure with the Iraqi regime over this seizure, including (a) a strong note of protest, (b) blocking Iraqi assets in the United States; and (c) recalling the two Iraqi diplomats manning the Iraqi Interests Section in Washington. However, beyond the above possibilities, we have little political or other leverage over the Iraqis to reverse their seizure decision. At the same time, we believe we have established a strong case for restitution of this property by a successor regime, or for fair compensation thereof in connection with the resumption of relations at some point in the future.

Theodore L. Eliot, Jr.
Executive Secretary

NEA/ARN:TJScotes:jfc

Clearances:• NEA-Mr. Sisco

NEA-Mr. Atherton

NEA:ARN-Mr. Seely

O/A - Mr. Donelan

NEA:EX-Mr. Hunt

¹ Source: National Archives, RG 59, Central Files 1970-73, POL 17 US-IRAQ. Confidential. Drafted by Scotes; cleared by Sisco, Atherton, Seelye, Leamon R. Hunt (NEA/EX), and Joseph F. Donelan, Jr. (O/A).

291. Telegram 92470 From the Department of State to the Embassy in Belgium, May 26, 1971, 2123Z¹

May 26, 1971, 2123Z

TELEGRAM
Department of State 92470

ACTION:
AmEmbassy BRUSSELS PRIORITY

STATE:

SUBJ: REPIR:
Belgian Ambassador's Reaction to US Proposals Re Baghdad Property

Following is message passed to Dept via British Embassy 26 May from Ambassador Van de Kerckhove: QUOTE: The American interests in Iraq are essentially related to American citizens residing in Iraq and the shares of American oil companies in IPC. Three hundred thirty five American nationals residing Iraq are, with the exception of some technicians, either spouses of Iraqis or children born to American wives. I do not feel that Iraqi Government would take measures against these American nationals. It does not rpt not look either as if Iraqi Government would be able to take measures against share amounting to 23.75 percent which American companies are holding in IPC since it is difficult to take such measures without causing trouble to IPC as such. Most likely reaction from Iraqi Government if measures contemplated were executed would probably be to accentuate the anti-American posture of its present policy. The Iraqi Government would be more inclined to do so in that, since the Egyptian position has become softer, it is claiming to have the monopoly of the anti-imperialist struggle in the Arab world and hopes by doing so to gain some political benefits. Furthermore the retaliatory measures envisaged by the State Department look at the first sight rather inefficient. The proposal to withdraw Iraqi diplomats attached to Indian Embassy might result in retaliatory measures taken by Iraqi Government against Belgian diplomats attached to USINT. Request to withdraw Iraqi diplomats may also antagonize Indian Government. Blocking payments of about two and a half million dollars is deemed perhaps insufficient to embarrass seriously Iraqi Government and would enable it to present itself as a victim. I believe that retaliatory measures envisaged by

Department of State might have unfavourable repercussions on relations between Belgium and Iraq. It is very difficult to make military authorities now running Iraq understand the distinction between the Belgian Embassy and the service of the Belgian Embassy offering its good offices to protect American interests in Iraq. Iraqi Government is already very is much antagonized against Belgian Embassy because it has refused to leave voluntarily premises USA compound and has thus compelled Iraqi Army delegation to occupy said premises by force. Iraqi authorities insist that lack of cooperation from Belgian Embassy is considered violation of Iraqi laws and intrusion into internal affairs of Iraq. American retaliatory measures would likely aggravate Belgian position. Among measures which Iraqi Government might take against Belgium one should envisage possibility head of USINT section or even Ambassador himself declared persona non grata. Since Iraqi external trade is dependent on the state, measures which are being contemplated might influence Iraqi importations from Belgium. I wonder whether Belgian Government after having transmitted USA protest could not rpt not suggest to submit the problem of USA Embassy premises to arbitration all the more as USA Government's moral and juridical position looks strong to me after unilateral action taken by the Iraqi Government and communique that it has published on the matter. Please convey this message to AmEmbassy BRUSSELS and Belgian Ministry Foreign Affairs. Van de Kerckhove. END QUOTE.

END

ROGERS

¹ Source: National Archives, RG 59, Central Files 1970-73, POL 17 US-IRAQ. Confidential. Drafted by Scotese. Cleared by Papendorp; approved by Seelye.

292. Airgram 222 From the Embassy in Lebanon to the
Department of State, July 16, 1971¹

July 16, 1971

AIRGRAM
DEPARTMENT OF STATE
BEIRUT 222

TO:

Department of State

INFO:

AMMAN, ANKARA, JIDDA, LONDON, TEHRAN, USUN

FROM:

Amembassy BEIRUT

DATE:

July 16, 1971

SUBJECT:

Request from Mustafa Barzani for Clandestine Contact with USG

SUMMARY

Zayid Uthman, believed to be a close associate of Iraqi Kurdish leader Mustafa Barzani, has conveyed to Embassy Beirut a purported request from Barzani for clandestine talks between representatives of his faction and representatives of the U.S. Government. Barzani is reportedly interested in investigating the possibility of U.S. support for a Kurdish-Arab insurrection against the Iraqi regime. Uthman was told that it is U.S. policy not to become involved in internal struggles of foreign countries. After two weeks in London with his family, Uthman intends to return via Beirut and may call at the Embassy to see if the U.S. position has changed.

Message from Mustafa Barzani

Zayid Uthman, a Barzani Kurd, called at the Embassy July 8 to convey what he said was a message from Mustafa Barzani to the U.S.

Government. Uthman began by saying that Barzani's dream is cooperation with the United States.

Group 2

Exempted from Automatic Downgrading

Barzani would like the U.S. Government to understand that Kurdish justice will not be satisfied until Iraq is governed by a democratic regime representing both Arabs and Kurds and protecting the principles of Kurdish Society by according the Kurdish community its "national rights of autonomy." Uthman said Barzani wants the USG to know that the Kurds have disregarded requests from the Baathist regime in Baghdad to take "hostile action" against Iran. Likewise, the Barzani Kurds have never incited the Kurds of Turkey against their government or otherwise intervened in Turkish affairs.

In Barzani's opinion, the Baathist regime in Iraq is mistreating the Iraqi people. The Barzani Kurds dislike and distrust that regime. Although circumstances forced them to sign an agreement with the GOI, they never expected the Baathists to honor it. The Kurds are now ready to rise against that Government. If necessary, they will participate with anti-regime Arabs in a general uprising. They already have contact with non-Kurdish elements.

The government that would emerge from such an uprising would be pro-American. Barzani would like the USG to take a sympathetic look at the Iraqi situation. Barzani stands ready to consult with the USG in every political matter, to implement U.S. policy, and to sweep anti-U.S. elements from his area of influence.

In conclusion, said Uthman, if the USG should consider these points worthy of discussion, Barzani would be honored to receive official U.S. representatives at his headquarters in Kurdistan or to send his son, Idris, and Zayid Uthman to Washington for meetings with U.S. officials.

Background

In response to questions, Uthman provided the following background to Barzani's proposal.

Barzani is in full control of the mountainous strip from the Iranian border west to Ruwanduz. Although the major cities of Kurdistan are in

government hands, they are closely surrounded by Barzani's forces in the mountains.

Under the GOI-Barzani agreement of March 1970, the Kurds dissolved their Revolutionary Council and Executive Committee. However, the administrative machinery required to govern their area is still operative. Barzani is paying each man in his standing army five dinars every two months. To meet the continuing expenses of maintaining his regime and his army, he needs financial assistance. Any such assistance from the U.S. Government could be provided indirectly—via Saudi Arabia, Jordan, or Iran. In the past, Barzani received subsidies from Iran but in return Iran insisted on maintaining such heavy-handed control over Kurdish activities—including the designation of the Prime Minister in the projected government—that it caused the failure of the whole revolutionary effort. Uthman mentioned glumly that Iran was deeply involved in the all-Arab conspiracy against the Baghdad regime whose failure led to the hanging of some 50 conspirators in 1970. Uthman seemed to feel that, for Iran, the outcome was par for the course.

In any event, Barzani would like to establish secret relations with the U.S. Government, from which he would like to obtain "advice" about how to proceed in his revolutionary action against the Iraqi regime. One possibility would be for an American representative to visit Barzani's headquarters—a "mud hut" in Haj 'Umaran, which is three kilometers from the Iranian border and 2 1/2 hours by car from the Iranian city of Rida'iye (phonetic), which can be reached by plane from Tehran. Obviously the Iranian government would know of any such visit, but it could be kept secret from the government of Iraq.

If the USG chose to receive a Barzani deputation in Washington, it would be headed by Idris, age 27, the ablest of Barzani's six sons. Idris does not speak much English, but he would be accompanied by Uthman.

Insurrection Plans

Uthman expressed the view that Baathist control is too strong to permit a successful coup d'état in the capital. The army is generally unhappy with the situation but no one dares to act against the regime. Consequently, the only hope lies in insurrection, starting from the area controlled by the Kurds in the north. Barzani hopes to convince the USG that it should support such an insurrection. He is now 68. If he dies before Iraq is liberated, Uthman said, there is great danger that the Kurdish liberation movement will be taken over by radical elements and the

larger Kurdish community in Turkey will be infected by this same radicalism.

Uthman is now actively engaged in seeking assistance for the insurrection. He has authority from Barzani to go anywhere—to Washington or to the United Nations, for example. Iran has already promised to help if and when the fighting starts. Uthman visited King Feisal several months ago. Feisal gave him a friendly reception and endorsed the idea of an Iraqi revolt in principle, but asked for further elaboration before giving a reply.

Uthman said that he was leaving Beirut shortly for London to meet his family, who were flying in from Baghdad. His wife's sister has rented an apartment for them at 44 Adam and Eve Mews, W.8, London (telephone: WES-5999).

Toward the end of July, Uthman plans to return to Beirut and may call at the Embassy to see if there is any new development in the U.S. position. He may also call on Kings Hussein and Feisal.

Biographic Note:

Zayid Uthman, about 47, studied at the University of Cairo (before the revolution) and then practiced law in Baghdad. In 1966 he helped draft the Kurdish-Iraqi agreement with Prime Minister Bazzaz. He says that he has been jailed in Baghdad for political reasons five times during his political career.

The fall of Bazzaz and the subsequent rift between Barzani and the GOI in 1968 forced Uthman to flee from Baghdad with a price on his head. Since that time, he has been living at Barzani's headquarters, often carrying out Missions outside Iraq. Uthman did not rejoin his family in Baghdad after the march 1970 agreement between Barzani and the GOI because he has no confidence in the sincerity of the Baathist regime.

Uthman is modest about his proficiency in English but he is actually quite competent in that language. He has a quiet, convincing manner of speaking. He professes a belief in the democratic way of life as practiced in the United States.

U.S. Position

The reporting officer thanked Uthman for his exposition of the Iraqi situation. He stressed that the U.S. is following a policy of non-intervention in the internal affairs of foreign countries. Therefore, he saw no action that the USG could take in the present circumstances. However, the conversation would be reported.

BOFFUM

¹ Source: National Archives, RG 59, Central Files 1970-73, POL 13-3 IRAQ. Secret; Limdis. Repeated to Amman, Ankara, Jidda, London, Tehran, and USUN. Drafted and approved by Curtis F. Jones; cleared by Thomas J. Carolan, Jr.

293. Telegram 9689 From the Embassy in Lebanon to the
Department of State, November 3, 1971, 1520Z¹

November 3, 1971, 1520Z

TELEGRAM
Department of State
BEIRUT 9689 031751Z

ACTION NEA-11

INFO OCT-01 PM-06 NSC-10 SS-14 RSC-01 L-03 CIAE-00 INR-06 NSAE-00
DODE-00 AID-20 RSR-01 PRS-01 /074 W 011269

R 031520Z NOV 71

FM

AMEMBASSY BEIRUT

TO
SECSTATE WASHDC 5384

INFO
AMEMBASSY TEHRAN

SUBJ:
MEETING WITH SECRETARY-GENERAL OF KURDISH DEMOCRATIC PARTY

REF:
BEIRUT 9612

1. NOV 2 MEETING BETWEEN EMBOFF AND HABIB MUHAMMAD KARIM PRODUCED ANTICIPATED REQUEST BY BARZANI FOR US SUPPORT AGAINST IRAQI REGIME, PREDICTED ON KARIM'S EXPECTATION THAT WIDESPREAD POPULAR UPRISING ON PART OF KURDS AND OTHER DISAFFECTED, ANTI-Ba'aTH ELEMENTS IN IRAQ WILL TAKE PLACE IN SPRING 1972. EMBOFF REITERATED US POLICY AS OUTLINED REFTTEL, MAKING CLEAR THAT PRINCIPLE OF NON-INTERVENTION APPLIES TO IRAQI POLITICS AS WHOLE, NOT JUST TO KURDISH PROBLEM. KARIM RECEIVED THIS IN GOOD GRACE, REMARKING ONLY THAT HE HOPED COURSE OF

FUTURE EVENTS IN IRAQ MIGHT ENCOURAGE US TO RECONSIDER.

2. ON RELATED SUBJECT, KARIM CLAIMED BARZANI HAD NEVER RECEIVED DEFINITE REPLY TO REQUEST, MADE PREVIOUSLY TO AMERICAN OFFICIALS IN TEHRAN AND BEIRUT, FOR PERSONAL MEETING WITH A US REPRESENTATIVE. EMBOFF MADE PERSONAL OBSERVATION THAT, IN VIEW US POLICY EXPRESSED TO KURDISH INTERMEDIARIES ON THIS AND PREVIOUS OCCASIONS, SUCH MEETING WOULD SERVE NO PURPOSE AND MIGHT, IN FACT, ENGENDER FALSE HOPES AND FUTURE MISUNDERSTANDINGS. KARIM ASKED THAT DEPT BE REQUESTED CONFIRM THIS OBSERVATION, SO THAT KURDS MIGHT HAVE DEFINITE REPLY.
3. DETAILED MEMCON FOLLOWS.

BUFFUM

¹ Source: National Archives, RG 59, Central Files 1970-73, POL 12 IRAQ. Confidential. Repeated to Tehran. In telegram 206473 to Beirut, November 12, the Department confirmed the Embassy's feeling that a meeting between Barzani and U.S. officials would only nurture false hopes of U.S. assistance.(ibid.)

294. Telegram 213299 From the Department of State to
the Embassy in Iran, November 24, 1971, 1758Z¹

November 24, 1971, 1758Z

TELEGRAM
Department of State 213299

ACTION:
Amembassy TEHRAN

INFO:
Amembassy AMMAN ANKARA
BRUSSELS
BEIRUT
JIDDA
KUWAIT
LONDON
MOSCOW
PARIS
TEL AVIV
USINT CAIRO (BY POUCH)
STATE

STATE

REF:
Tehran 6586; Beirut 10233

SUBJ:
Journalists' Views on Iraq

1. SUMMARY. We inclined to agree with Embassy Tehran that much of what Lebanese journalist Edward Saab reports on Iraq is overdrawn. In particular we question assumptions that (a) Iraq's influence in area is rapidly growing; (b) Iraq in midst of economic boom; and (c) Iraqi Government's hands no longer tied by Kurdish threat. Our reasons for questioning these assumptions, as well as comments on Saab's other points, discussed below. We would acknowledge that Soviet influence in Iraq appears to be growing, particularly in oil sphere. END SUMMARY
2. Iraqi influence in Area: We note Iraqi emissaries have recently made the rounds to various Arab capitals with personal messages from President BAKR to respective heads of state. This move no doubt represents Iraqi attempt to break out of its isolation, as does recent

conciliatory statement by SADDAM HUSSEIN re Kuwaiti border dispute and Iraqi decision to reopen border with Jordan to commercial traffic. However, there is little evidence that Iraqis have yet won acceptance in other Arab capitals. Although Iraqis pushing hard in Persian Gulf and obviously concerned with future role of Iran vis-a-vis Gulf states, we unable discern any appreciable upswing of Iraqi influence in this area. Given traditional animosity between Iraqi regime and Governments of Syria and Egypt, plus improvement of Saudi-Egyptian relations, we see little likelihood that Iraq will be able to expand its influence very much in Arab world.

3. Iraqi Economic Situation: Although Iraq is country having great potential for economic development, Central Government has never been known for its brilliance in economic planning. Oil company source who follows Iraqi economy reports Iraqi leaders spend little time in RCC and in Bath National Council discussing economic problems. Apparent concern of these leaders is essentially with appearances of improvement, emphasizing economic philosophies which meet with general public approval. Although GOI has greatly increased its revenue as result of OPEC agreements, we continue to receive reports that GOI strapped for cash and has requested sizable loans from IPC over past six months. In addition, this has reportedly been bad year for grain crops in North and GOI may seek to import large amounts of grain to feed population. Development of North Rumalia oil fields is proceeding with large-scale Russian, and East European technical assistance but has not yet resulted in payoff. Finally, we note large Iraqi debt to USSR for previous arms and economic assistance. According to various reports, difficulty of GOI in meeting these debts has been source of friction in GOI-USSR relations. All in all, we skeptical that economic situation in Iraq will see dramatic improvement, given GOI propensity for haphazard economic planning and high expenditures for defense.
4. Kurdish-GOI Situation: It seems to us that relations between Kurds and Central Government best characterized by mutual distrust and suspicion. Barzani, as well as other spokesmen for Kurdish Democratic Party (KPD), have consistently taken GOI to task for not fulfilling its obligations under March 11, 1970, agreement which ended civil war between Kurds and GOI. While it difficult to assess Barzani's capability to resume conflict with GOI, we have received continuing reports that Barzani's representatives are looking for outside assistance for such an eventuality. Events such as recent assassination attempt against Barzani and his belief that Central Government behind this attempt obviously deepen distrust and suspicion between two sides. In this respect, we note recent report carried Beirut's An-Nahar newspaper that Barzani

has threatened to revise his attitude toward peace agreement with Central Government unless Kurds are given more say in running state affairs. Although Kurds presently hold portfolios in Iraqi cabinet, they continue to be excluded from councils of power, especially RCC.

5. Relations with Soviet Union and Position of Iraqi Communist Party: Soviet influence over Iraq as result of Russian military and economic assistance is undoubtedly considerable. Iraqi dependence on Soviet arms supply continues, and Soviets are establishing important foothold in oil complex. Soviets no doubt are pleased that they are evidently making more headway in Iraq than in Syria and Egypt, but Soviets can hardly envisage making Iraq counterweight to Egypt. Iraq's continued opposition to peaceful settlement of Arab-Israeli conflict represents at least one difference with Soviets; it pleases Peking, however, and latter has shown interest in closer ties with Iraq. With regard to Iraqi Communist Party, up until now it has been severely repressed by GOI. This has also been source of friction between GOI and USSR. If indeed Saddam decides to bring Communists into Government, this will represent important shift although Saab indicates only possibility of Communist participation in consultative rather than executive body. Regardless of whatever temporary arrangements are made for Communist participation in Government, it is unlikely that these arrangements will stand up over time.

END

¹ Source: National Archives, RG 59, Central Files 1970-73, POL IRAN-IRAQ. Confidential. Repeated to Amman, Ankara, Brussels, Beirut, Jidda, Kuwait, London, Moscow, Paris, Tel Aviv, and Cairo. Drafted by Edward G. Abington (NEA/ARN); cleared by Albert A. Vacarro (INR/RNA), Joseph A. Presel (EUR/SOV), Miklos, Seelye; and approved by Atherton.

Iraq 1972

[295. Telegram 12737 From the Department of State to the Embassies in Iran, the United Kingdom, and the Soviet Union, January 22, 1972, 0231Z](#)

January 22, 1972, 0231Z

The Department recognized that the Soviets had augmented their military aid to Iraq, but it did not accept that this meant Moscow was launching an aggressive Gulf policy aimed at Iran.

Source: National Archives, RG 59, Central Files 1970-73, DEF 4 IRAQ-USSR. Secret; Limdis. Drafted by James M. Ealum (INR/RSE); cleared by Benjamin M. Zook (INR/RSE); Philip H. Stoddard (INR/RNA); Miklos; Seelye; and Jack R. Perry (EUR/SOV); approved by Sisco.

[296. Telegram 16061 From the Department of State to the Embassy in Belgium, January 28, 1972, 1659Z](#)

January 28, 1972, 1659Z

The Department informed the Embassy that the United States planned to establish an Interests Section in Baghdad, as permitted by terms of diplomatic notes exchanged between the U.S. and Iraqi Governments, dated August 30 and September 14, 1967, after the break in relations.

Source: National Archives, RG 59, Central Files 1970-73, POL 17 US-IRAQ. Confidential. Drafted by Scotese; cleared by Seelye, Papendorp, Leamon R. Hunt (NEA/EX), Atherton, Victor H. Dikeos (A), William N. Dale (SCA), and Lawrence Koegel (SCA).

[297. Airgram A-38 From the Embassy in Lebanon to the Department of State, February 2, 1972](#)

February 2, 1972

The Embassy amplified its analysis of the current situation in Iraq in response to the conclusions of a Lebanese journalist whose articles the previous November had come to the Department's attention.

Source: National Archives, RG 59, Central Files 1970-73, POL 2 IRAQ. Secret. Repeated to Amman, Ankara, Cairo, Kuwait, London, Moscow, Paris, and Tehran. Drafted by Thomas J. Carolan, Jr. Cleared by Robert B. Oakley, Norman K. Pratt, and Robert B. Houghton. Approved by William B. Buffum. The enclosures were attached but are not published. In airgram A-125, May 3, the Embassy assessed the Iraqi government's future prospects. (Ibid.)

[298. Telegram 1501 From the Embassy in the Soviet Union to the Department of State, February 18, 1972, 1351Z](#)

February 18, 1972, 1351Z

The Embassy reported on the communiqué signed by the Iraqis and the Soviets following a visit to Moscow by Saddam Hussein and other Ba'ath officials.

Source: National Archives, RG 59, Central Files 1970-73, POL 7 IRAQ. Confidential. Repeated to Amman, Beirut, Cairo, Jidda, Kuwait, London, Manama, Paris, Tel Aviv, Tehran, and USUN.

[299. Memorandum From the Chief of the Near East and South Asia Division of the Central Intelligence Agency \(Waller\) to the Assistant Secretary of State for Near Eastern and South Asian Affairs \(Sisco\), Washington, March 9, 1972](#)

Washington, March 9, 1972

Waller alerted Sisco that Kurdish Democratic Party Leader Barzani, under pressure from the Soviets to make peace with Baghdad, planned to send an emissary to the United States to request assistance.

Source: National Archives, RG 59, Central Files 1970-73, POL 13-3 IRAQ. Secret; Sensitive. Repeated to the Director of Intelligence and Research (Cline).

[300. Central Intelligence Agency Information Cable TDCS DB-315/02084-72, Washington, March 10, 1972](#)

Washington, March 10, 1972

The CIA notified Assistant to the President for National Security Affairs Kissinger, Director of Intelligence and Research Cline, and Director of the Defense Intelligence Agency Bennett that the Soviet Union had established four preconditions to a Soviet-Iraqi military, economic, and political agreement.

Source: National Archives, Nixon Presidential Materials, NSC Files, Box 603, Country Files, Middle East, Iraq, TDCSDB 315/02084-72. Secret; No Foreign Dissem; Controlled Dissem; No Dissem Abroad.

[301. Memorandum From Harold Saunders of the National Security Council Staff to the President's Deputy Assistant for National Security Affairs \(Haig\), Washington, March 27, 1972](#)

Washington, March 27, 1972

Notifying Haig of the renewed SAVAK plea for assistance on behalf of Kurdish Democratic Party Leader Barzani, Saunders concurred with the Department and CIA that the United States should avoid involvement.

Source: National Archives, Nixon Presidential Materials, NSC Files, Box 603, Country Files, Middle East, Iraq, Vol. I. Secret; Sensitive. Sent for action. Haig sent the memorandum on to Kissinger, who approved the recommendation. On Kissinger's behalf, Haig wrote on the memorandum "Tell CIA to do in least abrasive way possible—Note—Barzani emissary enroute to D.C." Waller was informed of Kissinger's response on March 29.

[302. Memorandum From the Director of Central Intelligence \(Helms\) to the President's Assistant for National Security Affairs \(Kissinger\), Secretary Rogers, and Secretary Laird, Washington, March 29, 1972](#)

Washington, March 29, 1972

Helms described the Kurdish effort, against a background of closer Soviet-Iraqi ties, to elicit international support for their resistance movement.

Source: National Archives, Nixon Presidential Materials, NSC Files, Box 603, Country Files, Middle East, Iraq, Vol. I. Secret; No Foreign Dissem; Controlled Dissem; No Dissem Abroad.

[303. Memorandum From the Director of Central Intelligence \(Helms\) to the President's Assistant for National Security Affairs \(Kissinger\), Secretary Rogers, and Secretary Laird, Washington, March 31, 1972](#)

Washington, March 31, 1972

Helms passed along Kurdish views on growing Soviet-Iraqi cooperation, Soviet pressure on the Kurds to negotiate with Baghdad, and Kurdish reservations towards dealing with the Ba'ath.

Source: National Archives, Nixon Presidential Materials, NSC Files, Box 603, Country Files, Middle East, Iraq, Vol. I. Secret; No Foreign Dissem; Controlled Dissem; No Dissem Abroad.

[304. Memorandum From Andrew Killgore of the Bureau of Near Eastern and South Asian Affairs to the Assistant Secretary for Near Eastern and South Asian Affairs \(Sisco\), Washington, April 3, 1972](#)

Washington, April 3, 1972

Killgore passed along a memorandum of conversation from the meeting between Iraqi Desk Officer Thomas J. Scotes and Zyd Uthman, Barzani emissary, who appealed for US financial and military assistance.

Source: National Archives, RG 59, Central Files 1970-73, POL 13-3 Iraq, Secret.

[305. Memorandum From the Executive Secretary of the Department of State \(Eliot\) to the President's Assistant for National Security Affairs \(Kissinger\), April 13, 1972](#)

April 13, 1972

Eliot compared the new Soviet-Iraqi treaty with the one that Moscow had signed earlier with Egypt.

Source: National Archives, RG 59, Central Files 1970-73, POL IRAQ-USSR. Secret. Drafted by Seelye and Killgore; cleared by Atherton, Miklos, Perry, and Philip H. Stoddard (INR).

[306. Telegram 69032 From the Department of State to the Embassy in France, April 20, 1972, 2359Z](#)

April 20, 1972, 2359Z

Deputy Assistant Secretary Davies provided the French with the U.S. estimate of the significance of the Iraqi-Soviet treaty and the fundamentals of U.S. policy in the Persian Gulf.

Source: National Archives, RG 59, Central Files 1970-73, POL IRAQ-USSR. Confidential. Repeated to Tehran, Amman, Ankara, Brussels, Cairo, Jidda, Kuwait, London, and Moscow

[307. Intelligence Memorandum No. 0865/72, Washington, May 12, 1972](#)

Washington, May 12, 1972

The memorandum analyzed Soviet policies in the Persian Gulf, with a focus on Moscow's relations with Iraq and Iran.

Source: Central Intelligence Agency, OCI Files, Job 79T00832A, Box 8, Folder 8, Moscow and the Persian Gulf, No. 0865-72. Secret; No Foreign Dissem. Prepared in the Office of Current Intelligence and coordinated within the Directorate of Intelligence. This memorandum was included in the Presidential Briefing materials for Nixon's May 1972 trip to Iran.

[308. Briefing Paper Prepared for President Nixon, May 18, 1972](#)

May 18, 1972

The briefing paper provided a summary of Iraqi history and current politics prior to the President's trip to the region.

Source: National Archives, Nixon Presidential Materials, NSC Files, Box 479, Presidential Trip Files, Briefing Book, Visit of Nixon to Iran, May 1972. Secret.

[309. Action Memorandum From the Assistant Secretary for Near Eastern and South Asian Affairs \(Sisco\) to the Deputy Under Secretary for Management \(Macomber\), Washington, May 25, 1972](#)

Washington, May 25, 1972

Sisco advised Macomber of the actions necessary to establish a U.S. Interests Section in the Belgian Embassy in Baghdad.

Source: National Archives, RG 59, Central Files 1970-73, POL 17 US-IRAQ. Secret. The attached memorandum from Sisco to Rogers is not published. Macomber approved all three recommendations on June 19.

[310. Research Study RNAS-10, Prepared in the Bureau of Intelligence and Research, May 31, 1972](#)

May 31, 1972

The INR report explored whether Iraqi Kurds were likely to renew their insurgency against Baghdad.

Source: National Archives, RG 59, Central Files 1970-73, POL 23-9 IRAQ. Secret; No Foreign Dissem. Drafted by Charlotte M. Morehouse (INR/Near East and South Asia); approved by Curtis F. Jones (INR/Near East and South Asia).

[311. Intelligence Memorandum ER IM 72-92, Washington, June 1972](#)

Washington, June 1972

The CIA report assessed the implications of Iraq's oil nationalization, estimating that the Iraqis were negotiating from a position of weakness, and that marketing difficulties would cause a drop in Iraqi oil revenues.

Source: Central Intelligence Agency, ORR Files, (OTI), Job 79T00935A, Box 70, Project 36.6427, CIA/ER IM 72-92. Confidential. Prepared in the Office of Current Intelligence and coordinated within the Directorate of Intelligence.

[312. Memorandum From the Deputy Assistant Secretary of State for International Resources and Food Policy \(Katz\) to the Assistant Secretary of State for Economic and Business Affairs \(Armstrong\), Washington, June 5, 1972](#)

Washington, June 5, 1972

Katz recommended that the United States prepare to support boycott measures to prevent the Iraqi nationalization of IPC from undermining OPEC negotiations over participation.

Source: National Archives, RG 59, Central Files 1970-73, PET 15-2 IRAQ. Confidential. Drafted by Gordon S. Brown (E); approved by Moorhead C. Kennedy, Jr. (E/IFD). Copies were sent to Davies, Seelye, Francois M. Dickman (NEA/ARP); John J. Kadilis (EUR/SOV), Biegel, EUR/FBX; and Saunders.

[313. Memorandum From Harold Saunders of the National Security Staff to the President's Assistant for National Security Affairs \(Kissinger\), Washington, June 7, 1972](#)

Washington, June 7, 1972

Saunders sent Kissinger a message via DCI Helms that the Shah hoped Kissinger would meet with two Barzani representatives soon to arrive in

Washington, and outlined the advantages and disadvantages of possible U.S. support for the Kurds.

Source: National Archives, Nixon Presidential Materials, NSC Files, Box 138, Kissinger Office Files, Kissinger Country Files, Middle East, Kurdish Problem Vol. I, June '72–Oct. '73. Secret; Sensitive. Sent for action. Kissinger wrote on the memorandum, "I thought we arranged." An unsigned copy of Tab A was found in Central Intelligence Agency, Executive Registry Files, Job 80B01086A, Box 1, Executive Registry Subject Files, I-13, Iran. Tab B is published as Document 310.

[314. Telegram 103059 From the Department of State to the Embassies in the United Kingdom, France, and the Netherlands, June 9, 1972, 2217Z](#)

June 9, 1972, 2217Z

The Department advised the posts that U.S. policy regarding the Iraqi nationalization was to isolate it from Middle East and OPEC politics while supporting the principle of prompt and adequate compensation.

Source: National Archives, RG 59, Central Files 1970–73, PET 15-2 IRAQ. Confidential. Repeated to Algiers, Beirut, Tehran, Jidda, Dhahran, Manama, Moscow, Kuwait, OECD Paris, Tripoli, and Rome.

[315. Memorandum From the Chief of the Near East and South Asia Division, Central Intelligence Agency \(Waller\) to the Director of Central Intelligence \(Helms\), Washington, June 12, 1972](#)

Washington, June 12, 1972

Waller provided background information for Helms' and Haig's upcoming meeting with representatives of Kurdish Democratic Party Leader Barzani, including a summary of other recent approaches by the Kurds.

Source: Central Intelligence Agency, Executive Registry Files, Job 80B01086A, Box 1, Executive Registry Subject Files, I-13, Iran. Secret; Sensitive. The attached biographies are not published. A record of the conversation is published as Document 319.

[316. Memorandum From the Country Director for Lebanon, Jordan, the Syrian Arab Republic, and Iraq \(Seelye\) to the Assistant Secretary for Near Eastern and South Asian Affairs \(Sisco\), June 13, 1972](#)

June 13, 1972

Seelye argued that while the immediate effects of the Iraqi nationalization of the IPC were insignificant, the longer-range consequences were substantial.

Source: National Archives, RG 59, NEA/ARN, Office of Lebanon, Jordan, Syria, and Iraq Affairs, Lot file 75D44, Box 13, IRAQ PET 6, Petroleum Companies, 1972. Secret.

[317. Telegram 5798 From the Embassy in the Soviet Union to the Department of State, June 16, 1972, 1653Z](#)

June 16, 1972, 1653Z

The Embassy reported that the Soviet-Iraqi treaty had been ratified, and that Moscow had expressed strong support for the IPC nationalization.

Source: National Archives, RG 59, Central Files 1970-73, POL 7 IRAQ. Confidential. Repeated to Amman, Beirut, Cairo, Jidda, London, Paris, Tel Aviv, USUN, Tehran, Kuwait, and Manama.

[318. Memorandum From Harold Saunders of the National Security Council Staff to the President's Deputy Assistant for National Security Affairs \(Haig\), Washington, June 23, 1972](#)

Washington, June 23, 1972

Saunders forwarded a briefing memorandum from DCI Helms to prepare Haig for their joint talk with the Kurdish emissaries.

Source: National Archives, Nixon Presidential Materials, NSC Files, Box 603, Country Files, Middle East, Iraq, Vol. I. Secret; Sensitive. The unedited form of the attached background memorandum is published as Document 315. Haig ultimately seems not to have participated in the talks.

[319. Memorandum of Conversation, Washington, July 5, 1972](#)

Washington, July 5, 1972

The memorandum reported on the June 30 conversation between Barzani's representatives and DCI Helms, Richard Kennedy of the White House, and a CIA officer.

Source: National Archives, Nixon Presidential Materials, NSC Files, Box 138, Kissinger Office Files, Kissinger Country Files, Middle East, Kurdish Problem Vol. I, June '72–Oct. '73. Secret; Sensitive. Attachments B, C, and D are not published.

[320. Telegram 7605 From the Embassy in Lebanon to the Department of State, July 13, 1972, 1020Z](#)

July 13, 1972, 1020Z

The Embassy reported recent clashes in northern Iraq between Barzani forces and the Ba'thist regime, noting that tensions were at their highest since the March 1970 Kurdish-Iraqi agreement.

Source: National Archives, RG 59, Central Files 1970–73, POL 23-9 IRAQ. Confidential. Repeated to Amman, Ankara, and Tehran.

[321. Memorandum From the President's Deputy Assistant for National Security Affairs \(Haig\) to the President's Assistant for National Security Affairs \(Kissinger\), Washington, July 28, 1972](#)

July 28, 1972

Haig forwarded a memorandum from Helms which outlined the outcome of his talks with Barzani representatives and a proposal for covert assistance to the Kurds.

Source: National Archives, Nixon Presidential Materials, NSC Files, Box 138, Kissinger Office Files, Kissinger Country Files, Middle East, Kurdish Problem Vol. I, June '72–Oct. '73. Secret; Sensitive. Kissinger approved Haig's recommendation to inform 40 Committee principals but to avoid paperwork on the subject. Kissinger's handwritten note on the memorandum reads "Get it done next week by handing my memo to principals. HK" Attachment A to Helms' memorandum is not published.

[322. Memorandum From the President's Assistant for National Security Affairs \(Kissinger\)](#)

Washington, undated

Kissinger advised the 40 Committee principles that the President had authorized funds and supplies to assist Barzani's resistance movement.

Source: National Archives, Nixon Presidential Materials, NSC Files, Box 138, Kissinger Office Files, Kissinger Country Files, Middle East, Kurdish Problem Vol. I, June '72–Oct. '73. Secret; Sensitive; Exclusively Eyes Only. Kissinger approved the idea that Rob Roy Ratliffe would handle the matter henceforth, adding a note that "he should see me." This document was Tab B to a July 31 memorandum from Tom Latimer of the National Security Council Staff to Haig. (Ibid.)

[323. Telegram 2879 From the Embassy in Belgium to the Department of State, August 3, 1972, 1624Z](#)

August 3, 1972, 1624Z

The Iraqi Foreign Ministry reacted to the announcement by the Department of State that two diplomats would be appointed to the U.S. Interests Section in the Belgian Embassy in Baghdad.

Source: National Archives, RG 59, Central Files 1970–73, POL 17 US-IRAQ. Unclassified. The U.S. Interests Section was opened on October 1,

1972.

[324. Memorandum From David A. Korn, NEA/IRN, to the Assistant Secretary for Near Eastern and South Asian Affairs \(Sisco\), September 20, 1972](#)

September 20, 1972

Analyzing the recent Soviet-Iraqi communique, Korn judged that the ties between Moscow and Baghdad were continuing but had not been extended.

Source: National Archives, RG 59, NEA/ARN, Office of Lebanon, Jordan, Syria, and Iraq Affairs, Lot 75D442, Box 14, POL REL, IRAQ/USSR, 1972. Confidential.

[325. Memorandum From the President's Assistant for National Security Affairs \(Kissinger\) to President Nixon, October 5, 1972](#)

October 5, 1972

Kissinger summarized for the President a progress report from Helms on the Kurdish Support Operations.

Source: National Archives, Nixon Presidential Materials, NSC Files, Box 138, Kissinger Office Files, Kissinger Country Files, Middle East, Kurdish Problem Vol. I, June '72–Oct. '73. Secret; Sensitive. Sent for information. Tab A is not published.

[326. Memorandum From the U.S. Interests Section in Baghdad to the Department of State, October 21, 1972](#)

October 21, 1972

Arthur Lowrie of the new U.S. Interests Section recommended that Washington await Iraqi overtures towards improving relations.

Source: National Archives, RG 59, NEA/ARN, Office of Lebanon, Jordan, Syria, and Iraq Affairs, Lot file 75D442, Box 13, POL REL, Iraq-US, 1972. Confidential. A handwritten notation reads "Some very good comments on Iraq."

[327. Telegram 201125 From the Department of State to the Embassies in France, Spain, Madrid, Italy, the Netherlands, and Belgium, November 3, 1972, 2357Z](#)

November 3, 1972, 2357Z

The Department related information about renewed persecution of Iraqi Jews, and requested the Embassies to ask their host governments for information and perhaps an approach to Baghdad.

Source: National Archives, RG 59, Central Files 1970-73, SOC 14 IRAQ. Confidential; Priority. Repeated Priority to Baghdad, Tel Aviv, Tehran, and Beirut.

[328. Airgram A-6 From the Interests Section in Baghdad to the Department of State, December 1, 1972](#)

December 1, 1972

Lowrie offered a tentative political assessment of the situation in Iraq based on secondary sources and the public media.

Source: National Archives, RG 59, Central Files 1970-73, POL 1 IRAQ-US. Confidential. Repeated to Abu Dhabi, Algiers, Amman, Ankara, Beirut, Bonn, Cairo, Dhahran, Jidda, Khartoum, Juwait, London, Manama, Moscow, New Delhi, Oman, Paris, Prague, Rabat, Tehran, Rome, Tripoli, and Tunis. Drafted by Lowrie on December 6; approved by Lowrie. In a letter to Thomas J. Scotese (NEA/ARN), December 18, Lowrie wrote that "it is no exaggeration to say that we are ostracized" by the Iraqis. "The main frustration is therefore, having to rely completely on diplomatic colleagues (of whom only a few are well informed) and the public media." (NEA/ARN, Office of Lebanon, Jordan, Syria and Iraq Affairs, Records Relating to Iraq, Jordan, Lebanon and Syria, 1968-72, Lot

75D442, Box 14, POL 17, REPIR, American Personnel, Resumption
Consular Relations, 1972)

[329. Telegram 92 From the Interests Section in Baghdad to the
Department of State, December 19, 1972, 1215Z](#)

December 19, 1972, 1215Z

Lowrie summarized two recent official Iraqi editorials expressing concern at U.S., Jordanian, and Iranian collusion against Baghdad.

Source: National Archives, RG 59, Central Files 1970-73, POL IRAQ-US. Limited Official Use. Repeated to Amman, Kuwait, Jidda, and Tehran. In telegram 100 from Baghdad, December 27, Lowrie reported that news of Helms' appointment to Tehran had been characterized in the press as "indicative of role U.S. is delegating to Iran for execution imperialist plans in area." (Ibid.)

[330. National Intelligence Estimate 36.2-72, Washington, December
21, 1972](#)

December 21, 1972

The CIA analyzed the extent of the Iraqi role in regional problems in the Middle East.

Source: Central Intelligence Agency, NIC Files, Job 79R01012A, Box 442, 2, NIE 36.2-72, Iraq's Role in Middle Eastern Problems. Secret.

295. Telegram 12737 From the Department of State to the Embassies in Iran, the United Kingdom, and the Soviet Union, January 22, 1972, 0231Z¹

January 22, 1972, 0231Z

TELEGRAM

Department of State 12737

ACTION:

AmEmbassy TEHRAN
AmEmbassy LONDON
AmEmbassy MOSCOW

REFS:

(a) Tehran 0428 (b) Moscow 0557

1. We believe Soviets and Iraqis signed military agreement last September when Iraqi Defense Minister was in Moscow. Agreement was substantial, perhaps largest yet, and probably brought grand total of Soviet military aid extensions to Iraq well over three quarter billion dollar level. Grechko's December visit probably resulted in follow-on within framework of basic September agreement. Delivery schedule probably will extend over several years and include ground equipment and aircraft. While we understand Soviets apparently ready to sign friendship treaties with all corners, we have no information supporting speculation that treaty or undertakings in Indian or Egyptian styles signed with Iraqis.
2. Soviets probably were no longer able to resist Iraqi pressure for getting arms supply off ad hoc basis and under comprehensive umbrella agreement as Soviets have done with Egypt and Syria. We also would underline point made in Moscow's 557 relating to Soviet stance on Iranian seizure of Gulf islands as clear indication of lack of leverage either side has in non-bilateral matters and of Soviet dedication to maintaining good relations with Iran. In this regard, while we can understand Iranian concern in face of new Soviet-Iraqi arms deal (basically because of Iraqi recklessness and ambitions in Gulf), we do not think Soviets have increased military aid to Iraq as part of aggressive policy in Gulf aimed at Iran. However, as investment increases, Soviets may become even less inclined to jeopardize relationship with Iraq and therefore less able to resist Iraqi pressures for even more military and economic assistance. In sum, our view is

that Iraqi arms deal designed to placate Baghdad, not to pose threat to Shah.

3. In passing, should also be noted inclination to work both sides of street characteristic feature of Soviet policy and not restricted to Iran-Iraq situation. Soviets, for example, pursuing this potentially perilous course in two Yemens.

Rogers

¹ Source: National Archives, RG 59, Central Files 1970-73, DEF 4 IRAQ-USSR. Secret; Limdis. Drafted by James M. Ealum (INR/RSE); cleared by Benjamin M. Zook (INR/RSE); Philip H. Stoddard (INR/RNA); Miklos; Seelye; and Jack R. Perry (EUR/SOV); approved by Sisco.

296. Telegram 16061 From the Department of State to the Embassy in Belgium, January 28, 1972, 1659Z¹

January 28, 1972, 1659Z

TELEGRAM
Department of State 16061

ACTION:
AmEmbassy BRUSSELS
STATE

STATE _____

SUBJ:
REPIR: US Personnel for Baghdad Interests Section

1. As Embassy aware, following break in US-Iraq diplomatic relations both countries agreed by exchange of diplomatic notes dated August 30, 1967, and September 14, 1967, to establish on basis of reciprocity Interests Sections in their respective capitals consisting of one Third Secretary and two non-diplomatic personnel. For various reasons, including unwillingness assign inexperienced junior diplomatic officer, we have not rpt not chosen exercise our right in this regard. Iraq, however, not only has done so but has over years without seeking prior agreement escalated rank of its diplomatic representative to First Secretary and, in addition to one non-diplomatic "accountant" has also recently assigned Cultural Attache, diplomatic position not provided for by existing agreement. We have not rpt not made issue of these developments in order enable us designate higher ranking diplomatic officer if and when decision finally made send Americans to Baghdad.
2. We now believe time suitable to assign American personnel to man US Interests Section in Baghdad because (a) American commercial interest in Iraq has recently been growing due to Iraq's relatively good financial position as result of increased oil revenues over last year; (b) Department's desire for more regular and analytic political and economic reporting from Iraq as well as for closer administrative control over Interests Section as a whole.
3. In view of above, Department now envisages assignment sometime during this summer of one junior FSO-3 or senior FSO-4 Arab area and language officer and one FSS-5 Administrative Assistant, whose wife would also work. We doubt that the Iraqi Government would react

negatively to assignment these persons in view of presence Iraqi diplomats in Washington. If they do object, it would mean, of course, that we would then be obliged to request withdrawal their personnel in Washington.

4. Before proceeding inform GOI of our decision, we wish consult with Belgians re procedure and timing. We particularly desire views of Ambassador Van de Kerchove who during last spring Washington consultations on Baghdad property problem welcomed idea of assignment of Americans to Interests Section.
5. Embassy, therefore, authorized inform Belgian Government of our desire assign American personnel to Baghdad Interests Section and consult as above. Embassy should indicate in general terms reasons for this decision as given above but without in any way implying any US dissatisfaction with Belgian administration of US Interests Section affairs. In addition, Embassy may inform Belgians that US intends maintain low profile in Baghdad and for that reason we intend keep our personnel in Interests Section for quite some time limited to personnel as indicated above. Finally, Embassy should express USG interest meet with Belgians in near future in order discuss in more specific terms how we and they will arrange working relationship between Belgian Embassy in Baghdad and American officers in Interests Section.

END

¹ Source: National Archives, RG 59, Central Files 1970-73, POL 17 US-IRAQ. Confidential. Drafted by Scotese; cleared by Seelye, Papendorp, Leamon R. Hunt (NEA/EX), Atherton, Victor H. Dikeos (A), William N. Dale (SCA), and Lawrence Koegel (SCA).

297. Airgram A-38 From the Embassy in Lebanon to the
Department of State, February 2, 1972¹

February 2, 1972

AIRGRAM
DEPARTMENT OF STATE A-38

TO:
Department of State

INFO:
AMMAN, ANKARA, CAIRO, KUWAIT, LONDON, MOSCOW, PARIS, TEHRAN

FROM:

Amembassy BEIRUT

DATE:
February 2, 1972

SUBJECT:
The Situation in Iraq

REF:
BEIRUT 10233, November 18, 1971

Introduction and Summary.

In a series of four articles that appeared in Beirut's L'Orient-Le Jour some weeks ago (extracts and summaries are attached), Lebanese journalist Edward Saab set forth a number of interesting and provocative views on the current situation in Iraq. As reported in BEIRUT 10233, Saab appeared convinced that the Ba'thist regime—its internal position strengthened by fortunate economic developments and by its alleged success in defusing the threat of Kurdish, Communist and other domestic opposition—is about to embark on a major effort to expand its influence in the Arab East, especially in the Persian Gulf.

Enclosures:

- (1) First Saab Article on Iraq
- (2) Second Saab Article on Iraq
- (3) Third Saab Article on Iraq

(4) Saab Interviews Barzani

GROUP 3

Downgraded at 12-year intervals;

not automatically declassified.

We found both the Department's and Embassy Tehran's initial reactions (STATE 213299 and Tehran 6586) to Saab's observations highly useful. We have paid close attention to them in attempting to assess the information and conclusions contained in Saab's reporting. We have also had opportunity to discuss Saab's views with a number of reasonably well-informed observers of Iraqi affairs in Beirut—e.g., Iraqi exiles who maintain close contact with developments at home, our foreign diplomatic colleagues, and western newsmen who attended the National Charter unveiling at Baghdad last November. While their opinions undoubtedly reflect a degree of subjectivity and, in some cases, even self-interest, they tend generally to correspond with the Department's assessment of the situation in Iraq, and they are at variance with Saab's observations in some important respects.

One is tempted to conclude that Saab, while essentially accurate on many facts, has built on these facts an analysis which contains unfounded and probably erroneous conclusions about the internal situation in Iraq, the degree of control exercised by the ruling Ba'ath Party, and the GOI's ability to make its influence felt beyond its borders in the months and years ahead. On the other hand, Saab apparently saw an unusually interesting collection of key Iraqi political figures, and his analyses of the complex inter-relationships between the Ba'th, the Communist Party of Iraq (CPI) and the Kurdish Democratic Party (KDP) are revealing—even if his conclusions regarding the future of Iraqi Ba'thism turn out to be erroneous. Saab appears to have assessed accurately the strong Soviet support for the GOI. His assessment of Iraq's economic potential and development prospects appears reasonably accurate, although (as the Department points out) there are ample precedents for questioning the Central Government's ability to harness them in a comprehensive and effective manner. Finally, Saab's picture of Ba'thist aspirations, both domestic and external, is also interesting—if only as an indication of the regimes capacity for grandiose self-delusion.

In the following commentary, we shall try to play devil's advocate with respect to some of Saab's observations and hopefully, by comparing them

to our own impressions and those contained in STATE 213299, put them in better perspective. END SUMMARY.

Internal Political Situation

Saab's main thesis—that the Ba'thist regime, its internal position having been made secure by the elimination or neutralization of its domestic opposition, today feels able to assume a stronger role in area affairs—can easily be viewed from the opposite angle. The proclamation of a National Charter and the public invitation to “progressive forces” to participate in the regime's advisory councils, instead of being a sign of the regime's confidence in its secure and undisputed possession of power, could just as well be a sign of insecurity and a frantic attempt to bolster its image at home. Proponents of this latter view contend that, instead of having successfully neutralized domestic opposition, the regime's nervous policies and heavy-handed actions (c.f., Amman 5607) have actually increased and crystallized it to the point where an opportunity exists for any force capable of mobilizing popular hatred and discontent into a broadly-based opposition movement. As noted in Beirut 9689 and reports from Tehran in CAS and State channels, Kurdish leaders seem confident of Barzani's ability to organize such a movement.

Saab is not alone in believing that Barzani, despite his obvious dissatisfaction with the GOI's performance in implementing the provisions of the March 1970 settlement agreement, has seen his influence increasingly eroded by the regime's efforts to develop an economic, if not political, stake for the Kurdish population within the existing system. The respected “an Nahar Arab Report” of January 3 indicated that Barzani and the KDP, while they bear no love for the GOI and would certainly welcome any opportunity to exploit its weaknesses, found it expedient to conclude an interim agreement with Iraqi Foreign Minister Murtada Hadithi in mid-December. In this agreement, the Baghdad authorities reportedly conceded an unspecified number of outstanding issues to the Kurds and, by so doing, went far toward removing what had been the imminent prospect of a Kurdish uprising in the North.

It seems true, as Saab says, that the GOI has implemented those portions of the March 1970 agreement calculated to improve its political, psychological and military position in the Kurdish north. Although we have no way of checking Saab's figures, there appears little doubt that considerable strides have been made in the construction of roads, schools and housing. At the same time, there is nothing (apart from the isolated and cryptic an Nahar report mentioned above) to indicate that the

regime has done anything to implement other portions of the agreement, particularly those that provide—albeit in vague terms—for some form of effective political autonomy for the Kurds. (If, only for the record, it should be noted that the GOI reportedly has been paying Barzani a regular monthly subsidy of 300,000 dinars, and that it did turn over to him those anti-Barzani Kurds who supported the regime in the last round of fighting).

It seems clear from Saab's contentious interview with Barzani that the Mullah, far from being seduced by the material benefits accruing to his people since the March 1970 settlement, is totally intransigent toward and suspicious of the authorities in Baghdad—so much so, in fact, that Saab says the Soviets became alarmed at the tone of some of Barzani's remarks and prevailed on Saab to delete them from the published text. (Even so, newsmen returning from Baghdad have told us that the text as published left the Iraqi Government furious at Saab.) Neither Barzani nor the KDP—which, as Saab points out, has tended increasingly to reflect Barzani's influence—seems at all prepared to settle for the mere trappings of an autonomy (i.e., five "ministerial" positions and participation in a "National Front") that allows the Ba'athists to retain all the essentials of real political power in their own hands. Our contacts among Iraqi emigres in Beirut who claim to have close ties with Kurdish nationalists assert that the bulk of the Kurdish population shares these sentiments and is more united behind Barzani than at any time in the past. If so, the rulers in Baghdad may only be fooling themselves if they believe Barzani and the KDP have been effectively neutralized and in the event of a renewal of Iraqi-Kurdish hostilities, they would not command the support of the Kurdish masses.

Saab's estimate that Barzani's forces have been circumscribed or otherwise put at a military disadvantage vis-a-vis the GOI also seems questionable. His claim that Iraqi troops now hold many strategic positions in areas never before controlled by the regime is dismissed as nonsense by many of our informants, who make the counter-claim that the exact opposite is true. Not surprisingly, the GOI has attempted to continue its past practice of using Kurds (now grouped in army units officered by Iraqi Arabs) to confront Barzani, but he said to remain confident that such mercenaries will melt away when the first shots are fired. In fact, CAS reports already indicate a marked increase in Kurdish desertions from the Iraqi Army. (It is necessary here to recall that, due to the Iraqi Arab soldier's inability to cope with the climate and geography of north Iraq—not to mention with the fighting qualities of the Pesh Merga—the GOI was forced to employ some 15,000 anti-Barzani Kurds in the last round

of fighting. As noted above, the regime left these mercenaries to Barzani's mercy after the March 1970 settlement, and memories of this experience may make it unlikely that many Kurds will be eager to cooperate with the regime against Barzani if fighting breaks out again.)

We note that one guiding principle of Ba'thism, which considers itself an elite movement uniquely qualified to rule, seems always to have been a total unwillingness to share power with any other political force, actual or potential. This may explain why the Iraqi Ba'th insists (as both President BAKR and SADDAM HUSSEIN TAKRITI made clear in November and December 1971) on the complete subordination of the Iraqi military to exclusive party control. Saab describes the Iraqi Army as a docile creature no longer posing a threat to the regime.

If he is right (the regime appears to have been taking no chances at the July 17 military review in Baghdad), this docility—achieved by relentless purges of unreliable elements—may well have cost the army much of whatever effective fighting capacity it once possessed. One of our informants goes so far as to say that the army, in any renewal of hostilities with the Kurds, could not fight its way out of a wet paper bag. He maintains that in such circumstances, the regime could find itself in an impossible dilemma—i.e., faced with having to accept humiliating military reverses that could bring about its collapse, or having to recall “unreliable” elements to key military positions, from which they could work enthusiastically to undermine the regime from within.

In light of the foregoing, Saab's implied contention that the GOI's alleged success in neutralizing Barzani argues against its involvement in the recent abortive attempt on his life is not particularly compelling. Even Saab reports Barzani's conviction that the regime engineered that bizarre attempt, since it believes (not without reason) that with his demise, the Kurdish problem would disappear in a welter of conflicting tribal and ideological differences among his followers. Barzani is doubtless aware what seem to have been efforts by the regime to increase the fighting potential of his principal tribal enemies in conjunction with the assassination attempt. We are told that he is also convinced that the Soviets, for reasons of their own, were at least aware of, if not actually behind, the plot to kill him. As a result, he seems even less inclined to trust in Ba'thist and Russian overtures aimed at gaining Kurdish acceptance of the National Charter.

The regime's explanation for its recent action in arresting several members of the KDP in Baghdad on Charges of "subversive activity" and its more recent expulsions of Kurdish "undesirables" across the Iranian border are hardly likely to render him less suspicious. A January 17 AFP report from Tehran records Barzani as having gone so far as to accuse the GOI of planning the "extermination of the Kurd/*/" and calling on his followers to resume the fight against Iraq.

We therefore find it hard to credit Saab's belief that the internal situation in Iraq will remain quiet long enough to permit the Ba'thist regime to turn its undivided attention to bolstering its political influence abroad. Recent news items from Tehran have already referred to clashes between Iraqi forces and the Kurds in the north, and CAS reports indicate that relations between the two sides are strained, with both Barzani and the GOI convinced that a renewal of hostilities is inevitable. Our British colleagues appear convinced that "something is brewing" that will involve not only a renewal of Kurdish-Iraqi hostilities, but also possibly an alliance between the Kurds and dissident Iraqi Arabs, some of whom have apparently taken refuge with Barzani and helped him seek external assistance. We recall that the KDP's Secretary-General, Habib Muhammed Karim, spoke of a coming popular Kurdish-Arab uprising in his November 2 meeting with us in Beirut (Beirut 9689 and Subsequent memmcon).

We are hardly in a position to predict the lengths to which the Iranian Government might be prepared to go in order to speed the downfall of an Iraqi regime that, as shown by recent mass expulsions, clashes and growing tension along the Iraqi-Iranian border, seems to delight in provoking and irritating its neighbor to the east. We gather from accounts received from some of our informants (and more or less confirmed by the British) that Iranian support for the Kurds in the last round of fighting was not exactly wholehearted—that, in fact, when a Kurdish coalition with dissident Iraqi Arabs was on the point of being realized in early 1970, it was spoiled by a clumsy Iranian (SAVAK) effort to mount a separate coup by anti-Ba'thist elements in Baghdad. The Iranian-backed conspiracy was easily penetrated by the GOI, and the plotters were "rubbed out" in a matter of a few hours. This traumatic experience is said to have cooled the ardor of Iraqi dissidents for further subversive activity, and the Kurds were forced to fight on alone until March 1970. This time around, say our informants, both the Iranians and dissident Iraqis can be expected to profit from 1970's sad experience to make common cause with Barzani and the KDP.

David Hirst of the Manchester Guardian reported recently from Baghdad that the Kurds already tend to view their cause as a rallying point for dissident Iraqi Arabs and can be expected to "present themselves as liberators rescuing Arabs and Kurds alike from 'the beasts in Baghdad'". While Hirst says the results of Barzani's contacts outside Iraq had been disappointing as of last November, he thinks there may be a better response as Kurdish-Ba'thist tensions continue to rise. One of our own informants contends that Barzani's search for external political support has already set with some success, particularly in Jordan where King Hussein has promised to urge the Shah to play a more active role in support of a Kurdish-led, anti-Ba'thist uprising in Iraq. (He says that a visit by Hussein to Tehran, which was postponed by the assassination of Wasfi Tal, will take place in the near future.) In view of the heightening of tensions along the Iraq-Iranian border, we wonder whether the Shah will require much urging by the GOJ.

Soviet Influence in Iraq

Saab's estimate that the Soviets, having established themselves in a position of considerable influence in Baghdad, are working assiduously to assure continued domestic tranquility in Iraq seems to be correct. The country is already dependent almost exclusively upon Moscow for arms, and in other respects (economic assistance, for example) the USSR—perhaps mindful of the mistakes of Russian policy during Kassem's time—appears intent on identifying itself completely with the Ba'thist regime. It would seem that the Soviets are determined not only to protect the gains they have already won, but also to transform those gains into a position of ascendancy and paramount influence that could stand Moscow in good stead in the Middle East in years to come. Given Iraq's relative isolation in the Middle East, the ground appears fertile for the furtherance of such ambitions, and the Russians seem bent on making the most of it. A four-day visit by Marshall Grechko in mid-December resulted in an announcement of further Soviet-Iraqi cooperation aimed at "strengthening Iraq's defense capabilities"—a statement that suggests the USSR will provide Iraq with additional weapons and other forms of military assistance.

The Soviets have also committed themselves increasingly to support for the Ba'thist regime in the field of economic and technical assistance. Beginning with a large-scale aid agreement concluded with Kassem's Government in 1959, Russian assistance by March 1970 had been responsible—according to the official Iraqi News Agency—for the completion of some 63 "major projects," including 14 in the industrial

field, 9 in agriculture, 5 in communications and 5 training institutes. Russian experts also carried out a number of surveys in sulphur, oil and phosphates, and Soviet assistance since 1965 has played a primary role in the financing, planning and ongoing construction of the Euphrates dam. In 1969, the USSR managed to get a firm foothold in Iraq's oil industry by undertaking to help the Iraqi National Oil Company (INOC) develop and exploit oil resources in the southeastern Halfaya region and in the controversial North Rumelia area. Contracts forming part of this agreement included a \$70 million Soviet loan (repayable partly in crude oil) for the development of the North Rumelia field and a Soviet pledge to supply INOC with \$72 million in oil exploration equipment, along with technical advice as to its use.

In August 1970, the Ba'athist regime signed another economic protocol in Moscow for Iraqi-Soviet cooperation in new industrial projects, oil and mineral exploitation, agriculture, irrigation and transportation. Under this agreement, said to entail over 50 million Iraqi dinars, the Soviets were to supply industrial and agricultural equipment, experts and technicians in return for payment largely in the form of nationally-produced crude oil. Also in August 1970, there was established a joint Iraqi-Soviet Economic and Technical Committee, charged with supervising the progress of economic cooperation between the two countries. (It reportedly holds rotative annual meetings in Moscow and Baghdad).

In April 1971, the Iraqi Government signed a 90 million sterling loan agreement with the Soviets at Baghdad, designed to meet the commitments of Soviet organizations engaged; inter alia, in constructing an oil refinery at Mosul and a pipeline between Baghdad and Basra. Other projects covered by the loan included the building of two hydroelectric stations in north Iraq, a phosphate mine in the western desert, a fertilizer plant, and several fishing schemes and dairy facilities. This loan agreement was followed in June by a new Iraqi-Soviet "protocol of cooperation," the details of which seem not to have been fully disclosed. From tid bits of information released by the Iraqi News Agency, however, we gather that it relates to further Soviet assistance in developing the North Rumelia oil field and establishing the al Tharthar Canal irrigation project. A separate USSR-Iraqi irrigation accord was signed last October, committing the Soviets to provide water-drilling machinery and financing for a network of agricultural projects in the Tigris and Euphrates river basins. Under the same accord the Russians have undertaken to assist in the desalination and reclamation of five million dunums of land in central Iraq.

This thumbnail sketch of Soviet economic and technical commitments to Iraq only begins to describe the substantial extent to which Soviet and Soviet bloc influence and resources have become an indispensable part of the Ba'thist regime's program for promoting national economic development and achieving an essential degree of internal stability. Exchanges of educational and cultural missions, the provision of Soviet and East European experts in fields ranging from marine biology to petrochemicals, the granting of advanced vocational training opportunities in the USSR and Soviet bloc nations—all these also play an important role. Taken together with the heavy Soviet stake in Iraq's economic future, they paint a picture of massive Russian involvement that can hardly fail to be reflected in political terms.

While it is correct to say that Ba'thist opposition to a peaceful settlement of the Arab-Israeli conflict poses a potential source of difficulty for Soviet-Iraqi (not to mention Soviet-Syrian) relations, this apparent contradiction is not likely to cause problems until a settlement appears imminent. Until then, the USSR can afford to espouse Resolution 242 in Cairo and consolidate its position in Baghdad and Damascus at the same time. In fact, if a peaceful settlement should prove attainable and lead to a weakening of the Soviet presence and influence in Egypt, the Russians might hope to retain the foothold in the Arab world that their support for Ba'thist regimes is winning them in Iraq and Syria. If, on the other hand, Sadat's policies of pursuing a peaceful settlement should be totally discredited, the Soviets could find themselves in a position of increased influence in Iraq (and Syria).

A far more important risk for Soviet policy in both Iraq and Syria, in our view, lies in the unpredictability of political developments in those countries. In Iraq, assuming that the present political situation, does not prove stable—i.e., that Barzani and his allies (or others) are somehow able to overthrow the Ba'thist regime—the Russians, are likely to find that their policy of identification with the Ba'thists has won them an embarrassing backlash of popular resentment.

With the Soviets viewing their support for the Central Government in Baghdad as a vehicle for increasing and consolidating their influence in Iraq, it would seem quite logical for them to be pressing the CPI and the Kurds to avoid trouble with the Ba'thist regime. As far as the CPI is concerned, Soviet views would seem to be having the desired effect. We note that the official Ba'thist organ, "al Thawra," on December 1 carried an announcement that the Iraqi Communist Party's Central Committee had decided to endorse the National Charter and participate, at least for

the moment, in the system of advisory councils it envisages. Judging from what Saab (and others with whom we have talked) has to say regarding the hate for and suspicions of the regime entertained by many Iraqi communists, this decision could have come only after considerable Party discipline had been exacted by Moscow. We note that CPI delegates to the recent Lebanese Communist Party Congress at Beirut were united in their criticism of the Baghdad regime. (In contrast, the KDP Spokesman at the Congress went so far as to express concern over the "appearance of negative signs" in Kurdish-Iraqi relations and the prospect that this trend could lead to a renewal of fighting in Iraq. He attributed the trend to unnamed "elements who want to check the aspirations of the Kurdish people and blow up the greatest gains of our long years of struggle .").

As for the Kurds, including the KDP there may have been a time when Soviet influence was a decisive factor in the deliberations of Kurdish inner councils. (We gather that Russian pressure on Barzani had a lot to do with bringing about Kurdish agreement to the March 1970 settlement proposals). However, as mentioned above, Barzani is reportedly convinced that the Soviet Union was party to the plot to assassinate him last September. Moreover, the Kurds are not fools—they can read Russian intentions as well as anybody—and they doubtless can see that Soviet influence and support is wholly at the service of their adversaries in Baghdad. We are informed that the Russian Ambassador in Baghdad has visited Barzani at least twice in recent months in an attempt to persuade the Mullah to moderate his attitude toward the Ba'hist regime and endorse Kurdish participation in the front envisaged in the National Charter. However, Barzani, according to our informants, is no longer disposed to pay much attention to Soviet advice. Despite a recent report in pro-Iraqi newspapers in Beirut that he has "approved" the Charter, we have seen nothing to confirm this and are inclined to doubt it. (We have noted reports that the KDP organ, "al Taakhi," was strongly rebuked by the party for having printed an unauthorized editorial praising the Charter effort. "New York Times" reporter Marvin Howe has told us she believes the "al Taakhi" editors are more sympathetic to the GOI than to Barzani. On the other hand, it is possible that the regime could have brought pressure to bear on the "al Taakhi" staff. We heard in October that two staff members had been arrested by the GOI and that one editor, Guirgis Fathallah, was having qualms about remaining in Baghdad).

Iraqi Economic Situation

We do not dispute Saab's assessment of Iraq's considerable economic potential, and his figures regarding the extent to which the Ba'athist regime is beginning to develop the country's abundant natural resources are interesting.

Iraqi oil revenues, already given a large boost by the agreement concluded between OPEC and the oil companies in February 1971 and by the January 1972 increase of 8.49 percent in the posted price to offset the dollar devaluation, can be expected to soar further in the future if the regime's ambitious plans for national oil development are carried through. A ten-year \$1.8 billion development program, approved by the Revolutionary Command Council in late December, envisages the doubling of national oil production by 1981 through projected annual increases of ten percent over the next decade. The program will finance increases in prospecting, exploration and drilling activity; the expansion of crude oil and gas reserves; the construction of new pipelines and harbor facilities; and the search for new international consumer markets for Iraqi oil and gas products. It calls for INOC to build a number of pipelines to Gulf and, Mediterranean Ports, as well as a deep-water Gulf terminal to handle giant tankers. (Iraq and Syria have agreed to conduct a survey for a new pipeline to transit Syria, but they have not yet reached agreement on the construction or operation of such a pipeline.) As Saab points out, INOC is also buying seven small (35,000 ton) tankers from Spain (under a barter agreement) for delivery over the next several years, and it has leased additional tankers from the USSR so as to be in a position to export nationally produced crude oil early in 1972. In addition, the GOI has entered into several agreements with foreign countries (e.g. Brazil and North Korea) for marketing relatively small amounts of crude oil.

Saab fails to point out that Iraq's ambitious plans for exporting oil produced by INOC depend on its ability to market production from the North Rumeila field, which was in effect confiscated from IPC in 1962 under Law 80. With the assistance of the Soviet Union and other Bloc nations, the development of wells, pipelines, and an export terminal at Fao will be completed in the near future, and INOC will be able to export crude oil early in 1972. However, the GOI-IPC controversy over Law 80 remains unsettled, and there is some doubt, in the short-run at least, over INOC's ability to market substantial quantities of such oil. In addition, Saab does not mention the sharp decrease in IPC offtake from Iraq's northern fields which began in the second quarter of 1971, and which resulted in a substantial reduction of the GOI's anticipated revenues. Offtake returned to normal in December 1971, but as IPC

exports are directly related to tanker rates which have fluctuated drastically over the past several years, it is not at all certain that offtake will continue at near-capacity levels.

Another noteworthy development was the announcement on January 3 of a Chinese-Iraqi trade agreement under which China will import a minimum of 100,000 tons of Iraqi sulphur for five years. In addition, according to the Iraqi News Agency, a team of Chinese experts will visit Iraq shortly to study a number of development projects that will be carried out under \$40 million loan which China granted to the GOI in an agreement signed at Peking in June 1971.

Grandiose plans, of course, are one thing; the ability of a government to implement them effectively and efficiently is quite another. As the Department has observed, Iraqi governments in the past have displayed little understanding of how to exploit the country's resources in a comprehensive and rational manner. We note, in this regard, that the present Iraqi regime seems to have made a point, of reducing its dependence on purely Iraqi expertise by importing more competent technical advice from abroad. This policy may well be a matter of necessity as a result of the exodus from Iraq of "reactionary" elements who were the best educated (Syria has had a similar experience under Ba'thist rule). We wonder to what extent Saab's rosy view of the regime's capacity for coherent economic planning and development was influenced by the presence of foreign advisers, mainly Russians, East Europeans and Algerians, at various levels in government and industry. One can only speculate whether this new reservoir of talent and experience will help the regime's efforts at economic development to produce results appreciably better than those of its predecessors. Saab himself admits that many of the regime's most ambitious projects in the fields of irrigation, agriculture and industry are still in their pilot or experimental stages. In view of Iraq's need for cash to finance military expenditures and help repay its debts to the Soviet Union and other creditors, it remains to be seen how efficiently and rapidly development projects can be implemented on a larger scale in the future.

Given proper planning for using its increased revenues, there seems little doubt that with a period of stability and continued prosperity at home, Iraq could be in a position to assert its political influence more heavily in the Gulf and elsewhere in the Arab world. However, the sine qua non—internal stability—seems to us a more fragile flower than Saab is willing to admit. Should it wither, his whole vision of a renascent, aggressive Ba'thist Iraq exercising a powerful influence on regional politics could

collapse like a house of cards. We wonder, in fact, whether the inner dynamics of a minority Ba'athist rule with its regime of fear do not contradict Saab's image of stability and prosperity. The experience of Syria before the Assad regime came to power with a Ba'athist label but a more pragmatic approach provides an illustrative example.

Iraqi Influence in the Area

We agree with the Department and Tehran that there have been no indications of a significant increase in Iraqi influence in the Arab East or in the Gulf. Saab, however, was engaging in a long-term prediction based upon his thesis of Iraq's internal political stability and considerable economic potential. He is not entirely alone, moreover, in his assessment that the prospect (however illusory) of continued stability is encouraging the GOI to pay more attention to increasing its political influence abroad. We have seen indications of considerable emphasis being given to Iraqi ambitions in Iran, the Gulf and other Arab states over the next five years, and there is no reason to believe that the blow struck at Iraqi pretensions by Iran's recent seizure of islands in the lower Gulf has discouraged these plans from being carried forward. One fairly convincing indication of Iraq's growing potential for making its weight felt in the Arab world is the attitude of the Syrian Government, which is said to be growing increasingly concerned about the strength of the Iraqi regime and, in response partly to Soviet pressure, has taken some steps toward improving its relations with the rulers in Baghdad. (In addition to the joint oil projects a Syrian delegation was reported to have arrived at Baghdad on December 27 for four days of talks with the GOI on the old and long discussed issue of sharing the waters of the Euphrates, as well as on bilateral trade and transit relations.)

In addition, we note that at last month's OAPEC meeting in Abu Dhabi, Saudi Arabia reversed its long-standing policy of opposing Iraqi membership in OAPEC—a development that should lead to Iraq's admission to the organization early this year and enhance its growing position as a voice to be reckoned with in Arab petroleum affairs.

In conclusion, it should be noted that from what we know of Saab's views about the Middle East in general, his predictions are also based on an assumption that efforts to find a peaceful settlement to the Arab-Israeli conflict will not succeed—thereby favoring the harder-line countries such as Iraq over those (such as Egypt) which have been pursuing a more moderate approach. Finally, despite his qualities as a

reporter with excellent contacts in many Arab circles, Saab is also wont to give himself over to wishful thinking as to future Arab strength.

BUFFUM

¹ Source: National Archives, RG 59, Central Files 1970-73, POL 2 IRAQ. Secret. Repeated to Amman, Ankara, Cairo, Kuwait, London, Moscow, Paris, and Tehran. Drafted by Thomas J. Carolan, Jr. Cleared by Robert B. Oakley, Norman K. Pratt, and Robert B. Houghton. Approved by William B. Buffum. The enclosures were attached but are not published. In airgram A-125, May 3, the Embassy assessed the Iraqi government's future prospects. (Ibid.)

298. Telegram 1501 From the Embassy in the Soviet Union
to the Department of State, February 18, 1972, 1351Z¹

February 18, 1972, 1351Z

TELEGRAM
Department of State
MOSCOW 1501 181425Z

ACTION NEA-11

INFO OCT-01 EUR-20 CIAE-00 DODE-00 PM-06 H-02 INR-06 NSAE-00
NSC-10 P-03 RSC-01 PRS-01 SS-14 USIA-12 NIC-01 10-12 ACDA-19 E-11
COM-08 JNT-06 OEP-01 /152 W 003062

R 181351Z FEB 72

FM

AMEMBASSY MOSCOW

TO
SECSTATE WASHDC 7735

INFO
AMEMBASSY AMMAN
AMEMBASSY BEIRUT
USINT CAIRO
AMEMBASSY JIDDA
AMEMBASSY KUWAIT
AMEMBASSY LONDON
AMEMBASSY MANAMA
AMEMBASSY PARIS
AMEMBASSY TELAVIV
AMEMBASSY TEHRAN
USMISSION USUN

SUBJ:
IRAQI-SOVIET COMMUNIQUE RAISES PROSPECT OF TREATY IN NEAR FUTURE

REF:
MOSCOW 1235 (NOTAL)

1. IRAQI DELEGATION LED BY BAATH PARTY DEPUTY SECRETARY
GENERAL SADDAM HUSEIN DEPARTED MOSCOW FEB 17 AFTER
HAVING MET WITH BREZHNEV FEB 15 AND OTHER SOVIET

LEADERS SINCE ARRIVAL FEB 10. MFA COUNSELOR PYRLIN HAD TOLD US IRAQI DELEGATION WAS SCHEDULED TO DEPART FEB 14 (REFTEL) BUT WE PRESUME IRAQIS DELAYED DEPARTURE IN ORDER TO MEET BREZHNEV AND BECAUSE OF UNFINISHED BUSINESS. PRESS SAYS TALKS WITH BREZHNEV CONDUCTED IN "FRANK" ATMOSPHERE.

2. COMMUNIQUE PUBLISHED FEB 18 AFTER DELEGATION DEPARTURE, HOWEVER, DESCRIBES ATMOSPHERE OF TALKS AS "FRIENDLY" AND "COMRADELY," AND EXPRESSES INTENTION OF BOTH SIDES TO STUDY MEASURE THAT CAN BE TAKEN IN NEAR FUTURE TO PUT RELATIONS ON "NEW, HIGHER LEVEL BY FORMULATING THEM INTO A TREATY ARRANGEMENT." (NOTE: TASS ENGLISH SUMMARY OF COMMUNIQUE OMITTS POINT ABOUT TREATY. OTHERWISE, COMMUNIQUE STRESSES "FURTHER DEVELOPMENT OF POLITICAL, ECONOMIC, AND MILITARY COOPERATION," AND NOTES SOVIET READINESS TO HELP IRAQ "ESTABLISH A NATIONAL OIL INDUSTRY AND TO EXPLOIT ITS OIL WEALTH INDEPENDENTLY," ARAB UNITY AND "FULL SUPPORT TO ARAB STATES AND PEOPLE IN PERSIAN GULF AREA FOR ELIMINATION OF IMPERIALIST DOMINATION AND ALL FOREIGN MILITARY BASES IN THE AREA" ALSO CALLED FOR.
3. ON MIDDLE EAST SETTLEMENT, COMMUNIQUE BRIEFLY STATES THAT PEACE NOT POSSIBLE "WITHOUT LIBERATION OF ALL ARAB TERRITORIES OCCUPIED AS A RESULT OF ISRAEL'S IMPERIALIST AGGRESSION, AND WITHOUT ENSURING LEGITIMATE RIGHTS OF ARAB PEOPLE OF PALESTINE." NO MENTION MADE OF USUAL SOVIET REFERENCES TO SC RESOLUTION 242 AS BASIS FOR SETTLEMENT WHICH INDICATES THAT, AS REPORTED IN REFTEL, PYRLIN'S PESSIMISM OVER SOVIET PROSPECTS FOR PERSUADING IRAQIS TO CLOSE RANKS WITH EGYPT ON THIS POINT WAS WELL FOUNDED. IN THIS CONNECTION, INFORMAL CHATS WITH EMBOFF SOME MONTHS AGO, EMPHASIZED CAUTIOUS ATTITUDE OF SOVIETS WHEN DEALING WITH IRAQIS, AND POINTED UP SOVIET TENDENCY TO BACK OFF FROM IMPLIED PRESSURE ON IRAQ AT FIRST SIGN OF NEGATIVE REACTION FROM BAGHDAD.
4. DELEGATION MEMBERSHIP HEAVY ON ECONOMIC SIDE AND COMMUNIQUE POINTS TO SUBSTANTIAL AGREEMENT ON EXPLOITATION OF IRAQI OIL RESOURCES WHICH, ACCORDING TO JORDANIAN AMBASSADOR, WAS MAIN IRAQI INTEREST. AMBASSADOR ASSUMED SOME MEASURES OF NATIONALIZATION WERE FORESEEN AND SAID, IN THIS CONNECTION, THAT IRAQ HAS ACQUIRED 15 TANKERS FROM SOVIETS WHICH WOULD SAIL

UNDER SOVIET FLAG (NOT CLEAR WHETHER PURCHASED OR LEASED), MAKING POSSIBLE HARASSMENT OF THEIR OPERATIONS BY OIL COMPANIES MORE DIFFICULT. PRESENCE OF IRAQI ARMY CHIEF OF STAFF LT GEN ABDEL DJABAR SHANSHAL AND IRAQI AIR FORCE BIRGADIER HUSEIN KHAYAVI POINT TO MILITARY DISCUSSIONS DURING VISIT BUT WE HAVE NO HARD INFORMATION ON MILITARY ASPECTS OF TALKS, AND COMMUNIQUE OFFERS NO CLUES.

BEAM

¹ Source: National Archives, RG 59, Central Files 1970-73, POL 7 IRAQ. Confidential. Repeated to Amman, Beirut, Cairo, Jidda, Kuwait, London, Manama, Paris, Tel Aviv, Tehran, and USUN.

299. Memorandum From the Chief of the Near East and South Asia Division of the Central Intelligence Agency (Waller) to the Assistant Secretary of State for Near Eastern and South Asian Affairs (Sisco), Washington, March 9, 1972¹

Washington, March 9, 1972

CENTRAL INTELLIGENCE AGENCY
WASHINGTON, D.C. 20505

MEMORANDUM FOR:

The Assistant Secretary of State for Near Eastern and South Asian Affairs

SUBJECT:

Intention of Kurdish Leader Al-Barzani to Approach the United States Government for Assistance; Iranian Intelligence Request for Expression of United States Government Willingness to Overthrow the Ba'thi Regime of Iraq

1. In early March 1972 a reliable Agency source reported that Mulla Mustafa al-Barzani, leader of the Iraqi Kurds, was under considerable pressure from the Soviet Union to effect a rapprochement with the Ba'thi regime in Baghdad. Together with this effort, the Soviet Union is also exerting pressure upon the Ba'th Party of Iraq and the Communist Party of Iraq to resolve their differences and work together toward a national front government. As a result of this pressure, al-Barzani believes that both the Iraqi Kurdish movement as well as the Iraqi nation are in danger since he will have to acquiesce unless he receives help from outside Iraq. Consequently, al-Barzani is again planning to send an emissary to persuade the United States Government of his concern and to arrange travel to the United States for al-Barzani to plead his case personally. Al-Barzani has indicated that he will not sign any agreement with the Ba'th Party of Iraq until he has reassessed the position of the United States toward his cause. (The last meeting between the United States Government and an emissary from al-Barzani took place in Beirut in early November 1971, and was reported in confidential Beirut Embtel 9689, 3 November 1971.)
2. On 6 March 1972, a senior official of the Iranian National Intelligence and Security Organization SAVAK) contacted [text not declassified] to

advise that SAVAK believes that Iraq is falling increasingly under Soviet domination. The SAVAK official cited Soviet pressures on al-Barzani and the imminence of a Soviet-Iraqi treaty. The SAVAK official stated that these factors presage further Soviet inroads into Iraq with consequent difficulties for Iran and for the Persian Gulf. The SAVAK official concluded by asking for the latest United States position on the question of attempting to replace the Iraqi Ba'thist government. The SAVAK official also wished to know if the United States would be prepared to provide financial and military support for the attempt and assist in drawing together Iraqi exiles who would comprise the nucleus of a separatist government initially harbored by al-Barzani. Our representative replied that he would inform his headquarters of SAVAK's queries.

John H. Waller
Chief, Near East and South Asia Division
cc: Director of Intelligence and Research
CSDB-312/01101-72

¹ Source: National Archives, RG 59, Central Files 1970-73, POL 13-3 IRAQ. Secret; Sensitive. Repeated to the Director of Intelligence and Research (Cline).

300. Central Intelligence Agency Information Cable TDCS
DB-315/02084-72, Washington, March 10, 1972¹

Washington, March 10, 1972

Intelligence Information Cable

ROUTINE

IN 556661

STATE/DIR NIC (DAVIS ONLY) SDO EXO DDI D/ONE DIA

DIRECTORATE OF PLANS

CITE TDCSDB -315/02084-72

DIST

10 MARCH 1972

COUNTRY

IRAQ/USSR/SYRIA

DOI

EARLY MARCH 1972

SUBJECT

[text not declassified]

ACQ

(10 MARCH 1972) FIELD NO.

SOURCE

A SOURCE WHOSE RELIABILITY IS ESTABLISHED. HIS ACCESS HAS BEEN VERIFIED.

WHITE HOUSE SIT ROOM: NO DISTRIBUTION EXCEPT TO DR.
KISSINGER

TO STATE: NO DISTRIBUTION EXCEPT TO DR. CLINE

TO DIA: EXCLUSIVE FOR LT. GENERAL BENNETT

1. IN EARLY MARCH 1972, AS A RESULT OF HIS MID-FEBRUARY 1972 VISIT TO THE USSR, SADDAM HUSAYN AL-TIKRITI, VICE PRESIDENT OF THE IRAQI REVOLUTIONARY COMMAND COUNCIL (RCC), WAS PLANNING TO CONCLUDE IN THE NEAR FUTURE A MILITARY, ECONOMIC AND POLITICAL AGREEMENT WITH THE USSR.
2. IRAQ AND THE USSR ARE EACH PREPARING A DRAFT VERSION OF THE AGREEMENT. FOR ITS PART, THE USSR HAS SET FOUR PRECONDITIONS TO THE CONCLUSION OF THE AGREEMENT:

- A. FORMATION OF A UNITED FRONT GOVERNMENT IN IRAQ IN WHICH THE COMMUNIST PARTY OF IRAQ WOULD PARTICIPATE;
 - B. PROVISION OF FACILITIES FOR THE USSR NAVY AT IRAQI PORTS, IN RETURN FOR SOVIET TRAINING AND EQUIPMENT FOR THE IRAQI NAVY;
 - C. CONSULTATION BETWEEN IRAQ AND THE USSR IN CASE OF A DISPUTE INVOLVING EITHER COUNTRY AND A THIRD PARTY; AND
 - D. ESTABLISHMENT OF CLOSER TIES AT ALL LEVELS BETWEEN IRAQ AND SYRIA.
3. AHMAD HASAN AL-BAKR, PRESIDENT OF THE RCC, DOES NOT WANT CLOSE TIES WITH SYRIA. AL-BAKR FEARS THIS WOULD PLACE IRAQ IN A POSITION OF HAVING A COMMON BORDER WITH ISRAEL AT A TIME WHEN PART OF SYRIA IS OCCUPIED BY ISRAELI FORCES. AL-BAKR'S VIEW COINCIDES WITH THE VIEW HELD BY SYRIAN REFUGEES IN IRAQ, INCLUDING FORMER PRESIDENT OF SYRIA AMIN AL-HAFIZ.

3. [*text not declassified*] DISSEM: [*text not declassified*]

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 603, Country Files, Middle East, Iraq, TDCSDB 315/02084-72. Secret; No Foreign Dissem; Controlled Dissem; No Dissem Abroad.

301. Memorandum From Harold Saunders of the National Security Council Staff to the President's Deputy Assistant for National Security Affairs (Haig), Washington, March 27, 1972¹

Washington, March 27, 1972

THE WHITE HOUSE
WASHINGTON
March 27, 1972
ACTION

MEMORANDUM FOR:

GENERAL HAIG

FROM:

HAROLD H. SAUNDERS

SUBJECT:
Supporting the Kurdish Rebellion

The Iranian intelligence service, SAVAK, has again [*text not declassified*] urged that we provide assistance through [*text not declassified*] to the Iraqi Kurdish leader, Mulla Mustafa al-Barzani.

Similar approaches have been made over the last ten years and have been turned down. The British have also avoided involvement. The Israelis are probably paying Barzani a sizeable monthly subsidy, and King Hussein when he comes here may support US involvement. [*text not declassified*]

According to a CIA report, the Soviets have urged Barzani and the Kurds to join a national front government in Iraq which would include Communists, Nasirists and Kurds under the Ba'th Party of Iraq. As you may know, the Kurds have been relatively quiet for the last two years or so. The purpose of any move the Iranians supported now would be to try again to overthrow the Iraqi Ba'thist government and to reduce

chances of Soviet entrenchment in Iraq. There are reports that a Soviet treaty with Iraq similar to that one with Egypt is in the offing.

State Department and CIA are inclined to continue to avoid involvement. For one thing, any assistance that may be needed by Barzani is fully within the capability of Iran or Israel to provide. There is nothing absolutely needed from us except that they want to involve us. Another factor is that the odds are against the Kurds succeeding. Also, our involving ourselves for the first time at this point could be regarded by the Soviets as a move directed against them.

My instinct is to remain out of this as we have in the past, but I felt that you ought to be aware because of the Soviet angle.

RECOMMENDATION: That I tell CIA we concur in their judgment that we should not involve ourselves.

Approve [HK] Other _____

SUBJECT:

Iranian Approaches to U.S. Government

In late November 1971 SAVAK predicted to [*text not declassified*] that a national front government would be formed in Iraq "within three or four months". This government would include communists, Nasirists and Kurds subservient to the Ba'th Party of Iraq (BPI) and would represent a situation antithetical to both Iranian and U.S. interests. SAVAK [*text not declassified*] stated that Kurdish leader Mulla Mustafa al-BARZANI represented the only available figure around whom effective anti-BPI activity could be organized.

In early March 1972, SAVAK [*text not declassified*] and reviewed events which at that time had led up to increasingly close Soviet ties with Iraq and joint Iraq-Soviet pressures on al-BARZANI to reach an agreement with both the BPI and the Communist Party of Iraq. SAVAK viewed these developments as presaging further Soviet inroads with consequent difficulties for Iran and for the Gulf. At this time SAVAK again asked for U.S. assistance against the BPI, assistance which would include financial aid, military equipment and political action, all involving al-BARZANI.

Concurrently, [*text not declassified*] reporting on the Soviet pressures, also reported that al-BARZANI was planning to send a letter to Secretary

of State Rogers requesting U.S. support against the BPI. All of these developments have been reported to the Department of State via Memorandum, [*text not declassified*]

On 15 March 1971, SAVAK [*text not declassified*] and said that al-BARZANI had asked SAVAK to inform USG that if the present trend continued, Iraq would assume a status similar to that of the East European satellites [*text not declassified*]. SAVAK again asked for USG support for al-BARZANI in order to forestall the formation of a national front government in Iraq and thereby the formation of a preponderantly communist government. SAVAK stated that USG assistance could be channelled secretly through [*text not declassified*] with only al-BARZANI being aware.

It should be noted that similar requests have been made to the USG by SAVAK on behalf of al-BARZANI over the past ten years. [*text not declassified*]

20 March 1972

SUBJECT:

Soviet Contacts with BARZANI

Following the visit of SADDAM TAQRITI to Moscow in February 1972, the Iraqi Ba'ath Government approached the Kurdish leadership asking it to sign the "National Covenant". A few days later, on 28 February, a Soviet delegation of four persons arrived at the Hqs of MULLA MUSTAPHA BARZANI. The appearance of the group was an unusual and extraordinary event and is regarded to be of significance.

THE SOVIETS WERE:

- (1) RUMANYTSEV, of the International Department of the CPUSSR.
- (2) FIODOROV, who was presented as no. 1's assistant. A person of the same name is serving in the Soviet Embassy in BAGHDAD and the two might be identical.
- (3) AZAROV, First Secretary in the BAGHDAD Embassy.
- (4) KHAIJEFF, not identified.

They made the following proposals:

- (1) The Kurds should sign the National Covenant and join the Popular Front, led by the Ba'ath Party. The Communists will be joining the Covenant.
- (2) The Soviets will establish a liaison with the Kurds. A Soviet mission with W/T contact will be stationed at Barzani's Hqs with the task of maintaining contact and "protecting" Barzani.

- (3) Barzani was invited to visit the Soviet Union and assurances were given for his safe passage.
- (4) Barzani was promised Soviet support should he go along with the above proposals.

It is possible that the Iraqi-Soviet move is of considerable geopolitical significance. Possibly the purpose of this move is to free the Iraqi forces for military-political action in the Persian Gulf, to be directed also against the oil interests in that area.

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 603, Country Files, Middle East, Iraq, Vol. I. Secret; Sensitive. Sent for action. Haig sent memorandum on to Kissinger, who approved the recommendation. On Kissinger's behalf, Haig wrote on the memorandum "Tell CIA to do in least abrasive way possible—Note—Barzani emissary enroute to D.C." Waller was informed of Kissinger's response on March 29.

302. Memorandum From the Director of Central Intelligence (Helms) to the President's Assistant for National Security Affairs (Kissinger), Secretary Rogers, and Secretary Laird, Washington, March 29, 1972¹

Washington, March 29, 1972

CENTRAL INTELLIGENCE AGENCY
WASHINGTON, D.C. 20505
OFFICE OF THE DIRECTOR
29 March 1972

MEMORANDUM FOR:

The Assistant to the President for National Security Affairs
The Secretary of State
The Secretary of Defense

SUBJECT:

Kurdish Efforts to Recruit International Support for Kurdish Position in Their Drive To Combat Closer Soviet-Iraqi Relations and Resulting Pressure on the Kurds

SUMMARY: Kurdish leader Mulla Mustafa al-Barzani sent an emissary during March 1972 to approach Jordanian [*text not declassified*] and United States Governments for aid, and to invite former Iraqi Prime Minister General 'Abd al-Razzaq al-NAYIF to participate in an Arab-Kurdish Government in the North. The emissary said that al-Barzani believes that the West will not wish to overlook recent signs of strengthening Soviet-Iraqi relations. During his talks in the West, the emissary hopes to receive a favorable response to some or all of the following requirements:

- A. Political discussions on a continuing basis;
- B. Provision of financial assistance;
- C. Provision of a power radio station and training for its operator;
- D. Cooperation with Kurdish intelligence which is the responsibility of Mas'ud Barzani; and
- E. The award of some scholarships for Kurds to study at western universities. END OF SUMMARY.

1. During March 1972 Mulla Mustafa al-Barzani sent [*text not declassified*] as his special representative, to have discussions with [*text not declassified*] representatives of the [*text not declassified*] and United States Governments.
2. During meetings with [*text not declassified*] explained recent developments in Iraq, including the forthcoming signature of a Soviet-Iraqi treaty of friendship agreed upon in principle during the visit of SADDAM HUSAYN AL-Tikriti, Vice-President of the Iraqi Revolutionary Command Council (RCC) and Assistant Secretary-General of the Ba'th Party of Iraq, to Moscow in February; Soviet pressure on the Kurds to sign the national charter with the Iraqi Ba'th Party and the Iraqi Communist Party; and the implications for the area as a whole of these developments.
3. [*text not declassified*] said that these developments placed the Kurds in a corner. If they agreed to join the national charter with the Iraqi Communist Party and the Ba'th, it would be impossible to escape at a later date, especially with the degree of support currently being pressed by the Soviet Union on the Ba'thi Government in Baghdad. If the Kurds refuse to join they must face the prospect of a renewal of hostilities. While the Soviet Union was pressing the Kurds to join, the Iranians were making every effort to persuade them not to. The Iranians had asked Idris Barzani, the son of Mulla Mustafa, to send them a list of requirements of their current military and material needs. This had been done and accepted in principle by the Iranians. The Kurds, however, did not trust the Iranians to implement their promises of help.
4. [*text not declassified*] continued by saying that the Kurds were no longer thinking in purely Kurdish terms but had discussed recent developments as a national problem for Iraq. In addition, the coming signature of a Soviet-Iraqi treaty had strategic implications for the whole area. In an effort to deal with the problem in its national context, the Kurds had had contact with Arab exile groups living in Cairo, but they did not trust them. [*text not declassified*] suggested that if [*text not declassified*] believed that the right moment had come, he personally should participate in the formation of a joint Arab-Kurdish committee located in Kurdistan, which would adopt the slogan of the Iraqi revolution in the north. The committee should establish international contacts throughout the world and then form a national government in the north after preparing the constitutional basis of a new regime. It should then seek the cooperation of the Iraqi Army and expel the Ba'th from Baghdad. The Arab-Kurdish committee should make it clear to Iran that, while accepting their military and other material assistance, they would not welcome direct control or

intervention by Iran in Iraqi internal affairs. Long Kurdish experience in working with Iran left no doubt that Iranian policy was to establish a weak government in Baghdad under unsuitable leaders such as 'Abd al-Ghany al-Rawi.

5. [text not declassified] said that if anything was to be done, a start would have to be made during the next three months. He proposed to visit [text not declassified] who had earlier promised to intercede with the Shah of Iran to provide necessary military aid without insisting on direct Iranian intervention and control of events. In addition, [text not declassified] said he was hoping to have discussions with officials at a senior level in [text not declassified] Washington to explain to them the strategic implications of recent Soviet moves in Iraq and to ask for some modest measures of help for the Kurds to be given in conditions of complete secrecy.
6. While realizing that Western policy toward the Kurds had traditionally been one of non-intervention, [text not declassified] said that the Kurds could not believe that the Western powers would remain indifferent once they were alerted to what was happening in Iraq. He hoped that he might receive a favorable response in the West to some or all of the following requirements:
 - A. Political discussions on a continuing basis;
 - B. Provision of financial assistance;
 - C. Provision of a powerful radio station and training for its operator;
 - D. Intelligence cooperation with Kurdish intelligence which was the responsibility of Mas'ud Barzani, a son of Mulla Mustafa al-Barzani; and
 - E. The award of some scholarships for Kurds to study at western universities.

CC:

Assistant Secretary of State for Near East and South Asian Affairs
Director, Intelligence and Research

Richard Helms
Director

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 603, Country Files, Middle East, Iraq, Vol. I. Secret; No Foreign Dissem; Controlled Dissem; No Dissem Abroad.

303. Memorandum From the Director of Central Intelligence (Helms) to the President's Assistant for National Security Affairs (Kissinger), Secretary Rogers, and Secretary Laird, Washington, March 31, 1972¹

Washington, March 31, 1972

CENTRAL INTELLIGENCE AGENCY
WASHINGTON, D.C. 20505
OFFICE OF THE DIRECTOR

MEMORANDUM FOR:

The Assistant to the President for National Security Affairs
The Secretary of State
The Secretary of Defense

SUBJECT:

1. Kurdish Views on Increasing Soviet-Iraqi Cooperation, Soviet and Iraqi Pressure for the Formation of a Ba'th-Communist-Kurdish Coalition in Baghdad, and Kurdish Reservations on Negotiations with the Ba'th.
 2. Kurdish Speculation on Possible BREZHNEV or Kosygin Visit to Baghdad in April 1972.
-
1. According to [*text not declassified*] Kurdish leaders believe the visit of SADDAM HUSAYN AL-Tikriti, Assistant Secretary-General of the Ba'th Party of Iraq (BPI) and Vice-President of the Revolutionary Command Council (RCC), to Moscow in mid-February 1972 opened a new phase of cooperation between the Soviet Union and the Ba'th Party Government in Baghdad. Kurdish representatives in Baghdad reported the favorable comments of senior Iraqi officers on the military assistance agreement signed in Moscow during Saddam Husayn's visit, which involved the further supply of sea mines, torpedo boats, tanks, and the promise of eventual supply of MIG-23 aircraft (sic). (Headquarters Comment: Source did not further identify the type of aircraft promised by the Soviets. Arabs frequently use the designation "MIG-23" when referring to the "Foxbat" aircraft.)
 2. The Kurds have learned that Soviet officers are already advising on the establishment of a SAM defensive system at Shu'aybah. Of more importance in Kurdish opinion, however, is the offer made by Saddam Husayn to the Soviet Union to nationalize all foreign oil installations in Iraq and to invite Soviet leaders to visit Baghdad, an invitation

which was accepted in principle. The Kurds understand that a visit by the General Secretary of the Communist Party of the Soviet Union, Leonid A. Brezhnev, or Premier Aleksey N. Kosygin is likely to take place in April 1972, during which time Iraq will sign with the Soviet Union a friendship treaty modeled on the Egyptian-Soviet friendship treaty signed in May 1971.

3. The only condition stipulated by the Soviet Union for full backing for the Ba'th Government in Baghdad is the successful conclusion and signature of a national charter (Al-Mithaq al-Watani) by the BPI, the Communist Party of Iraq (CPI), and the Kurdish Democratic Party (KDP). The signature of the national charter would be followed by a cabinet reshuffle bringing Communist ministers into the cabinet alongside the existing Kurdish ministers.
4. Direct pressure was exerted on the Kurds by a Soviet delegation which visited Kurdistan in late February 1972 for one night and included a member or alternate member of the Soviet Party Central Committee and representatives of the Soviet Embassy in Baghdad, including an intelligence officer. (Headquarters Comment: Other reporting has identified this CPSU representative as V. P. Rummyantsev, head of the Arab or Middle East Sektor of the International Department of the CC CPSU [but not himself a member or candidate member of the CC CPSU].) During discussions with the Soviet delegation, KDP leader Mulla Mustafa al-Barzani attacked the record of SADDAM HUSAYN AL-Tikriti and the Ba'th Government very strongly. He made it clear to the Soviet visitors that Kurdish experience in dealing with the Ba'th, leading up to the abortive assassination attempt against al-Barzani on 27 September 1971, prevented the Kurds from trusting the Ba'th. Al-Barzani pointed out that the Kurds had developed good relations with Iran and intended to retain them. The Soviet visitors replied that the Kurds should gradually reduce their dependence on Iran when they gradually gained confidence in the Bath, after signing the national charter. They offered to send a Soviet liaison officer to remain permanently at al-Barzani's headquarters and to guarantee al-Barzani's safety.
5. After the Soviet delegation left, Kurdish representatives in Baghdad, including Muhammad Mahmud Abd-al-Rahman (aka Sami), Minister of State Salih al-Yusufi, Nuri Shawish (pro-Moscow), Dara Tawfiq (a Communist), Minister of Municipalities Ihsan Shirzad, and Minister of Agriculture Nafidh Jalal, were summoned to the north. Of these, only Sami is trusted by the ruling Kurdish group around al-Barzani: his sons Idris and Masud Barzani, Dr. Mahmud 'Uthman, and Habib 'Abd-al-Karim. The Baghdad Kurds tendered the advice that the Ba'th was offering a lot and that the Kurds had their own faults,

particularly their reliance on Iran. They suggested that the Ba'th was sincere in wanting to negotiate a national pact. In reply, al-Barzani again violently attacked the Ba'th and refused to listen to their arguments. Nevertheless, a committee was formed consisting of Salih al-Yusufi, Dara Tawfiq and Muhammad Mahmud Abd-al-Rahman to negotiate with the Ba'th. The committee was immediately given a brief to demand the most difficult conditions in their negotiations with the Ba'th with a view to bringing about a delay, forestalling a quick agreement, and allowing the Kurds time to study the situation. These conditions included:

- A. A demand for immediate local autonomy for the Kurdish areas as laid down in the 11 March 1970 agreement;
 - B. A demand for the Kirkuk area to be made over to the Kurds; and
 - C. A demand that two-fifths of the revenue of Iraq should be spent in the Kurdish areas in proportion to the Kurdish population.
6. Kurdish leaders are well aware that the Ba'th will not accept these conditions but fear that for tactical reasons they will propose to sign an agreement incorporating them, later refusing to implement the agreed conditions. The Kurds believe that the Ba'th will take every opportunity to instigate plots against them, buy off Kurds whose loyalty is divided, and try to isolate and weaken al-Barzani with a view either to assassinate him or fight him when he has been sufficiently weakened. AlBarzani is hesitating to take a decision to move openly against the Ba'th, since he fears that the Soviet Union would turn against him. The Soviet Union has openly said that it will oppose any elements working against the Ba'th. Al-Barzani believes that the small amount of aid received from Iran during recent months makes fighting impossible at present.
7. If an Iraqi government in exile, consisting of Kurds and Arabs, however, could be established in the north, backed by other outside groups, there would be a good hope of destroying the Ba'th. If help did not become available, the Kurds believe that the increasing willingness of the Soviet Union to throw its weight behind the Ba'th eventually will undermine their ability to adopt an independent stance and will open the way to the Ba'th controlling the whole area of Iraq.

CC:

Assistant Secretary of State for Near East and South Asian Affairs
Director, Intelligence and Research

Richard Helms
Director

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 603, Country Files, Middle East, Iraq, Vol. I. Secret; No Foreign Dissem; Controlled Dissem; No Dissem Abroad.

304. Memorandum From Andrew Killgore of the Bureau of Near Eastern and South Asian Affairs to the Assistant Secretary for Near Eastern and South Asian Affairs (Sisco), Washington, April 3, 1972¹

Washington, April 3, 1972

UNITED STATES GOVERNMENT

Memorandum

TO:

NEA - Mr. Sisco

DATE:

April 5, 1972

THRU

NEA - Mr. Athert

FROM:

NEA/ARN - Andrew I. Killgore

SUBJECT:

Kurdish Appeal U.S. Assistance

Attached, is a memorandum of the Uthman-Scotes conversation. Uthman made an appeal for direct or indirect U.S. assistance to enable Barzani to establish an Iraqi Arab-Kurdish "liberation movement" in Iraqi Kurdistan with the aim of overthrowing the Ba'athi regime in Baghdad. He also transmitted a letter to the Secretary (see attached rough translation) in which Barzani makes the same appeal. He has requested an answer to this appeal by Thursday, April 6.

Our initial reaction to this appeal is negative based on our views that (a) a Barzani-dominated regime would have difficulty surviving in the face of what would doubtless become consolidated Arab opposition to it from both inside and outside Iraq; (b) the Soviets are so well established economically in Iraq that even if Barzani succeeds in overthrowing the Ba'athis, it is unlikely that he could break Iraq's ties with Moscow unless we were prepared to step in with immediate and perhaps large-scale

assistance; (c) USG support for a coup operation which at best appears to be ill organized would be difficult "to conceal and thus the USG would risk further strains on its relations with the other Arab states because of support for a non-Arab movement backed by other non-Arab states (Iran and Israel) against "the Arabs"; (d) facilitating the coming to power of a Kurdish-supported government in Baghdad also risks arousing the expectations of Kurds in neighboring Iran and Turkey, thus causing-concern in at least Turkey if not Iran; (e) any encouragement to the Kurds can only give further impetus to Kurdish nationalist aspirations which aim eventually to establish a separate state of Kurdistan, a step which would be retrogressive in that it would represent further fragmentation in an already fragmented area.

Despite the above initial reaction, we have discussed this matter with Roy who agrees that it would be useful if we had an informal review of the Kurdish situation with Mike Waller of CIA before making any final decision regarding the Uthman appeal. CIA has also been getting through independent sources the same information and similar appeals. Such a review would be in line with your thoughts expressed to Tom Scotese at the airport yesterday that we continue to update our assessments and not be guided solely by conventional wisdom concerning such matters.

Meanwhile, we would recommend that you brief the Secretary orally about this problem in view of the fact that the letter from Barzani is addressed to him.

Attachments:

Memorandum of Conversation
Translation of Barzani letter to the Secretary

DEPARTMENT OF STATE

Memorandum of Conversation

DATE:

April 3, 1972

SUBJECT:

Kurdish Appeal for U. S. Assistance

PARTICIPANTS:

T. J. Scotese, Esq., Officer-in-Charge Jordanian Affairs
Zayd Uthman, Special Emissary from Mulla Mustafa Barzani

PLACE:

Hay-Adams Hotel, Washington, D.C.

SUMMARY

During an April 3 meeting arranged at his request Zayd Uthman, Special Emissary from Kurdish leader Mulla Mustafa Barzani, made the following points to Iraqi Desk Officer Thomas J. Scotese:

- a) As a result of the recent visit to Moscow by SADDAM HUSAYN AL-Tikriti, Assistant Secretary General of the Iraqi Ba'th Party, Soviet influence in Iraq has been dramatically enhanced.
- b) The Soviets are now pressing Mulla Mustafa to join the Iraqi Ba'th party and the Iraqi Communist Party in the formation of a national front government as part of a Soviet effort to consolidate their position in Iraq.
- c) Mulla Mustafa does not wish to participate in a national front government because he fears that the Ba'th Party will use this proposal as a ploy to destroy the Kurdish Democratic Party (KDP).
- d) Mulla Mustafa Barzani appeals to the U.S. Government for financial and military assistance to enable him to establish in Iraqi Kurdistan an Iraqi government-in-exile consisting of Kurds and Arabs, as a stepping-stone leading to the overthrow of the Iraqi Ba'th Party.
- e) U.S. assistance can be made available to Barzani directly or indirectly for example through King Hussein. If it is not furnished in the near future, Mulla Mustafa will not be able to withstand the Soviet and Ba'th pressures which in turn will result in the eventual Sovietization of Iraq thereby threatening Free World interests in the Persian Gulf as well as Iran and Turkey.
- f) Uthman conveyed a letter in Arabic from Barzani to Secretary Rogers in which Barzani makes the same appeal as above. Uthman requested an answer to this appeal before his departure from Washington in April 6.

1. Barzani Plea for U.S. Assistance. Uthman stated that he is coming on a special mission from Mulla Mustafa Barzani to the United States to seek U.S. assistance at a critical time in the history of Iraq and of the Kurdish national movement. Uthman continued that as a result of the recent trip to Moscow by Saddam Hussein Tikriti, Assistant Secretary General of the Iraqi Ba'th Party, the Soviets are now supporting the Iraqi Ba'th Party's effort to establish a national front government in Iraq. This Soviet support has taken the form of Soviet pressure on Mulla Mustafa Barzani to accede to the Ba'thist request. A high-

ranking Soviet Communist Party official was recently in Kurdistan trying to persuade Barzani. Barzani, however, feels that if the Kurdish Democratic Party (KDP) joins with the Iraqi Ba'th Party and the Iraqi Communist Party, the Kurdish national movement will in time be subverted and its force dissipated. Uthman explained that the Soviets aim through their support of a national front stratagem to establish and consolidate further their position in Iraq, particularly at a time when their position in Egypt and Syria seems to be unpredictable. Uthman continued that Soviet economic and political interests in Iraq have grown dramatically over the last several years, and the Soviets wish to protect this investment. Moreover, the Kurds believe that the Soviets intend to use Iraq for subversion not only in the Gulf but against Iran and Turkey as well. Uthman concluded that the stakes are high and that only the U.S. can, by supporting Barzani either directly or indirectly, stem the Soviet tide. In response to my question, Uthman stated that the Kurds have been in touch with both the Shah and King Hussein. The former, however, blows hot and cold in his support of the Kurdish national movement. Barzani cannot commit himself to an all-out struggle against the Ba'th regime in Baghdad on the basis of such unpredictable support. King Hussein, sympathetic though he may be, has been unable to promise the Kurds anything but moral support. He has expressed, however, his willingness to go to Tehran to solicit further assistance from the Shah. Barzani can wait no longer for either the Shah or King Hussein. The Soviets and the Iraqi Ba'th leadership are pressing him for an answer in the next three or four weeks. It is for this reason that Barzani decided to send a letter (see attached rough English translation) to the Secretary of State in which he makes a final appeal to the U.S. for help. If this help is not forthcoming, Barzani will be obliged to join the national front, and the West's last opportunity to thwart Soviet designs in Iraq will have been lost.

2. Barzani Plan. Uthman then explained how Barzani intends to proceed if U.S. assistance is forthcoming. Uthman noted at the outset that the U.S. might wish to make its assistance available to the Kurds indirectly as for example, through King Hussein. This would be acceptable to the Kurds, who in any event trust King Hussein. Uthman continued that he, on behalf of Barzani, has been in touch with "reputable" Iraqi elements who are opposed to the Ba'thists and who are prepared to cooperate with the Kurds in an attempt to overthrow the Ba'th regime. These Arab elements, however, will make no overt commitment to support Barzani until they are assured of U.S. support, both moral and financial. Uthman repeated several times that once U.S. support becomes known, these elements will flock to Barzani in the north

which will then be used as a center from which to launch initially a propaganda attack against the Ba'athist regime to be followed by whatever military action is required. In response to questions, Uthman was unwilling to be specific concerning military actions, saying that details would be worked out later. Uthman was certain that in view of the strong antipathy toward the Ba'athist regime in Iraq, both the Iraqi Army and the Iraqi people will welcome the establishment of a "liberation" movement located in the north. Uthman indicated that the Kurds have already been in touch with disaffected elements in the Iraqi Army which are only, waiting for the signal to come over to Barzani. Of course, Uthman continued, Barzani must be in a position to pay these men their salaries as well as to maintain their families if and when they defect. This financial support would be in addition to the current financial support which Barzani must make to his own Kurdish irregulars (Pishmerga). At the present time the Iraqi regime pays Barzani approximately 150,000 Iraqi Dinars (about \$420,000) a month to support the Kurdish irregulars. If Barzani refuses to go into the national front, Uthman continued, it was likely the Iraqi Government will cut off this payment, thereby leaving Barzani with no money to support his troops (in this regard Uthman observed that there are now approximately some 24,000 Pishmerga either under arms or able to mobilize within 24 hours. Uthman added that if funds become available, the Kurds can raise approximately 50,000 men in the north in a few months time.) Uthman said that Barzani would also need "offensive" weapons to supplement the "defensive" weapons which the Kurds now possess.

3. Ba'ath Demands of Barzani. Uthman said that as part of Barzani's willingness to participate in a national front government, the Iraqis expect Barzani to close his part of the border with Iran and permit the stationing of Iraqi troops in the north. Barzani is unwilling to accept these proposals. The Soviets have been endeavoring to ease Barzani's apprehensions by expressing their willingness to send a high-level Soviet official to stay in the north with Barzani to assure that the Iraqi Ba'athists would keep their part of the agreement which would involve ostensibly the granting of autonomy to the north. Barzani does not trust either the Soviets or the Ba'athists.
4. Soviet Aims. Uthman repeated several times his assessment of Soviet aims in Iraq and in the area. As mentioned above, Uthman stated that initially the Soviets wished to protect their major economic and political investment in Iraq. In this connection, Uthman opined that the Soviets may also have their eyes on Iraqi oil. He said that the Kurds have heard from a reliable source that Saddam Husayn has sought Soviet views and assistance in connection with the possible

nationalization of the British and American shares of the IPC consortium. Uthman continued that the longterm goal of the Soviets in Iraq is to use it as a center by which to outflank Turkey and thereby NATO, as well as to subvert Iran and the Persian Gulf. Uthman said that the Soviets are already helping the Iraqis put up a missile defense system at Shu'aybah Air Base near Basra. Soviet military advisors are also widespread in the Iraqi Army.

5. Past Iranian Involvement. Although expressing Kurdish appreciation for Iranian assistance in the past, Uthman opined that the Iranians either do not know how to deal with Iraqis or are using the Iraqi situation for their own ends. He inclined to the latter view, noting that the Iranians have tried to prevent the Kurds from seeking to make contacts with other possible sources of assistance such as the Uthman stated his view that the Iranians are short-sighted if they believe that they can use the Kurds and the other moderate Iraqis in this manner. Uthman opined that continued instability in Iraq should not be an Iranian goal, as it now appears to be.
6. Egyptian Approach to Barzani. Uthman said that recently Egypt sent some emissaries to Barzani who expressed Syrian and Egyptian interest in cooperating with the Kurds for the purpose of overthrowing the Ba'athist regime in Baghdad. The Egyptians, however, indicated that it would be necessary for the Kurds to cooperate with Arab "nationalist" elements which Barzani is not prepared to do because of his belief that these elements are generally discredited among the Iraqi people.

Situation in the North. According to Uthman, the situation in the north is quiet. Despite reports of central government assistance to the Kurds, Uthman alleged that very little has in fact been accomplished. This is one reason why Barzani has become disillusioned with the Ba'athist regime and its promises. In addition, of course, the recent assassination attempt on Barzani's life did little to enhance the credibility of the Ba'athist regime among the Kurds. Although Arab settlers have been leaving the Arbil area, the Baghdad Government is continuing to bring Arab settlers into the Kirkuk region in an obvious effort to Arabize that area before any plebiscite is held. (Barzani doubted that such a plebiscite would ever be held.) Meanwhile, Barzani's prestige among the Kurds has never been higher. Almost all of the tribes now support him including such traditional Barzani tribal rivals as the Lolans, the Harkis and the greater part of the Zibaris. In addition, the Jalal Talabani faction of the KDP is now completely behind Barzani with Talabani and Ibrahim Ahmed in the north at Barzani's headquarters.

Situation in Baghdad. Uthman described the situation in Baghdad as one of growing opposition to the regime. He added, however, that the terror employed by the Ba'athists has cowed most of the population. He said that the torture being used in Iraqi prisons is much worse than any of the Communist regimes have ever used in the past. In this regard, he said that the East Germans are reportedly training the Iraqi secret police. Uthman reiterated the readiness of the Iraqi Arab population to support any movement which would lead to the overthrow of the Ba'athist regime. He qualified this, however, by saying that the Iraqi Arabs would not support "old regime" elements or "sloganeering" Arab nationalists.

¹ Source: National Archives, RG 59, Central Files 1970-73, POL 13-3 Iraq. Secret.

305. Memorandum From the Executive Secretary of the Department of State (Eliot) to the President's Assistant for National Security Affairs (Kissinger), April 13, 1972¹

April 13, 1972

DEPARTMENT OF STATE
Washington, D.C. 20520
April 13, 1972

MEMORANDUM FOR MR. HENRY A. KISSINGER
THE WHITE HOUSE

COPIES TO:

S

U

J

EUR

NEA

INR

S/S

RF

SUBJECT:

Preliminary Analysis of Iraqi-USSR Treaty

On April 9 the Soviet Union and Iraq signed in Baghdad a fifteen-year "Treaty of Friendship and Cooperation." The Treaty, signed on behalf of the USSR by Premier Kosygin, pledges the two countries to cooperate in the political, economic, scientific and military fields, but the commitments are even less specific than the general pledges contained in the Soviet-Egyptian Treaty of May 1971. For example, the article calling for developing "cooperation in the field of strengthening the defensive

capabilities of each" is less forthcoming than the undertakings agreed upon last May between the Soviet Union and Egypt.

Concerning the Arab-Israeli problem, the only Soviet concession to Iraqi sensibilities was the assertion that the two parties "will continue to wage unrelenting struggle against imperialism and Zionism." On the other hand, Iraq, which so far has rejected Security Council Resolution 242, moved closer to accepting the principle of a negotiated Middle East settlement; it agreed to preambular language which stated that both parties were, "Firmly convinced that in the contemporary world international problems must be solved by cooperation and by seeking solutions acceptable to the parties concerned " For the Iraqi Ba'athis, this is moderate language.

The Iraqi-USSR treaty symbolizes recent Soviet advances in the area and reflects the considerable and increasing Soviet presence in Iraq. This presence, which complements the Soviet position in Egypt, has been in the form of strong political ties, continuing military assistance and large-scale Soviet economic assistance. In the latter respect Kosygin's participation in ceremonies marking the start of production in the rich North Rumaila oil field reflects the special Soviet effort to gain influence over much of the Iraqi oil complex in order to assure the Soviets of alternative sources of oil for their markets in Western and Eastern Europe.

While BREZHNEV made pact signing a part of his program announced at the 24th Soviet Party Congress in March of 1971 and the USSR has recently signed treaties with Egypt and India, it appears that Iraq instigated treaty discussions. Saddam Husseini, the strong man of Iraq, has alienated important segments of the Iraqi body politic and to a great extent has been isolated from the Arab mainstream. In signing a treaty with the Soviets he has sought to enhance the legitimacy of his position and has served notice to his opponents that he has formalized outside support. From the Soviet viewpoint, the Treaty fits into a series of recent moves to consolidate and demonstrate their position in the Arab world, undoubtedly taken with at least one eye on the forthcoming Moscow Summit.

Kosygin has emphasized that the treaty is not aimed at another country. In so doing Kosygin no doubt intended to reassure Iran about Soviet intentions, for ideally the Soviets would like to improve relations with both Baghdad and Tehran simultaneously. In fact they have reached a situation, in the light of Iraqi-Iranian rivalry, where it is difficult to

improve relations with one without adversely affecting relations with the other. It is possible that the Soviets will endeavor to overcome this difficulty by seeking to persuade the Iranians that the Treaty in fact will enable the Soviets to persuade the Iraqis to exercise restraint vis-a-vis Iran. However, the Treaty will put a strain on the Soviet-Iranian relationship, which has been fairly good recently. The Shah will see the Treaty as another major Soviet achievement and as confirmation of his fears about long-term Soviet intentions in the area.

Theodore L. Eliot, Jr.
Executive Secretary

NEA/ARN TWSeelye:AIKillgore:bdf

4/12/72 x22670

Clearance: NEA -Mr. A.therton

NEA/IRN - Mr. Miklos

EUR/SOV - Mr. Perry

INR - Mr. Stoddard

¹ Source: National Archives, RG 59, Central Files 1970-73, POL IRAQ-USSR. Secret. Drafted by Seelye and Killgore; cleared by Atherton, Miklos, Perry, and Philip H. Stoddard (INR).

306. Telegram 69032 From the Department of State to the Embassy in France, April 20, 1972, 2359Z¹

April 20, 1972, 2359Z

DEPARTMENT OF STATE TELEGRAM 69032

NEA/ARP: JWTWINAM: GAD
NEA - MR. DAVIES
NEAA/ARP - MR. DICKMAN

ROUTINE

PARIS
TEHRAN
AMMAN
ANKARA
BRUSSELS
CAIRO
JIDDA
KUWAIT
LONDON
MOSCOW

SUBJ:

DAVIES-LOPINOT TALK ON IRAQ AND PERSIAN GULF

REF:

STATE 567657

SUMMARY: DAVIES GAVE US ASSESSMENT SIGNIFICANCE SOVIET-IRAQI TREATY AND DISCUSSED PROSPECTS FOR STABILITY IN PERSIAN GULF AND US POLICY THERE.

1. IRAQ: FRENCH EMBASSY COUNSELOR LOPINOT CALLED ON DEPASSTSEC DAVIES APRIL 18 FOR REVIEW OF SITUATION IN IRAQ AND PERSIAN GULF. LOPINOT NOTED IRAQI STRONGMAN SADDAM HUSSEIN WOULD SOON VISIT PARIS AND QUAI EAGER FOR US ASSESSMENT SIGNIFICANCE RECENT IRAQI-SOVIET TREATY. NOTING US PRESENTLY UNCERTAIN WHETHER SOVIETS OR IRAQIS EXERCISED THE MOST INITIATIVE IN BRINGING OFF TREATY AND REFERRING TO BREZHNEV'S 24TH CONGRESS INDICATION GENERAL SOVIET INTEREST IN SIGNING PACTS WITH OTHER COUNTRIES, DAVIES GAVE LOPINOT ASSESSMENT ALONG LINES REFTTEL. DAVIES NOTED SPECULATION THAT TREATY MAY IN SOME WAY REFLECT SOVIET-IRAQI DESIRE TO GAIN INFLUENCE IN THE PERSIAN GULF, BUT SAID IT DOUBTFUL

IRAQ IN PRESENT STATE OF POLITICAL STABILITY PROVIDES SUFFICIENT BASE FOR SUCH AN UNDERTAKING. DAVIES ALSO POINTED OUT TREATY LESS SPECIFIC IN MILITARY FIELD THAN WAS EARLIER TREATY WITH EGYPT. IN SUMMARY, DAVIES SAID THAT MAIN IMPORTANCE OF TREATY MAY BE SYMBOLIC AND PSYCHOLOGICAL. IN RESPONSE TO QUESTION LOPINOT SAID FRENCH, WHILE STILL EVALUATING TREATY DEVELOPMENT, ARE LOOKING AT SAME CONSIDERATIONS DAVIES HAD OUTLINED.

2. LOPINOT NOTED SADDAM'S STRONG INTERNAL POSITION IN IRAQI POWER STRUCTURE BUT AGREED THAT OVERALL POLITICAL STRUCTURE IRAQI IS WEAK AND THAT ARMY, DECIMATED BY BAATHIST PURGES, RELATIVELY INEFFECTIVE. DAVIES NOTED KURDISH PROBLEM ALSO WEAKENS EFFECTIVENESS IRAQI REGIME. LOPINOT SAID HE UNDERSTOOD THERE IS "PERSONAL AGREEMENT" BETWEEN BARZANI AND SADDAM TO DO NOTHING TO WEAKEN ONE ANOTHER'S LEADERSHIP POSITION. IN RESPONSE TO QUESTION, DAVIES SAID WE DO NOT BELIEVE COMMUNISTS IN IRAQ ARE ANY STRONGER THAN THEY HAVE BEEN IN RECENT YEARS AND THAT SOVIET POSTURE TOWARD IRAQ MOTIVATED BY POWER RELATIONSHIP RATHER THAN IDEOLOGY. LOPINOT NOTED IRAQI REGIME'S CAUTIOUS ATTITUDE TOWARD CRITICIZING KING HUSSEIN FOR HIS WEST BANK PLAN AND AGREED THAT RELATIVELY MODERATE IRAQI POSTURE TOWARDS JORDAN MAY REFLECT FELT NEED FOR BALANCE AGAINST SYRIAN MEMBERSHIP IN CAR. IN RESPONSE LOPINOT'S QUESTION ON POSSIBILITY OPENING US INTEREST SECTION BAGHDAD, DAVIES REPLIED THAT UNDER 1967 AGREEMENT WE ARE AUTHORIZED INTEREST SECTION BUT STRICTURES PLACED IN PAST ON LEVEL OF US REPRESENTATION HAD MADE IT UNDESIRABLE TO HAVE SOMEONE IN BAGHDAD. NOW IT SEEMS REASONABLE THAT WE SHOULD HAVE SOMEONE REPRESENTING US IN BELGIAN EMBASSY. LOPINOT ASKED WHAT IPC'S POSITION WOULD BE ON SOVIET OR OTHER INTERESTS EFFORTS TO MARKET NORTH RUMALIA OIL. DAVIES SAID WE UNDERSTOOD IPC WOULD SEEK TO OBSTRUCT THROUGH LEGAL PROCEDURES MARKETING OF NORTH RUMALIA OIL. LOPINOT NOTED THAT ITALIANS HAD CONCLUDED BARTER ARRANGEMENT WITH IRAQ CALLING FOR ITALIAN IMPORT OF IRAQI CRUDE OIL. LOPINOT ASKED IF IN OUR OPINION SOVIETS WILL WANT THEIR OWN "BAHRAIN AGREEMENT" WITH IRAQ FOR USE OF NAVAL FACILITIES. AFTER REASSURING LOPINOT THAT OUR NAVAL PRESENCE IN BAHRAIN WHICH DATES FROM LATE 1940'S REPRESENTS NO CHANGE IN US POLICY OR

OBJECTIVES, DAVIES SAID WE FORESEE NO CHANGE IN SOVIET ROLE UMM AL QASR, WHERE SOVIETS WILL UNDOUBTEDLY CONTINUE TO SEEK PERIODIC USE OF IRAQI FACILITIES WHICH THEY HAVE HELPED DEVELOP. LOPINOT, WHO SPENT 5 YEARS IN BAGHDAD PRIOR TO WASHINGTON ASSIGNMENT, SAID SOVIET-IRAQI RELATIONSHIP NOT ALWAYS EASY AND THAT LATE VICE PRESIDENT HARDAN TIKRIKI HAD COMPLAINED FREQUENTLY OF SOVIET FAILURES TO LIVE UP TO PROMISES, PARTICULARLY WITH REGARD TO MILITARY EQUIPMENT AND SPARES DELIVERY.

3. PERSIAN GULF: IN RESPONSE TO QUESTION ON IRAQI ROLE IN GULF, DAVIES SAID SOME IRAQIS HAD LONG FELT THAT IRAQ HAS "MANIFEST DESTINY" IN GULF, BUT THAT WE DOUBT IRAQI THREAT TO GULF IS CREDIBLE. THERE HAVE BEEN SOME ARMS SHIPMENTS TO DISSIDENT GROUPS, BUT WE DO NOT ANTICIPATE SIGNIFICANT NEAR TERM CHANGE IN IRAQI ROLE IN GULF. DAVIES REMINDED LOPINOT THAT HAND OF BAAATH PARTY HAD BEEN HEAVY IN 1965 BAHRAIN LABOR DISTURBANCES BUT THAT MOST RECENT DISTURBANCES APPEAR TO HAVE RESULTED FROM LOCAL PROBLEMS AND NO STRONG EVIDENCE OF IRAQI OR OUTSIDE INSTIGATION. AS TO SOVIET ROLE WE FORESEE SOVIETS ATTEMPTING TO EXTEND DIPLOMATIC AND COMMERCIAL PRESENCE INTO GULF AND PERHAPS OFFERING SCHOLARSHIPS OR TECHNICAL ASSISTANCE. WE SEE NO IMMEDIATE SOVIET THREAT BUT SOVIET OBJECTIVES ARE LONG TERM IN NATURE AND BEAR WATCHING. DAVIES POINTED OUT SOVIETS IN PAST OFFERED SIGNIFICANT SCHOLARSHIP HELP TO EXILED OMANIS AND THAT SEVERAL SOVIET-EDUCATED OMANIS WHOM HE HAD MET DURING DECEMBER VISIT TO MUSCAT URGED COUNTER-BALANCING US EDUCATIONAL AID.
4. DAVIES SAID ON HIS DECEMBER TRIP HE WAS IMPRESSED BY CHANGE OF ATTITUDE OF GULF LEADERSHIP FROM UNCERTAINTY TO CONSIDERABLE CONFIDENCE IN FUTURE AND THEIR ABILITY TO COOPERATE TOGETHER. GULF STATES HAVE ESTABLISHED ECONOMIC BASE AND BAHRAIN SEEMS PARTICULARLY WELL ORGANIZED BUREAUCRATICALLY. GULF LEADERS RECOGNIZE REALITIES OF IRANIAN POWER AND NEED TO COOPERATE WITH IRAN. DAVIES WAS IMPRESSED BY "RATIONALISM" OF GULF LEADERS. ABU DHABI IS DISORGANIZED BUT ZAYID APPEARS TO BE RAPIDLY LEARNING REALITIES OF MODERN WORLD AND ESTABLISHMENT UAE COULD SERVE TO BRING OUTSIDE PROFESSIONAL AND BUREAUCRATIC EXPERTISE TO MAKE TRUCIAL STATES FEDERATION WORK. OMAN IS

EMERGING INTO 20TH CENTURY UNDER WELL-EDUCATED, YOUNG SULTAN WHO IN MILITARY SPHERE SEEMS IN IMPROVED POSITION WITH RESPECT TO DHOFAR INSURRECTION BUT RECOGNIZES NEED FOR CIVIC ACTION TO ELIMINATE POPULAR SUPPORT FOR REBELS. SULTAN IS PROCEEDING WITH BEDOUIN RESETTLEMENT PROGRAMS, EXPERIMENTAL FARMS, DEVELOPMENT OF SCHOOLS, AND ESTABLISHMENT GOVERNMENT BROADCASTING CAPABILITY IN DHOFAR. OMAN'S OIL INCOME PROVIDES MINIMUM BASE FOR MILITARY AND ECONOMIC DEVELOPMENT EXPENDITURES, AND RECENT FISHERIES ARRANGEMENTS WITH AMERICAN CONSORTIUM OFFERS FURTHER HOPE FOR ECONOMIC GROWTH. SAUDI-ABU DHABI BOUNDARY PROBLEM AND FACT THAT SAUDI ARABIA HAS NOT RECOGNIZED UAE REMAIN PROBLEMS IN THE AREA. THERE ALSO STILL SOME FEELING AGAINST IRAN'S SEIZURE OF TUNBS, BUT RAS AL-KHAIMAH'S ENTRY INTO UAE TENDS TO MAKE THIS MORE A PHILOSOPHICAL THAN A PRACTICAL PROBLEM. IN RESPONSE TO QUESTION DAVIES SAID UAE AGREEMENT IN PRINCIPLE TO ESTABLISH RELATIONS WITH SOVIET UNION APPEARS TO REFLECT ZAYID'S SOMEWHAT SIMPLISTIC APPROACH TO INTERNATIONAL POLITICS AND WE UNDERSTAND FAISAL FELT THIS STEP DISRUPTIVE TO SECURITY PROSPECTS FOR AREA. LOPINOT ASKED IF THERE WERE NOT POSSIBILITIES FOR COUPS D'ETAT IN AREA. DAVIES SAID THERE IS ALWAYS POSSIBILITY OF COUPS OR ASSASSINATIONS IN ANY OF THE STATES OF THE AREA, BUT THE GULF DOES NOT APPEAR TO US TO BE NECESSARILY DOOMED TO GO THROUGH A PERIOD OF DESTRUCTIVE CHANGE. NOTING THAT SAUDI ARABIA SEEMS TO HAVE DEVELOPED ITS OWN FORM OF POLITICAL STABILITY, DAVIES SAID THE GULF AREA IS ONE ABOUT WHICH WE ARE "CAUTIOUSLY OPTIMISTIC."

5. DAVIES SAID US POLICY IS TO ESTABLISH DIPLOMATIC PRESENCE IN LOWER GULF AND OMAN, TO URGE STATES OF THE GULF TO COOPERATE WITH ONE ANOTHER, AND TO ENCOURAGE OUR EUROPEAN ALLIES AND OUR OWN PRIVATE SECTOR TO DEVELOP TIES WITH THE NEW STATES AND TO PROVIDE TECHNICAL ASSISTANCE WHERE POSSIBLE, ON A REIMBURSABLE BASIS, IN MANY CASES. LOPINOT SAID THAT MINISTER OF STATE LIPKOWSKI IS NOW VISITING GULF AND THAT WHILE FRANCE HAS NOT YET ENTERED INTO DIPLOMATIC RELATIONS WITH NEW STATES IT PLANS TO ACCREDIT AMBASSADOR CARTON IN KUWAIT TO THE GULF STATES IN THE NEAR FUTURE. YY

¹ Source: National Archives, RG 59, Central Files 1970-73, POL IRAQ-USSR. Confidential. Repeated to Tehran, Amman, Ankara, Brussels, Cairo, Jidda, Kuwait, London, and Moscow

307. Intelligence Memorandum No. 0865/72, Washington,
May 12, 1972¹

Washington, May 12, 1972

CENTRAL INTELLIGENCE AGENCY
Directorate of Intelligence
12 May 1972

INTELLIGENCE MEMORANDUM

Moscow and the Persian Gulf

1. Soviet policies in the Persian Gulf have followed a consistent course over the past five years. During this period, Moscow has probed the area, seeking—as opportunities arose—to extend its political and military influence into a region of traditional Russian concern. Iran, Iraq, and Kuwait have been responsive to Soviet overtures. Moscow has been particularly successful in using economic openings with Tehran and Baghdad to foster the growth of policies more friendly to the USSR. After Kuwait gained independence in 1961, the Soviets moved quickly to establish a diplomatic mission. In 1970, Soviet representatives in Kuwait arranged for Kuwaiti oil to be delivered to Japan, a Soviet customer, in return for the shipment of Soviet crude to Kuwait's clients in Europe.

2.

Iran is now the fourth largest recipient of Soviet economic aid and the second largest recipient of East European aid. Although this assistance still represents only a small part of the total financing for Iran's economic development program, Soviet activity is the dominant foreign activity in the northern part of the country and is important in other sectors. The largest Soviet project in Iran is the Isfahan steel mill, which the USSR agreed to undertake after the West turned it down as economically unfeasible. As repayment for most of its credits, the USSR is taking a billion dollars worth of natural gas from Iran over the next decade.

Note: This memorandum was prepared by the Office of Current Intelligence and coordinated within the Directorate of Intelligence.

3. The USSR also has emerged as Iran's third largest arms supplier. The most recent agreement brought Soviet military aid to Iran to a total of more than \$350 million. Tehran's purchases have been confined to conventional armaments, such as artillery and armored personnel carriers. The Shah prefers not to purchase sophisticated arms from Moscow in order to avoid becoming dependent on the Soviets for technical assistance and spare parts.
4. Soviet-Iraqi ties have developed rapidly and have led to the signing of a Treaty of Friendship and Cooperation on 9 April. Last fall Moscow agreed to deliver to Iraq military equipment worth about \$250 million. AAA guns, anti-tank rockets, armored personnel carriers, and fighter aircraft were included. Several months ago, according to a clandestine source, Soviet SA-3 surface-to-air missiles were unloaded at the port of Umm Qasr, and Iraq probably has more than enough equipment for four SA-3 firing units. The Iraqis presumably have acquired this low-altitude air defense system under the arms agreement signed in October.
5. Article Nine of the Treaty of Friendship and Cooperation could, moreover, lead to a greater Soviet military presence in Iraq. That article states, "In the interests of the security of both countries, the high contracting parties will continue to develop cooperation in the strengthening of their defense capabilities." This is a careful formulation and raises the possibility of reciprocity in the Soviet-Iraqi military relationship; the formulation was not in the Soviet treaties with Egypt and India. The friendship treaty with India had no defense provision, and the treaty with Cairo was designed "in the interests of the United Arab Republic" to strengthen only Egypt's defense capability.
6. In view of logistic constraints on Soviet operations in the Indian Ocean, the USSR might be interested in obtaining support facilities in Iraq similar to those now available to the Soviet Navy in the Mediterranean. Such facilities would increase the on-station time of Soviet naval ships in both the Indian Ocean and the Persian Gulf. In addition, the Soviets could seek air access to speed the exchange of naval crews and replacement of parts and to provide landing facilities for naval reconnaissance aircraft.
7. At the moment, Iraq does not have a sufficient maintenance and repair capacity to handle Soviet naval ships. The facilities of Basra, Iraq's only large port, are in continuous use; those at the small port of Umm Qasr would have to be expanded to provide effective support. Umm Qasr does have a natural deep harbor with a large anchorage area, and the Iraqi Air Force has excellent facilities nearby. The Iraqi Air Force, moreover, has with Soviet assistance just built six military

airfields that could be used to support a Soviet naval presence in the Indian Ocean.

8. The friendship treaty also stated that the Soviets' involvement in developing Iraq's industry and natural resources would be strengthened. This involvement has been increasing since 1969 when the USSR committed at least \$170 million to Iraq's national oil industry. The Soviets agreed to provide equipment and technical services for projects, primarily in the North Rumaila oil field in southern Iraq, and they are slated to build a refinery at Mosul. Soviet personnel are also surveying a proposed pipeline from Baghdad to Basra and an extension of the pipeline from Baghdad to northern Iraq. Most of this aid is to be repaid in crude oil deliveries.
9. In the long term, an increase in Soviet political influence in the Persian Gulf would offer Moscow an opportunity to exercise some influence over the gulf oil industry. The Soviets have been cautious about this, however, and with good reason. The USSR is not only self-sufficient in oil, but is a large net exporter of oil and is likely to remain so throughout this decade. The Soviets, moreover, would be reluctant to pay hard currency for Persian Gulf oil and have shown no desire to absorb more than a fraction of the oil produced there.
10. Moscow's assistance to the oil-producing nations at present is confined mainly to production operations. The Soviets are not able to supplant the various international companies in marketing petroleum. In this field Soviet technical expertise and machinery are in disrepute, and it is difficult for the USSR to provide transport facilities. Therefore, Moscow's policy has been merely to urge producer governments to demand maximum revenues from Western companies and to avoid incurring any obligations to purchase or dispose of the oil. The Soviets are also inhibited, of course, by the recent Arab tendency to exclude foreign political influence from the oil industry.
11. The departure of the British and the emergence of the newly independent states of Bahrain, Qatar, and the United Arab Emirates in the second half of 1971 has presented the Soviets with new openings for expanding their presence in the Gulf. Soviet President Podgorny quickly cabled Moscow's official recognition of all three soon after independence, but only in the case of the United Arab Emirates did he publicly convey Moscow's "willingness to establish diplomatic relations." The foreign ministry of the United Arab Emirates revealed in February that an agreement to exchange diplomatic representation had been concluded, but pressure from Saudi Arabia caused the Emirates to delay the establishment of a Soviet Embassy in Abu Dhabi, the capital. Saudi pressure has also caused Bahrain and Qatar to refuse to exchange representatives with the Soviets.

12. As in the case of Kuwait in the 1960s, the Soviets will continue to press for a diplomatic presence in these new states and in Oman, as well. An Abu Dhabi source remarked privately earlier this month that the United Arab Emirates was "resisting" Soviet pressures and that the opening of a Soviet Embassy is several months away. The Soviets also may offer limited economic aid programs to the new governments. This would enable Moscow to gain greater knowledge of the area and to improve the Soviet image throughout the Gulf.
13. The Soviets are being cautious about encouraging subversive activity in the area. They have established contact with the Popular Front for the Liberation of Oman and Arab Gulf and the Bahraini National Liberation Front and apparently have provided some small arms and limited funds to the former through Yemen (Aden). As in the case of Aden, however, Moscow will wait until a radical element has given evidence of being able to endure before channeling more substantial equipment and support to the liberation movement. Meanwhile, Soviet propaganda has become less enthusiastic over the prospects for success of liberation movements in the area.
14. Although greater Soviet involvement in the Gulf area is virtually a foregone conclusion, there are limits on Moscow's freedom to maneuver. In the first place, greater Soviet attention to the Gulf could disturb the friendly relations that currently exist between the USSR and Iran. The Soviet assistance programs in Iran are large and important. They are being implemented more rapidly than Soviet programs in other less developed countries; only India and Egypt receive larger amounts of Communist aid. The political and economic benefits that have accrued to the USSR from its trade and aid ties with Iran have become important policy considerations in Moscow.
15. The Soviets have been telling Tehran that the Soviet rapprochement with Iraq is not aimed against Iran. On several occasions during the past year, the Soviets tried to reassure the Iranians regarding Baghdad's intentions and stressed Moscow's desire to expand its ties with Iran. Last November, for example, the USSR refused a request by Iraq that Moscow protest Iran's seizure of islands in the Persian Gulf. According to a clandestine source, moreover, the Soviets rejected an Iraqi request that the friendship treaty include a guarantee the USSR would intervene if Iraq were attacked by Iran.
16. While the Soviets could use naval facilities in the Indian Ocean for their ships, they have not assigned a high priority to securing such facilities in the Gulf itself. One Soviet official has described the Gulf as a "mousetrap for all ships." In any event, it will remain difficult for the Soviets to carry on naval activity in the Indian Ocean and the Persian Gulf as long as the Suez Canal remains closed. Soviet military

activity could also stimulate increased cooperation among the smaller Gulf states, as well as strong reactions from Iran and Saudi Arabia.

17. The Soviets probably will continue to encourage radical groups in the area, but will be discreet in order that their efforts remain undetected. They will not provide substantial assistance to the liberation movements and will not commit their own forces to any attempt to overthrow the conservative Gulf regimes. In view of the fragile political structure in the area, however, it is well to remember that even a minimal Soviet effort to support subversive groups could have considerable impact.
18. In sum, the Soviets probably will continue to follow the policy they have pursued over the past five years with significant success, particularly in their relations with Iraq and Iran. Even better ties with Iraq can be expected, and the Soviets will use their influence to try to push the Baghdad government closer to their other major Arab clients, Egypt and Syria. The USSR will avoid taking sides in the disputes between Iran and Iraq, hoping the Shah will come to accept the greater Soviet involvement with Baghdad. In the long run, a stronger Soviet political position and a more obtrusive military posture can be expected throughout the Persian Gulf.

¹ Source: Central Intelligence Agency, OCI Files, Job 79T00832A, Box 8, Folder 8, Moscow and the Persian Gulf, No. 0865-72. Secret; No Foreign Dissem. Prepared in the Office of Current Intelligence and coordinated within the Directorate of Intelligence. This memorandum was included in the Presidential Briefing materials for Nixon's May 1972 trip to Iran.

308. Briefing Paper Prepared for President Nixon, May 18, 1972¹

May 18, 1972

Tab B
May 18, 1972

IRAQ

Iraqi Politics in Perspective

Chronic instability and an extremist nationalism bordering on the xenophobic have led Iraq to be regarded as about the most unreliable and least realistic of Mid-East states, even in the view of other Arabs. This has meant not only Iraq's isolation within the Arab world but also ambivalent and unsteady relations with the outside world and great powers, including the Soviet Union.

The reasons for this legacy are not ones likely to vanish in the short-term future: At its birth, mandate Iraq never constituted an harmonious national entity and its society remains today severely split along ethnic and religious lines; Kurdish irredentism is one serious example. British mandate and the British-installed monarchy found a solution only in harsh and imposed rule and the continual jockeying of forces within Iraq; all efforts to cultivate a broad-based government or political constituency failed. In turn, Iraqi nationalist leadership evolved with the same militaristic mentality and inability to resolve internal divisiveness except through force. Additionally, in reaction to the long years of Western domination, Iraqi nationalists developed an unusually intense hatred for foreign (then Western, but later also Soviet) influence. The Arab/Israeli problem in particular intensified anti-Western sentiments.

Further, the Iraqi nationalist movement—like Iraqi society and like the Arab nationalist movement in general—was itself never capable of unity. No single individual (a NASSER) or single nationalist orientation has ever emerged. Baghdad, Cairo and Damascus have traditionally contested for pre-eminence in the Arab world and varying generations of Iraqi nationalists held conflicting views on Iraq's proper bent, some wishing to obliterate all other Arab influences within Iraq, some intent on pan-Arab

unity at any cost. Influence struggles among Iraqi officers led to increasing fragmentation and conflicting Iraqi strategies, both within and without.

In reaction to internal schisms and perceived external threats (either foreign or other Arab), Iraq has produced a generation of wildly nationalistic and erratic military dictators whose power plays and purge of opposition have steadily decreased the size of the power base and increased the precarious nature of any hold on leadership by those who triumphed. Regimes since the monarchy was toppled in 1958 have thus been basically unstable. They have used force against every segment of society, including the communists, to consolidate power. To the degree they have been radically nationalistic, Iraqi regimes have moved backwards and forwards in their relations with other Arab states and with the great powers. The Soviets, who embraced the cause immediately in 1958 and began large-scale economic and military assistance, found themselves at various times loved and unloved, as communists (who themselves have been brutal in Iraq) were being purged or as overtures were being made to the West. Over the years, too, Iraqi regimes have approached Damascus, Cairo and Amman for unity pacts; as those nationalisms held influence in Iraq and presented an internal threat, Iraqi regimes would back off.

The 1967 war caused another convulsion within Iraq after a few years of relative calm and even near cordial relations with the US. The passions of that war unleashed the most leftist nationalists and by 1968 the Baathis (who also dominate in Syria) consolidated in power and remain there today. Generally speaking, all good Baathis ascribe in excess to the Arab nationalist principles of unity, socialism, liberty and revolution and to the theory that the Arab world is an indivisible political, social and economic whole. It is perceived as a purely Arab movement and therefore incompatible with Communism; in fact, during a short-lived Baathi regime in 1963 in Iraq, there occurred the most brutal attacks on local communists in modern Iraqi history.

Nevertheless, the current Baath leadership has taken a number of pragmatic steps internally (overtures to the Kurds and to the communists) and externally (closer alignment with the Soviets and overtures towards Syria and Egypt) which could lengthen the life of its regime—assuming these work and the normal forces which have always torn Iraq apart can be repressed. The reports of brutality and internal purge that emanate from this regime are especially depressing.

Two men appear to be the foci of power: President BAKR, commander of the armed forces and head of the military wing of the Baathis; and Saddam Hussein Tikriti, civilian Baath leader and virtual king of the Iraqi security apparatus. BAKR is thought to be an Iraqi-firster, opposed to excessive Soviet or pro-Nasserist influence and is believed to want better relations with Baathist Syria. Tikriti is known as a hardliner on consolidating Baath pre-eminence and is believed to be the strongman at the moment. It was Tikriti who evidently initiated and then negotiated the friendship treaty with the Soviets.

Regional Relations

Iraq's relations in the area have been notoriously poor. It has been snubbed from two directions:

(1)

Iraq and Iran have sustained perpetual operations across their common border, though both sides contain actions to fall short of a major confrontation. Mutual distrust is partly historical and cultural. More importantly, the Shah views the unstable and radical character of the Baathis and their vulnerability to Soviet influence as a serious threat to Iran and its position in the Gulf. He has backed coup attempts, conducted provocations along the border and supported the Kurdish rebellion to keep Iraqi regimes off-guard. In the past, the Iraqis have not contributed significantly to trouble in the Gulf. However, with the departure of the British, the Baathis have campaigned vociferously as its Arab protectors and have further alarmed the Shah. Their noise stimulated the otherwise reluctant Arabs to take the issue of the Shah's seizure of the islands at the mouth of the Gulf to the Security Council late last year. They may also feel the Soviet treaty will give them greater weight in the area. Finally, Iraq has some scare power over its weaker neighbors such as Kuwait, causing the latter to waffle on issues important to the Shah (the islands).

On balance, the Iraqis might have the potential for a greater influence in the Gulf. However, their own record of instability, inability to cooperate with other Arabs and xenophobic instincts, which could lead them to snap back even at the Soviets, could be the checks.

(2)

Iraq and the Arab world have had unhappy relations. In addition to Baghdad's traditional rivalries with Cairo and Damascus, its excesses and cruel tactics of leadership have alienated all segments of the Arab world. Its strong rhetoric coupled with a distinct lack of involvement in the Arab/Israeli dispute have earned it zero credibility on that score. Iraq has never accepted Resolution 242 and has bitterly denounced its Arab neighbors for involvement in negotiating efforts.

Discounted as both useless and obnoxious, Iraq has found itself in a position of isolation. Recently, however, the Baathis have made overtures towards ending this isolation. For one thing, some regard the Soviet treaty as an effort by the regime to enhance lagging credibility both at home and within the Arab world, in a manner emulating the Egyptians. There is also reason to believe the Soviets are pressing Iraq to move closer to Syria and Egypt—which would make sense to the Soviets whose first loyalties are to Egypt. Also, capitalizing on Arab reactions to Hussein's West Bank plan, Iraq has called for a united front between Iraq, Syria and Egypt. The response has not been overwhelming since, of course, Syria, Egypt and Libya are already in a confederation; at a minimum, however, the initiative has generated dialogue among the three capitals which is by itself an accomplishment for Iraq.

It remains to be seen whether under this regime Iraq can play any more of a useful role in the area than it has in the past.

Soviet Presence

Before 1958, military and economic assistance to Iraq came entirely from the West. Since 1958, it has come overwhelmingly from the Soviets and Eastern Europe, though a modest Western program has survived. Since 1958, some \$1 billion in communist military assistance has been committed, the bulk from the USSR (making Iraq second only to Egypt as the most active Mid East recipient) and close to a billion (\$830 million) in economic assistance, the lion's share of which has gone to Iraq's potentially rich oil industry.

The Soviets provided the greatest support to the 1958 coup and offered immediate economic and military aid; the regime, fearing Western or Baghdad Power intervention, accepted and thus an orientation towards the USSR was established from the outset. However, relations have been rocky, depending on the vagaries of a given regime. They peaked in the first few years after the 1958 coup as both Soviet assistance and support

of local communists were needed by the new regime, then ebbed and flowed in the early sixties as other less radical regimes reversed those trends and balanced off Iraq's posture with the West.

They peaked again after the 1967 war. However, the bulk of post-war assistance has been arranged under the current Baath regime following a decision by that regime in early 1969 to permit the Soviets a long-term role in the development of Iraq's richest oil fields. Since that decision, the largest Soviet economic (most for oil) and military commitments ever have been made, one set in 1969 and one set in 1971.

—Military capability: Despite large-scale Soviet assistance, the Iraqis have not been particularly successful in absorbing sophisticated weaponry, though training is continuing. According to our intelligence estimates, Iraqi armed forces are capable of maintaining internal security and defending its borders against attacks by its Arab neighbors, but could not withstand attack by Turkey or Iran. Specifically: (a) The Iraqi Army has limited offensive capabilities and could not sustain significant operations in the Arab-Israeli theater. (b) Iraq's air defense system is almost nonexistent. They could not operate the SA-2 and resold it to Egypt in 1962. However, they are now promised the SA-3. They do possess a potential strategic capability with Badger aircraft. (c) The Navy is capable of conducting small-scale patrol operations along the coast and causing harassment. Any real combat capability of the navy is nil. Generally, the Iraqis suffer from weaknesses common to all Arabs.

Early this year the Soviet-Iraqi friendship treaty was concluded and, as with the Egyptian and Indian treaties, it has been billed as nothing surprising or sudden but rather a culmination of existing relationships. The standard parts of the treaty are like those of the Egyptian and Indian treaties calling for a wide range of cooperation in political, economic and military fields and regular consultations on important issues for the purpose of coordinating their stands. [None of the three specifically provides for mutual assistance or military coordination in the event of hostilities, however.] Special tailoring of the Soviet-Iraqi treaty appears in several areas. (a) The military paragraph states that both sides will "continue to develop cooperation in the field of strengthening the defense capabilities of each." The Indian treaty has no defense commitment; the Egyptian treaty is targeted more specifically at Soviet assistance to Egypt. The Iraqi treaty suggests the Soviets found language that could stretch to cover Soviet base facilities in Iraqi ports, if they are

granted, though the military language is more general than that of the Egyptian treaty. (b) There is no clause from the Egyptian treaty calling for a just Mid-East peace in accordance with UN principles; rather the Soviets signed on to a statement calling for an unrelenting struggle against Zionism and imperialism. On the other hand, the Iraqis did agree to preambular language stating both parties believed world problems should be solved by cooperation and solutions acceptable to concerned parties. This is mild language for the Baath but probably required of them to meet Soviet needs.

- For the Iraqi part, it appears they were the instigators of the treaty discussions. Tikriti's regime has been in trouble at home and isolated within the Arab world. Formalizing Soviet support may have been viewed as enhancing the internal position of the Baath as well as putting it in a position to have greater influence in the Arab world and in the Persian Gulf.
- For the Soviet part, they have demonstrated interest in consolidating assets in the area for which they have long been picking up the tab, at a time when the US and USSR are moving to summit dialogue and when the Chinese are beginning to enter the Mid-East scene. However, it appears this move (which may even have been reluctant) has not been entirely without caution: (a) First, the Soviets have been at pains to stress that the treaty is not aimed at any other country. This, of course, is to protect Soviet relations with Iran. We have reason to believe the Soviets refused a request by Tikriti that the Soviets guarantee to intervene in the event Iraq is attacked by Iran. (b) Second, the Soviets are believed to have pressed Tikriti to do two things if a treaty were to be signed: First; he is to work on stabilizing the internal front by getting the Kurds and local communists into a national front government with the Baath. The Kurds, who have been seeking autonomy for a decade, have been one of the worst threats to Iraqi stability; while the Baath reached an accord for Kurd participation in government in 1970, it has never been implemented since the Kurds remain highly skeptical of what will happen to them under the Baath. They are refusing recent pleas made by Tikriti under Soviet pressure. The Soviets would also like to see local communists—excluded and/or purged under the Baath—more fully integrated. Second, the Soviets are believed to be pressing Tikriti to improve relations with Egypt and Syria. At least dialogue has been generated by the recent Iraqi call for a unity pact.

These pressures would make sense from the Soviet point of view. Given Iraq's reputation, internal stability is important to the heavy financial

investment the Soviets are making in Iraq and to the foothold they may hope to have vis-a-vis the Gulf. Cooperation among Baghdad, Damascus and Cairo is highly important to the protection of Soviet influence in Egypt and the Egyptian-Syrian flank.

Conclusions

1. Iraq is so basically unstable that it is difficult to gauge the durability and hence the significance of what present trends mean or whether they or the regime will last very long.
2. Despite Iraq's unreliable record and its strong fear of foreign domination, Iraqi-Soviet relations have improved under the current regime and Soviet assistance has peaked in ways besides military assistance that will entail long-term involvement (oil and a treaty).
3. However, the Soviets have been sacked before and they could be sacked again, but at a minimum they will exert influence because of the Iraqi need for assistance. To the degree that Soviet influence increases and results in further Soviet assets such as base facilities, much would seem to depend on (a) stabilizations of the internal scene and a shared interest in Iraq's ambitions in the areas and (b) juggling these against the protection of Soviet-Iranian relations.
4. At a minimum, the Shah is disturbed by developments in Iraq. A sharpened contest with Iraq would generate further instability in the Gulf.
5. Iraq has the potential for trouble-making in the Gulf if it can adeptly use Soviet support, and the Soviets have greater prospects for increasing their influence if they move cautiously.

In terms of U. S. interests, oil investment and supply continue to give us a tie to Iraq despite the break in diplomatic relations. There are some who argue that we should make an effort to supplement this by expanded commercial ties where possible, but prospects for any general improvement in relations now seem slim.

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 479, Presidential Trip Files, Briefing Book, Visit of Nixon to Iran, May 1972. Secret.

309. Action Memorandum From the Assistant Secretary for Near Eastern and South Asian Affairs (Sisco) to the Deputy Under Secretary for Management (Macomber), Washington, May 25, 1972 [1](#)

Washington, May 25, 1972

DEPARTMENT OF STATE
ACTION MEMORANDUM
May 25, 1972

To:

M - Mr. William B. Macomber, Jr.

From:

NEA - Joseph J. Sisco

Establishment of a Interests Section in the Belgian Embassy in Baghdad

Background:

Relations with the Government of Iraq were broken in June 1967 as the result of the Six Day War. Arrangements between our governments at that time called for each government to assign a nominal number of personnel to staff Interests Sections in Baghdad and Washington. Primarily because of the low level representation proposed by the Iraqis for these Sections, we did not exercise our option to maintain an Interests Section in Baghdad. The Iraqi Government, however, has maintained an Iraqi-manned Interests Section in the Indian Embassy in Washington.

Since that time, there has been a continuing desire on the part of our Government to have better political and economic information from Iraq and we believe that the time is at hand for us to establish a US Interests Section in Baghdad staffed with American personnel. You will recall having cleared my memorandum dated April 22, 1971, in which I informed the Secretary of our intention to establish the Interests Section in Baghdad. Subsequently we discussed the matter of assignment of US Officers with the Governments of Belgium and Iraq and found both

agreeable to our doing so. Accordingly, we plan to effect establishment of a US Interests Section as expeditiously as possible. Specific actions which must be taken are discussed below.

Location:

The US Interests Section will be located in Baghdad and will function as a part of the Belgian Embassy there. While we do not have a completely reliable picture, we believe that there is sufficient USG furniture and equipment with the Belgians to meet our immediate operational needs. Once established, the Officer who heads up our Interests Section will submit detailed information as to requirements with his recommendations for further Bureau actions in this regard.

Staff:

We plan to staff the US Interests Section with two officers; an FSO-4 Arab Language and Area Officer who would be in charge and an FSS-4 Administrative Officer who would be accompanied by a working wife who would become the third employee handling secretarial duties. We also will require the assignment of twelve locals, all previous USG employees, to the Interests Section. These twelve employees who have been working with the Belgian Embassy since 1967 will be taken over after arrival of the American principal officer.

As you know, when Baghdad became a closed post in 1967, all American personnel left Iraq and a group of local employees moved over to the employ of the Belgian Embassy to facilitate its job of looking after our interests. The Bureau was given to understand at the time that the positions it gave up, both American and local, would be restored at such time in the future as they would be required again for Iraq. We are aware of current limitations and the tight personnel situation facing the Department and have carefully reviewed our options. It now appears that the Bureau can best meet the Baghdad requirement for American positions by transferring the three American positions needed there from Cairo. We base this judgement on the situation developing from the Egyptian Government's decision to reduce the respective Interests Sections in Cairo and Washington. While we do not as yet have any firm figure indicating how many positions we will be able to maintain nor the composition of the future staff, we are confident that we will be able to find three positions required for Baghdad within the final reduction figure applying to Cairo. Other American positions remaining to us after

the staff reduction, we expect will be required for TDY support to the reduced Cairo operation.

Insofar as local positions are concerned we must look to you for assistance. I am not ready to contemplate a reduction in the local staff at Cairo. All local employees are engaged in key positions and a reduction in this group could further hamper our ability to operate. Looking at our present resources, we are, as you know, engaged in reducing thirty-eight administrative positions as part of the President's FY-72 reduction. In view of these circumstances we do not have these positions available for programming within the Bureau. Accordingly, we request allocation of twelve Program positions for Baghdad to accommodate the establishment of an Interests Section there.

Funds:

Since the present condition of property and equipment is not known, it is difficult to provide a precise estimate of funds which will be required to support the US Interests Section. However, we propose that funds in the amount of \$134,000, included in the FY-1973 budget of the Bureau of Security and Consular Affairs (which cover present operating expenses of the post under the Belgians) be transferred to NEA. We estimate that approximately \$65,000 will be needed to provide support costs for three American positions. This funding is already provided for in the Cairo positions and will be absorbed.

Claims:

The major unresolved item in this area results from the Iraqi Government's seizure of our Chancery Compound for which adequate compensation has never been made. However, given the magnitude of the matter and the inconclusive negotiations on the subject in early 1971, the resolution of this particular issue may, in all probability, pend resumption of full diplomatic relations with the GOI.

Recommendations:

That you approve:

(a) the establishment of a US Interests Section in Baghdad.

Approve _____

Disapprove _____

(b) the transfer of funds for USINT operating expenses in FY 1973, now being administered by SCA, to NEA.

Approve _____

Disapprove _____

(c) the allocation to the Bureau of twelve local Program positions to provide for local staffing requirements.

Approve _____

Disapprove _____

Attachment:

My Memorandum of April 22, 1971 to the Secretary.

¹ Source: National Archives, RG 59, Central Files 1970-73, POL 17 US-IRAQ. Secret. The attached memorandum from Sisco to Rogers is not published. Macomber approved all three recommendations on June 19.

310. Research Study RNAS-10, Prepared in the Bureau of
Intelligence and Research, May 31, 1972¹

May 31, 1972

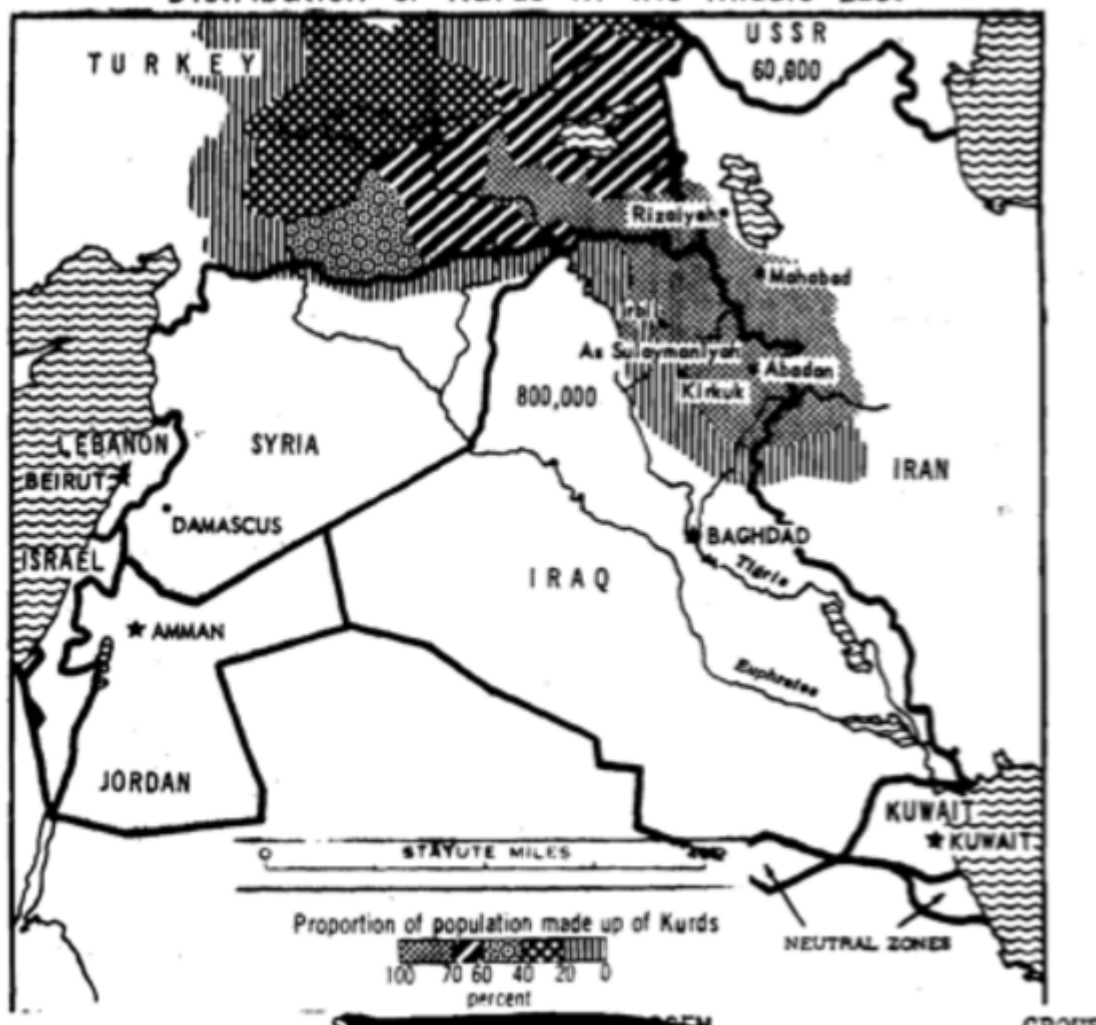
Research Study
Bureau of Intelligence and Research
May 31, 1972

THE KURDS OF IRAQ: RENEWED INSURGENCY?

The Iraqi Kurds are once again soliciting outside support for a possible renewal of their civil war with the Iraq government. This paper analyzes the background of Kurdish-Iraqi differences, their setting in Iraqi-Iranian and inter-Arab relations, and the chances of another outbreak and its probable results.

[Map: Distribution of Kurds in the Middle East]

Distribution of Kurds in the Middle East



ABSTRACT

Living since remote antiquity in much the same mountainous area where they are presently found, the Kurdish people, now numbering around six million, have complicated the relations of all the modern states whose borders they overlap—the USSR, Turkey, Iran, Iraq, and Syria. Mulla Mustafa Barzani, the latest leader with the gifts needed to unite several tribes into a formidable paramilitary force, rose first against the Iraqi monarchy in the 1940's, was expelled to Iran, and then to the USSR where he lived for eleven years and learned to distrust the Soviets. He returned to Iraq shortly after the 1958 revolution. In 1961, having made himself uncontested leader among the Kurdish tribes, Mustafa led a guerrilla war that continued under, and helped to precipitate, four changes of regime. During most of the four years of intensive fighting, Mulla Mustafa's forces had assistance and supplies from Iran and, the

Iraqis suspected, from other countries as well, through Iran. Iranian considerations were to fend off NASSER's influence on a weak neighbor, and to prevent the disturbance from spreading among Iran's own Kurds.

The present Ba'th regime in Iraq has been under some pressure from other Arab states to satisfy the Kurds so as to have the Iraqi army, which was entirely tied down during the height of the insurgency, available in the event of full-scale Arab-Israeli hostilities. The Soviets have consistently urged Iraq to handle the Kurds as they do their national minorities. Moscow may have played a role in a fairly generous unilateral offer of settlement which the government advanced and the Kurds accepted in 1970, but which has never been fully implemented. Now intent on solidifying relations with Iraq through a new treaty and extensive military and technical assistance programs, the USSR does not want to be caught between Iraq, Iran, and the Kurds in a disruptive civil war. The Soviets are pressing the Kurds to join in a National Front Government with the ruling Ba'th Party and the Communist Party of Iraq. Mulla Mustafa correctly foresees the loss of the de facto regional autonomy the Kurds have won by force of arms, if they consent to this plan. He is aware that the government and, he believes, the Soviets also, were behind attempts to assassinate him and his elder son Idris last summer, and he thoroughly distrusts both of the other parties to this proposed coalition. Barzani also knows that the government has lately tried to buy support among anti-Barzani tribes and has sought to undermine him by bribing some of his followers.

A younger, reformist and leftist faction does exist among the Kurds. Its spokesman, Jalal Talabani, gives his loyalty to Barzani in time of conflict but opposes his program when at peace. Although he has far less influence than Barzani (none at all among the traditional, semi-feudal tribesmen), he offers the sort of leadership that the government (and the Soviets) would prefer to build up at Barzani's expense. If he does not fight, Barzani's personal leadership is likely to be gradually eroded by such tactics. Time is also against him (he is 69 years old, though still vigorous); so is the fact that his war-weary followers may be reluctant to take up arms again so soon after the long, wearing struggle of the 1960's.

Chances look better than even, however, that Mulla Mustafa will find sufficient outside support to renew his insurgency. If he does, he cannot look forward to more than holding his own in his mountain fastness. The added strain of another Kurdish war could bring down the unpopular Ba'th government. However, the Kurds probably would not be

able to determine the composition of the next regime. Nor would any likely Iraqi successors be more stable, stronger, or very much less dependent on the USSR than the present government.

[Photos: Mulla Mustafa al-Barzani]



Barzani, whose personal appeal has been stronger than any Kurdish figure of this generation, has strictly refrained from political agitation or organizing among Kurds in neighboring countries. The younger, leftist leadership that might succeed him is unlikely to be as discreet. And the Soviets, should they become directly involved in Kurdish affairs, would have on hand a difficult political situation, but also a means for pressure on Iran, and on a lesser scale on Turkey, if they chose to use it.

INR/Near East and South Asia

Director : Curtis F. Jones

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Released by:

I. Background

Who and Where are the Kurds?

The Kurds, a distinctive Indo-European ethnic group, form the majority population of a mountainous territory approximately 150,000 square miles in size which overlaps the boundaries of Turkey, Iran, Iraq, Syria, and Soviet Armenia and Azerbaijan. This traditional "Kurdistan" has never had separate political status and therefore is not precisely defined. There are a few communities outside this Kurdish heartland in Iraq, Iran, Turkey, and Syria, and a scattering in Afghanistan and Lebanon. There are no accurate population figures; most national censuses do not distinguish Kurds, but reliable estimates put their total number at between five and six million, of which 89,000 are in the USSR.

Of the Kurds outside Soviet territory, nearly half are in Turkey, where they are the largest minority, 3 million, or about 8%. They are also a significant minority in Iran (1,050,000, approximately 3%), Iraq (1,795,000, or 18%), Syria (around 240,000). Nearly all Kurds are Sunni (orthodox) Muslim; about 25,000 in Iraq are Yezidi (a heterodox offshoot of Shia Islam with pagan and Christian intermixtures), and a third or less of Iranian Kurds are Shia Muslim, the predominant religion of Iran.

Kurds have inhabited their mountain fastnesses since antiquity: they were described by Xenophon, and identified by classical historians as "Karduchoi" or "Gurti" (Iranian Kurds sometimes call themselves, inaccurately, descendents of the ancient Medes). They are mountaineers, mostly pastoral nomads or semi-nomads, although some are settled and some urbanized. Kurds are a proud, tough, competent people: educated Kurds have held high positions in their countries of residence. Possessing a strong sense of identity and historical tradition, they stoutly resist assimilation, especially in Arab countries, for they are traditionally and universally contemptuous of Arabs.

The political independence Kurds have long desired, and petitioned for at World War I peace conferences, is blocked largely by fierce and divisive tribal loyalties that make Kurds, even among themselves, suspicious acquaintances and determined enemies. Lack of intercommunication in their mountainous terrain has preserved three distinct Kurdish dialects that are scarcely intelligible to one other. The speech of the Sulaymaniya region in Iraq is nearest to an accepted "official" language. There are some 23 major tribal groupings, of which the most important are the Dizai, Herki, and Jaf. (The Barzani are not a tribe, but a confederation of villages united by an early nineteenth century religious movement.)

Frequent Rebellions

Serious uprisings have challenged the local governments only when a single leader has appeared with sufficient talent to unite several tribes. Such revolts occurred in Iran in the 1920's, and in Iraq in 1931 led by the late Shaykh Mahmud (father of Baba Ali, a former cabinet minister and occasional neutral negotiator during the civil war).

Mulla Mustafa Barzani first rose against the Iraqi monarchy in the 1940's and was expelled with his followers to northern Iran, where he took part in the short-lived "Kurdish Republic of Mahabad" fostered by the Soviets in the part of Iran they had occupied during World War II. When Soviet forces withdrew in 1946, the "Republic" was quickly crushed and Mulla Mustafa with about 500 followers fled in 1947 to Soviet territory, where they remained for eleven years.

The Turkish Republic has made strenuous efforts to "Turkify" its Kurdish populace, and believes that the Kurds now constitute no political danger, although there is still latent sympathy among them for Kurdish independence. At the height of the Iraqi civil strife in the 1960's, several hundred Turkish Kurds exfiltrated to join their Iraqi brethren. Iranian Kurds have been consistently critical of the government, largely on grounds of alleged economic discrimination. The Iraqi uprising, among other effects, brought about some hasty economic reforms in Iranian Kurdistan.

The Kurds and Arab Politics

In Iraq, the Kurds carry political weight beyond their numbers because of the peculiar religious fractioning of the country. Iraq's Arab population is almost equally divided between the orthodox Sunni and heterodox Shi'a sects of Islam: Shi'a are actually somewhat more numerous, but for historical reasons the ruling group is almost exclusively Sunni. The Kurds, ethnically distinct but religiously orthodox, thus hold the balance of power. The Iraq government has resisted Kurdish demands for local autonomy because of this religious balance; because it fears that were these demands granted, the Shi'a and other, smaller minorities would demand the same prerogatives; and because Iraq's oldest and largest oil-producing area lies in Kurdish territory.

From the time they were made unwilling parts of the two Arab states following World War I, a cardinal interest of the Iraqi and Syrian Kurds has been to oppose any sort of Arab union, in which they would be an

even smaller minority. Hence they opposed the abortive anti-NASSER union of Iraq and Jordan in 1958, and also opposed NASSER insofar as he advocated Arab unity. They are equally negative toward the Ba'th, the present Iraqi ruling party, which is pro-Arab-union as an article of dogma. At times they have sought to play off Nasserites and Ba'this against each other.

II. Civil War in Iraq, 1960-1970

The Insurgency.

Shortly after the 1958 revolution, when Qasim was replacing national leaders who had cooperated with the former regime, he amnestied Mulla Mustafa, invited him and his followers to return from exile, and publicly lionized him. Qasim had miscalculated the extent to which Mulla Mustafa was still a symbol of resistance to central government. His attentions to the Kurdish chief roused a ferment of irredentist feeling that went beyond any concessions Qasim was prepared to make. Too late, Qasim attempted to subsidize anti-Barzani tribes to put a check on the developing Kurdish movement. Inter-tribal fighting broke out in August 1960; by July 1961 Barzani had put his tribal enemies to flight or reduced them to submission. Earlier Kurdish cultural and economic demands based on full implementation of the 1958 Iraqi constitution had by then become a proposal for an Arab-Kurdish federal state with joint capitals at Baghdad and Sulaimaniya.^(*) From mid-September 1961, the Iraq government resorted to aerial bombing, and in 1963 experimented briefly with poison gas. (The latter tactic, besides being unsuccessful militarily, was embarrassing when a changing wind blew some gas across the border where it affected several Iranian villagers and some animals.)

The conflict quickly became a typical guerrilla situation, with the Kurds in full control of the northern mountain area and ranging freely as far south as the Lesser Zab river and West to Jabal Hamrin. They made no attempt to control major towns of the plain, such as Erbil and Kirkuk, or important highways, but interdicted roads or surrounded towns selectively almost at will. In the area under their control—over 11,000 square miles, the combined size of Maryland and Delaware—the Kurds were the effective government, collecting taxes (unfortunates in the disputed areas had to pay twice!), assessing tariffs, and conducting day-to-day administration. With intermissions for winter weather and for occasional tries at negotiation, this situation dragged on for eight years, with the Kurds unable permanently to extend their perimeter, and

government forces incapable of a clear-cut victory. During most of that time, the Pesh Merga (Kurdish irregulars) engaged and successfully held four-fifths of the Iraqi armed forces—for brief periods, even larger proportions of the government's strength. Most of the Kurds in responsible government positions either were ousted for security reasons or resigned; hundreds of Kurds, including two general officers, defected to the Kurdish side.

The drain of the inconclusive civil war was one cause of public and army disaffection with a succession of Iraqi regimes during this decade, hence an important reason for their rapid turnover. Coup plotters necessarily took Kurdish affairs into account and Kurdish leaders into their confidence: for the first time in Iraqi history, Kurds took a direct part in making and unmaking national governments. Thus when the Kurds promise potential backers that they will help bring down the Iraq government, they have the warrant of having indeed done so, although never single-handedly.

External Contacts

Aid and Supply—Obviously, the Kurds could not have sustained nine years of civil war without outside assistance. Virtually all of the aid they received came from, or through, Iran—at first as private donations from fellow Kurds across the nearly unpoliced Iranian border. Later, when the Shah feared a weak neighboring government dominated by NASSER, it became an open secret that Iran was providing training, materiel, and medical services. Mulla Mustafa agreed, in return, not to recruit or agitate among Iranian Kurds, and scrupulously kept his word. The Iraq government insisted against all assurances that, because of the CENTO relationship, this activity must be taking place with US consent if not participation, and this conviction prejudiced Iraq-US relations from about 1963 until they were broken off during the June 1967 Arab-Israeli war. The Iraqis also suspected the UK, because of its oil interests, and Israel, for obvious reasons, of supplying the insurgents.

Although Mulla Mustafa seems sincerely to prefer Western aid, he was and is willing to take help from any source. According to a long-time friend, Mustafa, while attending the Soviet military academy during his exile, was assigned a project to design a road and communications net linking Iraqi Kurdistan with Soviet Armenia across northern Iran, and was encouraged to believe that a Kurdish revolt would have Soviet support. In December 1960–January 1961 (seven months before hostilities began), Mustafa went to Moscow and pleaded the cause of Kurdish

nationalism before a Communist Party meeting. The Soviets, busily cultivating a newly-leftist Iraq government, then rebuffed him. However in 1963, when the Ba'th had come to power and was persecuting Iraqi communists, the Soviets bought safe-haven in Kurdish-held territory for communist escapees from the south in return for two or three plane loads of light arms. In the main, the Soviets, like the US, treated the conflict as a domestic affair, meanwhile urging the Baghdad government to be more flexible and consistent in seeking a solution. Mulla Mustafa, on his part, feels he was used and betrayed by the Soviets and thoroughly distrusts them.

Political Efforts—From late 1962 through 1965 the Kurdish leadership tried by every means to internationalize their quarrel and to attract outside political as well as material support. They employed the services of Kurdish expatriates resident abroad and travelling emissaries, both accredited by personal letters as representatives of Mustafa. Ismet Sharif Vanly, head of a Kurdish student organization in Europe, travelled widely on that continent and twice visited the US. In 1964. Vanly presented an appeal to the International Red Cross in Geneva, and in June 1965 he unsuccessfully sought access to the UN in the Kurdish cause.

Mulla Mustafa's emissaries kept in close contact with the US through, at first, the US Consulate in Tabriz, Iran, and later the Embassies in Tehran, Baghdad, and Beirut. Mustafa addressed at least two letters to President Johnson and several to the Shah of Iran. Private contacts in the US included Justice William O. Douglas, several members of Congress, and heads of several Zionist organizations.

During the truce of 1963-64, the US attempted to arrange PL-480 relief for the Kurds in the form of reconstruction work projects for food. CARE was to be the supervising agency. The Iraq government, however, impeded the delivery of this relief and succeeded in misdirecting most of it to pro-government Kurds only. Because the safeguards required by law could not be arranged, these projects had to be discontinued.

Disunity in Unity.—Even during the height of the uprising, Kurdish unity was never absolute. Some Kurdish mercenary irregulars fought on the government side throughout the intermittent war; some entire tribes and sub-tribes changed sides from time to time. Other families reinsured their fortunes by having a branch stay neutral, or one on each side of the conflict. At its largest, following a meeting at Koi Sanjaq in May 1963, the rebel confederation comprised all of the important tribal groups

as well as the leftist, urban, and politically-oriented Democratic Party of Iraqi Kurdistan (DPIK), and the smaller northern minorities, (Yezidis, Turcomans, etc.), and was directed by a quasi-government "Revolutionary Command Council," on which representatives of the Syrian Kurds also sat. There was more or less constant tension, however, between the politicized urban element, of which the leading figures were Ibrahim Ahmad and Jalal Talabani, and the traditional tribal aghas typified by Mulla Mustafa. This animosity—essentially a contest to control the shape of the settlement and of post-war Kurdish society—broke into the open shortly after Koi Sanjaq. A long truce with the government (1964-65) was punctuated by sharp skirmishes between these two factions. Mustafa won, and Talabani later returned to the fold. On at least two occasions, apparently with Iranian advice, the Kurds have also been in touch with the alienated, socially and religiously conservative Shia, trying unsuccessfully to raise a second front in southern Iraq.

The War Winds Down. Although a ceasefire was reached in February 1964, with an exchange of terms promising a negotiated settlement to follow, the agreed arrangements were never fully honored by either side. The Kurds kept most of their arms; the government continued to hold Kurdish prisoners it had promised to release, and never paid all of the reparations it had agreed to. The Kurds have continued to petition the government from time to time about the unfinished business of settlement, but Kurdish affairs have remained at a stalemate. The last sharp fighting occurred in 1965, and ended with Iraqi forces occupying heights commanding the trails by which the Pesh Merga had been receiving supplies from Iran.

A sullen and uneasy truce followed until, on March 11, 1970, the Iraq government unilaterally proposed a peace agreement that contained much of what the Kurds had asked for. Although the Kurds readily agreed to these terms, only some of the cultural provisions have been actually carried out, and in September 1971 agents personally accountable to Iraqi strongman SADDAM HUSAYN AL-Tikriti attempted to assassinate Mustafa by planting explosives in his automobile, having earlier fired on his son, Idris. Given this long history of broken agreements, each side is deeply distrustful of the other.

Among the still-unfilled conditions of settlement the most important in Kurdish eyes are:

- 1) Delimitation of the Kurdish area, including portions, to be determined by plebiscite, of Kirkuk province.

- 2) A Kurdish Vice President in the central government. (The Kurds also want representation on the Revolutionary Command Council, the government's actual decision-making body.)
- 3) A national census to determine Kurdish representation in any future legislature.
- 4) Control of security forces in the designated Kurdish area. This demand is again being pressed, following a rash of false arrests and counter-kidnappings last summer. The Kurds have also demanded safeguards against Iraq's union with any other Arab country or countries.

Deteriorating relations with neighboring Iran have also depressed relations between the government and the Kurds. Suspecting that Iran was plotting a coup against the Ba'th, and infuriated at Iranian seizure of some small islands in the Gulf in 1971, Iraq has conspired to raise trouble in the predominantly Arab-populated province of Khuzistan in southern Iran, and has expelled about 60,000 Iraqi residents of Iranian origin. The Iraq government says that it asked the Kurds, as an earnest of peaceful intentions, to cut off all contact with Iran. The Kurds claim that the government asked them to raise a revolt among Iranian Kurds, which they refused to do. Whichever version is true, this issue has become a major cause of the latest ill feeling.

Even for Kurds, Not Always a Way.

Mulla Mustafa is not likely to join in a National Front with the Iraqi communists and the Ba'th, as he is being pressured to do. The Kurds have little to gain and much to lose by that course. There remains the question of whether to resume fighting, and on this the Kurds are divided. The DPK might vote to accept a government subsidy that has allegedly been offered, and subside for the time being, still maintaining its demands and its latent animosity toward the central government. More likely, if he can obtain the outside help he needs from Iran or elsewhere—and there is a good chance that he can because of uneasiness over the new Iraqi-Soviet treaty—Mustafa will call out his Pesh Merga and reopen hostilities.

Mulla Mustafa is 69 years old; he sees the goals that his people fought for and almost attained slipping away unless he can force some substantial political gains in what may be his last campaign. He probably also foresees that if he declines this challenge, his personal leadership is doomed. The Iraq government well knows that Mulla Mustafa is the only Kurdish leader who can unite his people to the point of armed

insurgency. If assassination fails, as it did last year, the government will seek other ways to undercut and destroy him. Reportedly, its agents are already paying and arming anti-Barzani tribes, and trying to bribe the Pesh Merga individually to lay down their arms. Also, the government is treating with Jalal Talabani, Mustafa's younger rival during the last insurgency, who talks of social reform in a communist vocabulary (although he probably is not a communist), and whose vision of the future of Kurdistan doubtless conforms much more to the style of the present regime. By giving precedence to and working through Kurds of this type, the government eventually can wean away much of Mustafa's following, given conditions of peace.

A stumbling block of unknown proportion in any Kurdish plans to resume the conflict is the war-weariness of the Kurdish people themselves, who have had a little over five years of relative peace to begin to recover from four years of hard fighting, and who cannot be eager to take up arms again. A correspondent for Le Monde who explored Kurdish views early in April 1972 found younger, urban Kurds saying that they have already won better conditions than any of the neighboring Kurdish groups, even if not all they wished, and that to go to war now would risk missing out on Soviet-aided development plans which are already beginning to accelerate the economy in the rest of Iraq.

Having at last achieved better relations with Iran, and invested a great deal in the present government of Iraq, the Soviets cannot wish the Kurds to stir up trouble in either direction. They would strive, through a combination of pressure and bribery, to induce the Kurds to settle down and conform to the government's plans. Having gone so far as to make direct approaches in the matter, however, the Soviets would be almost forced to come in with advice and help on the government's side if the Kurds do take up arms, at the risk of damaging Soviet relations with Iran, with their own Kurds, and with national minorities elsewhere that they might wish to champion. Reportedly, the Soviets foresaw possible embarrassment of this sort when Iraqi leaders sought a treaty relationship with them.

Should hostilities reopen, Mustafa and his following might at worst be expelled from Iraq, or worn down in a longer and costlier struggle than before. At best, he could achieve no more than the stalemate he reached before, maintaining a hold on his northern mountain rim.

Meanwhile, a long-drawn-out insurgency might indeed bring down the already unpopular Ba'th government, but it is by no means sure that the Kurds could then determine the character of a successor regime. The Iraqi exiles with whom they reportedly are planning do not offer, on past performance, much chance of a stable and viable government.

Nor would they likely expel Soviet interests, since the entire Iraqi military machine and much of the development plan are dependent on Soviet assistance. Relations with the Soviets might, of course, be more cautious, and the controversial treaty might become a dead letter. The Soviets also could experience a backlash of public resentment from their close identification with the unpopular Ba'th regime.

A complaisant pro-Ba'th or even pro-Soviet clique in control of Iraqi Kurdistan could of course bring pressure on Iran and even create a nuisance in eastern Turkey. Indeed, this seems to be one of the Iraqi leaders', though not the Soviets', incentives in bringing matters to a head in Iraqi Kurdistan.

¹ Source: National Archives, RG 59, Central Files 1970-73, POL 23-9 IRAQ. Secret; No Foreign Dissem. Drafted by Charlotte M. Morehouse (INR/Near East and South Asia); approved by Curtis F. Jones (INR/Near East and South Asia).

* Realistically, the Kurdish leadership did not then or later demand independence, only varying degrees of autonomy within the Iraqi state.

311. Intelligence Memorandum ER IM 72-92, Washington,
June 1972¹

Washington, June 1972

CENTRAL INTELLIGENCE AGENCY
Directorate of Intelligence
June 1972

INTELLIGENCE MEMORANDUM
SOME IMPLICATIONS OF IRAQ'S OIL NATIONALIZATION

Introduction

1. In a sudden and dramatic move on 1 June 1972, the Iraqi government nationalized all the assets of the Iraq Petroleum Company (IPC), a consortium of US, British, Dutch, and French oil firms operating in northern Iraq. The nationalization culminates 11 years of smoldering disputes between the members of the oil consortium and the Iraqi government. The same group of oil firms also controls the only two other non-government oil-producing companies in Iraq—the Mosul Petroleum Company (MPC) and the Basrah Petroleum Company (BPC). These companies, which have less production than the IPC, have not been affected by the nationalization decree. In concert with the Iraqi move, the Syrian government seized the Syrian portion of the IPC pipeline through which the oil produced in northern Iraq is transported to ports on the eastern Mediterranean. This memorandum describes the events leading up to the nationalization and analyzes Iraq's ability to maintain output and sales of the newly acquired oil. In addition, the possible repercussions on the Iraqi economy and the world oil market resulting from the action are discussed.

Note: This memorandum was prepared by the Office of Economic Research and coordinated within the Directorate of Intelligence.

Discussion

Background

2. The source of the present conflict between Iraq and IPC is rooted in "Law 80" promulgated in 1961. From 1925 until 1961, IPC held concessions in Iraq covering virtually the entire country. This law withdrew from IPC all concession acreage not then being worked by IPC companies—an area amounting to more than 99% of the total. The canceled concessions included the potentially prolific North Rumaila oilfield that IPC had discovered and partly developed, but from which production had not yet begun. The companies refused to acknowledge the validity of the law, and for more than a decade the dispute simmered. Intermittent government-company discussions failed to resolve the issue. In retaliation, IPC refused to grant Iraq the same financial benefits that other members of the Organization of Petroleum Exporting Countries (OPEC)* were able to obtain in the mid-1960s, such as expensing royalties. This action has led to an Iraqi claim for back payments of nearly \$400 million. Negotiations on the back payments claims and the North Rumaila issue took place again in January and February 1972 but ended in deadlock primarily because of IPC's adamant stand on compensation for the loss of the North Rumaila oilfield.

3. Tensions between IPC and the government were accentuated when oil production from the northern oilfields dropped sharply during March, April, and early May 1972. The Iraqis regarded this cutback as a further attempt to apply retaliatory pressure against the government following the breakdown of negotiations in February. By mid-May as the Revolutionary Command Council (RCC) saw the serious downturn in government oil receipts, which are vitally needed for political as well as economic reasons, IPC was threatened with confiscatory legislation if the company did not increase production from the northern oilfields, agree on a long-term production program, and make a "positive offer" on the other outstanding issues. On 31 May, IPC agreed to increase production from the northern oilfields and to set up a long-range production program but continued to demand compensation for the loss of North Rumaila. By then the RCC had already decided on the need for a dramatic political move, and Oil Minister Hamadi rejected the proposal out-of-hand, insisting that Iraq would never pay compensation for the North Rumaila field. The nationalization law was adopted the next day.

4. IPC has six shareholders: British Petroleum (BP), Shell Petroleum, and Compagnie Francaise des Petroles (CFP), each with 23.75%; the two American oil companies, Mobil and Standard Oil (New Jersey), are equal partners in the Near East Development Corporation and jointly own another 23.75%; and the C.S. Gulbenkian Estate owns the remaining 5%. The company's production comes mainly from the Kirkuk oilfield in

northern Iraq and is exported via pipeline across Syria to the eastern Mediterranean ports of Banias in Syria and Tripoli in Lebanon.

Prospects for Iraq's Producing and Marketing the Oil

5. Although production has apparently now been stopped on orders from Baghdad, output could begin on short notice. Maintaining output from the nationalized facilities and transporting the oil from the Kirkuk field to the Mediterranean ports should pose no insurmountable problems for the Iraqis. The operation of the northern fields is already almost entirely in the hands of Iraqi nationals who are expected to remain under the new ownership. The Syrians similarly should encounter little difficulty operating the IPC pipeline.

6. Production is not the problem, however. The most serious problem facing the Iraqis is finding buyers. The companies comprising IPC control a large share of the world oil market. It is unlikely that they would agree to market the nationalized oil without an Iraqi commitment for prompt and adequate compensation. Moreover, the companies will undoubtedly take steps to discourage any other Western oil company from taking the oil. Legal action by the French firms, CFP and Entreprise des Recherches et d'Activities Petrolieres (ERAP), in their nationalization dispute with Algeria in 1971 and by British Petroleum after it had been nationalized in Libya proved successful in preventing Algeria and Libya from marketing much of their nationalized oil. The Basrah Petroleum Company, which still claims the North Rumaila oilfield, also has threatened legal action against any consignee of that oil, and as a result Iraq has met with only limited success in marketing the small production from the North Rumaila field.

7. Iraq's offer to give special consideration to CFP is clearly an effort to solve the marketing problems. CFP is short of crude oil and could make good use of the additional supply. However, CFP, which is 35% French government owned, undoubtedly will be subjected to intense political pressures from the other countries involved. CFP probably will seek at least the tacit approval of its partners in IPC before entering negotiation with Iraq.

8. The Iraqis apparently have already turned to the USSR for assistance in marketing the oil. An Iraqi delegation headed by Foreign Minister Qadduri and including the Director of Oil Affairs left for Moscow on 2 June, the day after the nationalization occurred. Whether the Soviet Union will be able to offer Iraq much assistance is doubtful. The USSR is

already heavily involved in operating the North Rumaila oilfield, which began producing in April, and is taking a small amount of Rumaila oil in repayment for its assistance. The USSR might be reluctant or unable to divert or charter enough tanker capacity to handle more than a fraction of Iraq's northern oil production. Moreover, the USSR probably could not market a large amount of the oil either domestically or in Eastern Europe especially in the short-term. For its part the USSR is already a substantial petroleum exporter. Soviet exports last year were some 2 million barrels per day (bpd) of which about 60% went to other Communist countries. Moscow is not likely to use Iraqi oil to displace its own sales particularly in the West where oil is the USSR's single largest foreign exchange earner. The Soviets may, however, make some modest purchases of Iraqi oil. East European imports from the West are quite modest—less than 200,000 bpd, most of which comes from Iran and Egypt. Neither of these sources is likely to be displaced by Iraqi oil.

Effect on World Oil Supply.

9. IPC production from the northern oilfields in 1971 averaged about 1.1 million bpd—about 2% of world oil production. Production by BPC from the southern Iraq oilfields was about 600,000 bpd in 1971. MPC has very small production from two fields in the northwest. The IPC companies, with the exception of CFP and Gulbenkian, should have only short-term dislocation problems in making up the nationalized production. BP, Shell, Esso, and Mobil are all thoroughly integrated international companies with a diversified source of crude oil. The production lost in Iraq can probably be offset by increased output elsewhere in a relatively short time. However, CFP obtains the largest share of its crude oil supplies from Iraq, and this will probably make CFP more disposed to working out a marketing arrangement with Iraq. The Gulbenkian share is normally sold through brokers.

10. The Iraqis chose a poor time to nationalize IPC. The growth in oil demand in the main oil consuming centers has been sluggish the last 18 months because of slow economic growth in the United States, Western Europe, and Japan, unusually high stocks in Western Europe, and abnormally mild weather in many parts of the world. Many oil-producing countries—notably Venezuela, Libya, and Iraq itself—produced considerably below capacity during the first quarter of 1972. At the same time, other oil producing countries—notably Saudi Arabia and Iran—are implementing plans to increase capacity greatly. Moreover, the tanker shortage that existed two years ago prompted a widespread tanker building program with the result that the tanker market now suffers

from substantial excess capacity. During the last two years, tanker capacity increased by about 30%, while worldwide petroleum consumption increased by only about 17%. The abundant supply of tanker capacity seriously weakens Iraq's bargaining position vis-a-vis potential oil consumers. It is therefore likely that the 1.1 million bpd from northern Iraq—actually about 650,000 bpd in recent months—can be made up through an increase in long-haul voyages from the Persian Gulf without serious disruption to the tanker market, although some firming in short-term tanker rates is inevitable.

Effect on Iraq

11. Iraq is heavily dependent on its share of IPC earnings which alone account for some 40% of government revenues. Total government oil revenues from IPC, MPC, and BPC in 1972 were projected at roughly \$1 billion, of which between \$600 million and \$700 million came from IPC oil production in the north. Total imports of goods and services run about \$900 million a year, and Iraq's foreign exchange earnings from sources other than IPC oil are about \$500 million—\$300 million from MPC and BPC. Thus the shortfall in import capacity if exports of IPC oil cease entirely will be about \$400 million a year, or 45% of total imports of goods and services. Iraq has about \$650 million in foreign exchange reserves—some \$200 million more than two years ago—which would cover the maximum shortfall for 18 months.

12. Every effort, however, probably will be made by the government to conserve its reserves. Baghdad already has taken austerity measures to slow their decline. Import controls have been stiffened. Public sector projects in the development program have been suspended for fiscal year 1972/73 (beginning 1 April) with the exception of those projects under way. The Central Bank has severely limited issuance of foreign exchange permits. These measures will temporarily halt Iraq's new and ambitious development program, which was showing some progress, and probably stop all economic growth. The situation would be eased, however, should Iraq get financial support from some Arab countries as expected. Soviet assistance is not likely to take the form of foreign exchange. Actually, Iraq has been paying for Soviet arms in hard currency.

Impact on Syria

13. Syria's enthusiasm for Iraq's nationalizing IPC and its own takeover of the IPC pipeline in its territory may wane if the dispute is a protracted one. Unless the oil is marketed, Damascus stands to lose about

\$82 million annually in transit and port dues that would have accumulated on Iraq oil flowing through the Syrian portion of the IPC pipeline. IPC dues accounted for about 14% of Syria's budget revenues in 1970 and were expected to provide about 17% of revenues in the 1972 budget which is deeply in deficit. Loss of these revenues also would be felt in Syria's balance of payments where they provided about 15% of the earnings on current account in 1970.

Effect on Other Oil-Producing Countries

14. Iraq's nationalization of IPC will present deep problems for the individual members of the Organization of Petroleum Exporting Countries (OPEC) of which Iraq is a member. In recent months, OPEC members have worked toward achieving a degree of participation in the management of the oil companies operating within their boundaries. After long negotiations, the oil companies finally acceded to the principle of participation. The specific method of implementing the 20% participation is now being worked out but with very little progress reported so far. The Iraq nationalization further complicates the issue of participation and threatens to disassemble the hitherto united front put up by OPEC.

15. In order for Iraq to exert maximum pressure on IPC to come to a relatively speedy agreement, Baghdad will need the cooperation of other OPEC countries. Specifically, the Iraqis want these countries to prevent increases in their output that would offset the decrease in Iraq's production. Although OPEC has announced approval of the action taken by Iraq, it is doubtful that there will be agreement to control production. Libya and Algeria appear to be about the most willing to help the Iraqis.

16. It is highly unlikely that Saudi Arabia and Iran, the two countries who can most easily make up for any reduction in Iraq output, will be willing to hold back on output. Output in those two countries has been growing rapidly in recent years. It would be impossible to distinguish the part of the increased production that would have occurred normally from the part that is designed to offset Iraqi output.

Conclusions

17. The Iraqi government has nationalized the major part of its oil industry at a time when its negotiating position is extremely weak. Oil demand currently is growing at a rate far below that of the two last decades, tanker rates are near all-time lows, several countries are

producing well below capacity, and others are striving mightily to substantially increase productive capacity. Production in the newly nationalized field was considered less profitable by the oil producers than oil that could be produced in the Persian Gulf, given recent market factors.

18. Producing and transporting the nationalized oil should pose no serious problems for Iraq. However, the oil companies comprising IPC will seek to prevent the nationalized oil from reaching Western markets. Markets in the Communist countries, on the other hand, can absorb only a small fraction of the approximately 1 million bpd of Iraqi oil normally exported from IPC fields. Conditions in the world oil market are currently such that the oil companies could deprive Iraq of a market for its oil by increasing output in other oil-producing countries. To prevent this from happening, the cooperation of most of the members of OPEC would be necessary. It is unlikely that such cooperation will be forthcoming, particularly in the form of a restriction on output. Therefore, Iraq likely will suffer a substantial reduction in oil revenues for some time. The other members of OPEC, particularly Libya and probably Kuwait and some small Persian Gulf producers, will likely provide financial support if Iraqi oil cannot be sold. But even on its own, Iraq could stand a shutdown of its northern fields for years in view of its substantial foreign exchange reserves, though at the cost of a slowdown in economic growth.

¹ Source: Central Intelligence Agency, ORR Files, (OTI), Job 79T00935A, Box 70, Project 36.6427, CIA/ER IM 72-92. Confidential. Prepared in the Office of Current Intelligence and coordinated within the Directorate of Intelligence.

* The member states of OPEC are: Iran, Iraq, Kuwait, Saudi Arabia, Abu Dhabi, Qatar, Algeria, Libya, Indonesia, Venezuela, and Nigeria.

312. Memorandum From the Deputy Assistant Secretary of State for International Resources and Food Policy (Katz) to the Assistant Secretary of State for Economic and Business Affairs (Armstrong), Washington, June 5, 1972¹

Washington, June 5, 1972

DEPARTMENT OF STATE
Washington, D.C. 20520

Memorandum

To:

E - Mr. Willis C. Armstrong

From:

E/ORF - Julius L. Katz

SUBJECT:

Iraqi Nationalization of IPC

Summary. The parent companies of IPC are unlikely to receive satisfactory compensation for their nationalized properties, and will need our support to keep the Iraqi nationalization from turning the OPEC participation negotiations into a rout. This will mean giving our support to boycott measures, as well as discouraging the French (or Italians, Japanese, or others) from rushing in to fill IPC's position. The Iraqis will be under same financial pressure to settle, and the extent of support they will be able to count on from their OPEC and OAPEC colleagues is uncertain. As the OPEC participation measures move forward, however, a strong line on IPC will be untenable and ways should be examined to salvage some position in Iraq.

US Interests. The value of the American-owned share of IPC's nationalized properties, for which they are unlikely to get satisfactory compensation, is probably no more than \$50 million. The oil production which Mobil and Jersey have lost has recently been marginal because of its relatively high cost (a result of the posted price settlements of last winter). It can be argued that the companies brought about their current difficulties by their stubbornness over the 1960 nationalization, and by

their manipulation of the production rates of the now nationalized fields; that they had probably in any event written off anything but a most tenuous future in Iraq; and that we should as a result offer them only minimum and pro forma support so as to avoid further antagonizing the Iraqis or other oil producers. While we agree that this argument has some merit, and that we should avoid taking positions which identify the USG totally with the nationalized companies, we believe that our interests in hinderring expropriations, and in avoiding a rout of the companies in their dealings with OPEC, dictate that we follow a policy of consistent support for the IPC owner companies and parent governments in demanding and pressing for prompt and adequate compensation.

Who Will Help the Iraqis? We can assume that the Iraqis will have difficulty selling the nationalized oil, and that the owner companies will use their market power to block sales to the west, at least initially. The Iraqis will be hurt financially even if the southern fields continue to operate and expand production—the potential losses could be in the order of \$40 million each month that sales cannot be made. The Iraqis have received oral support from a variety of Arab leaders, including a promise of full support from Libya and a Kuwaiti suggestion that OPEC establish an emergency fund to help countries under pressure; OPEC has also announced formation of a similar fund. How much support will be in the form of cash, however, remains to be seen—Kuwait will almost certainly contribute, although warily, to its northern neighbor, and Libya will do likewise in spite of its dislike of Iraq's regime. Neither is likely to be overly generous, however, and the Iraqi purse will be even shorter of cash than usual. Syria and Lebanon, which will lose transit revenues, will also feel the pinch until oil produced from the nationalized fields can be marketed in quantity. In short, there will be considerable financial pressure on the Iraqis to reach a new regularization of the situation.

The IPC owners, through their continued operations in south Iraq, will be able to affect the level of their remaining payments to the GOI through decisions on production levels. This lever could be used constructively, to attempt to build some good faith for the compensation negotiations, or negatively to punish the GOI. If the companies attempt the latter, we believe it would be counterproductive. Fortunately, their supply and economic interests probably dictate increased production from the southern fields.

We have no reason to believe that the Soviets encouraged the Iraqi nationalization or that they have promised any financial aid. The Iraqis

are capable of running the fields and pipelines with reasonable efficiency and will need only limited technical aid. They will undoubtedly ask the Soviets for aid in marketing the oil. We doubt however if the Soviets will be willing or even able to market large quantities of the nationalized oil.

Even though they have now agreed to market some nationalized Libyan oil (from the BP concession), the small quantities involved, and the reportedly hard bargain they drove with the Libyans, make it appear likely that they are either unable or unwilling to underwrite the financial success of nationalization measures by the oil producing states. They have considerably more important economic and commercial relations with the OECD countries to consider.

The OPEC and OAPEC Situation. Saudi oil Minister Yamani has used the Iraqis as a bogeyman against the companies in past, and will be able to do so with more conviction in future. More importantly, the Iraqi nationalization will stiffen his position in the participation negotiations; he cannot afford to be completely outflanked by the radicals. The companies appear to suspect that the Iraqi move was cleared, or at least acquiesced in by other OPEC members, particularly the Saudis. (We have no evidence that this was the case; in fact there is some evidence that the Saudis were not informed by the Iraqi intent to nationalize). The companies will want to show as strongly as possible that nationalization is not a workable alternative to negotiated changes in producer relationships. They will ask for our support for boycott and other efforts to prove this point. We will have to support them on this, or risk having the participation negotiations degenerate into a charade. We should keep in mind at the same time, however, that too close an identification with the companies could prejudice our future capability to influence the OPEC governments toward moderation, should the occasion warrant.

OPEC has called a special session June 9 to consider the Iraqi action, at which the Iraqis will request support. Although OPEC officers have said previously that the organization does not advocate nationalization as a policy, the meeting will almost certainly approve the Iraqi move and may make some financial assistance available. Whether the members will also support Iraq by restricting their own oil liftings is considerably more questionable-some members, such as Saudi Arabia, Iran, Abu Dhabi, and Nigeria are now counting on substantial production increases to boost income and would be most reluctant to freeze or restrict their growth. The Iranians moreover have no political interest in supporting the Iraqis.

The Arab oil producers, who meet in an OAPEC conference June 7 just before the OPEC one, will probably have to go farther—at least verbally—in their support of the Iraqi move. (The just concluded Arab Oil Congress passed a motion of support). The moderates, particularly, the Saudis will be caught between their desire to support the Iraqis against the companies, their annoyance at having their role in the participation negotiations upstaged, and their unwillingness to support the Iraqis at the expense of their own expansion plans. They will probably have to go along, however, with the wishes of the more radical members of the group.

The French Connection. Although the French were offered a special opportunity to come back by President BAKR in his speech announcing the nationalization, the French company (CEP) was treated no differently from the others in the decree. Both the company and French government have announced that they are “carefully examining” the Iraqi proposal, and would undoubtedly like to profit from their closer past relationships with the Iraqis. If we assume that the oil consortium has no chance of regaining its position, then a French-led group would at least be preferable to total Iraqi-Soviet development of this important oil concession. Although this approach may be best for western interests in the long run, any rush into it in the short run would seriously compromise the companies’ position in the participation negotiations. We should therefore seek to restrain the French (or others) from precipitate acceptance of the Iraqi overture, and will attempt to bring multilateral pressure to bear toward this end in the OECD Oil Committee meetings next week. The British have in the meantime called a meeting for June 8 of IPC parent government representatives to evaluate the situation. One of the goals of this meeting will be to persuade the French that any weakening of the oil companies’ and consumers’ ranks at this point will seriously damage the companies’ prospects in the general OPEC participation arena. Future Steps. Until the pace and severity of the transition to participation is more clearly established, the companies will need our support in resisting Iraqi efforts to make the nationalization a success. As the participation negotiations move toward defining new company-government relationships, however, a hard line on IPC will become irrelevant and perhaps counterproductive.

Several possibilities might then be explored to maintain some western position in the area:

—The IPC companies might (though the possibility is slim) be able to capitalize on their continued position in southern Iraq to reenter the

northern area as a joint partner with the Iraqis, in return for surrendering a joint partnership in the south.

—The Iraqi invitation to the French could be converted into formation of a new consortium (The Iranian settlement pattern of 1954). This could involve participation by the French, Germans, Belgians, Italians same US independents, and others (as well as the Iraqis), and would mean that the present owners could realize some compensation from the buyers-in.

There are probably other possibilities as well, but for the moment they are all premature.

E:ORF:FSE:GSBrown:led

6/5/72 ext 20753

Concurrence: E/IFD - Mr. Kennedy

cc: NEA - Mr. Davies

NFA/ARN - Mr. Seelye

NEA\ARP - Mr. Dickman

EUR/SOV - Mr. -Kadilis

EUR/FBX - Mr. Biegel

White House/NSC - Mr. Saunders

¹ Source: National Archives, RG 59, Central Files 1970-73, PET 15-2 IRAQ. Confidential. Drafted by Gordon S. Brown (E); approved by Moorhead C. Kennedy, Jr. (E/IFD). Copies were sent to Davies, Seelye, Francois M. Dickman (NEA/ARP); John J. Kadilis (EUR/SOV), Biegel, EUR/FBX; and Saunders.

313. Memorandum From Harold Saunders of the National Security Staff to the President's Assistant for National Security Affairs (Kissinger), Washington, June 7, 1972¹

Washington, June 7, 1972

NATIONAL SECURITY COUNCIL
ACTION
Outside System
No number
June 7, 1972

MEMORANDUM FOR:

DR. KISSINGER

FROM:

HAROLD H. SAUNDERS

SUBJECT:
Message from Shah on Kurds

Dick Helms is the channel for the following message to you from the Shah on the basis of his talk with you in Tehran on the Kurdish situation:

The Shah believes you should talk personally with two Kurdish representatives of Mullah Mustafah Barzani who will be travelling to the US shortly. After you study their problem, the Shah 'expects' you to share with him your views on the discussion. Given current Iraqi policies, the Shah believes the Kurds should be protected from Communist influence and prevented from following the same policies as those of the Iraqi government. [Helms' memo relaying this message is at Tab A.]

The two emissaries will be [*text not declassified*]

The issue in your seeing these fellows is the possibility that they will use their call on you to claim US support. Even if we were to decide to help them, I would assume we would want our hand to be hidden.

The balance is fairly fine on the question of whether we should support the Kurds.

The principal arguments for supporting them are:

- To permit or encourage them to remain a source of instability in Iraq, thwarting the Soviet effort to promote a national unity government as a sounder base for the Soviet position.
- The Iranians, Jordanians and the Israelis have intermittently over time supported the Kurds as a means of tying down Iraqi forces at home, and their security is our interest. In addition, there is now the prospect of active Iraqi meddling down the Gulf which domestic instability would help weaken.
- [*text not declassified*]
- [*text not declassified*]

The principal arguments against our supporting the Kurds are:

- We would be committing ourselves to a guerrilla effort, the greatest success of which could be a standoff with the government in Baghdad and preservation of Kurdish autonomy. If the battle turned against the Kurds, we would have neither the assets nor the interest to provide decisive support.
- The financial resources are really available in Saudi Arabia and Iran. This is one case where the US should consult with the regional countries which it is already supporting in a variety of ways and tell them straightforwardly that we feel this should be a regional effort rather than one for which we would provide direct support.
- One would have to consider the implications of supporting the Kurds in the context of the Moscow summit talks. Since the Soviets have made an effort recently to persuade the Kurds to join the Ba'ath Party in a national unity government in Baghdad, support for the Kurds would be a direct counter-Soviet move.

[*text not declassified*]

US policy for some time has been to avoid involvement in Kurdish affairs. The latest approaches were made to [*text not declassified*] and to [*text not declassified*] during the President's visit to Tehran. The response was to reiterate the line that we are not involved. State's practice has been to receive travelling Kurds at the desk level.

CIA does not have a proposal for action now, so the issue is only whether you are to see the Kurdish emissaries as the Shah requests. This depends heavily, of course, on how committed you feel to the Shah on this particular point. My own feeling is that it would be better not to involve you personally at this stage since that comes so close to involving the President at least by implication. I think you could tell the Shah this straightforwardly and say that you will have me give them a full hearing and report. Meanwhile Helms will have talked with them too.

The Shah has asked for a reply before he leaves for Europe Monday.

A recent study of the Kurdish rebellion is at Tab B.

RECOMMENDATIONS:

1. That the following reply be sent to the Shah: "I am concerned that my receiving the Kurdish emissaries could mislead them into excessive expectations of direct US support which, as you know, there has been no decision to provide. I will, however, ask my senior assistant on Middle East Affairs to give them a full hearing and report to me. I will send you my views after that."

Approve _____

Other _____

2. [SAVAK reports your having told the Shah that some support for the Kurds has already been provided through "Kurdish representatives in Washington." CIA would like to set the record straight.] That CIA be authorized to say that reports of your saying that US support has already been provided are not correct.

Approve _____

Other _____

CENTRAL INTELLIGENCE AGENCY
WASHINGTON, D.C. 20505
OFFICE OF THE DIRECTOR
6 June 1972

MEMORANDUM FOR:

Assistant to the President For National Security Affairs

SUBJECT:

The Shah's 5 June 1972 Messages on the Kurdish Situation

1.

On 5 June 1972 [text not declassified] wished an immediate meeting. At the meeting [text not declassified] said that he had recently come from an audience with the Shah who had several messages he wished transmitted [text not declassified]

The Shah wished Mr. Helms to convey the following message to Dr. Kissinger: Referring to the Shah's recent talk with Dr. Kissinger on the Kurdish situation, the Shah believes that Kurdish representatives of Mullah Mustafah Barzani who will be travelling to the United States should be received personally by Dr. Kissinger. The Shah believes that Dr. Kissinger should listen to what these representatives have to say and study their problem. Following his talks with them, the Shah "expects" Dr. Kissinger to share with the Shah his views regarding these discussions. Given the current policies of the Government of Iraq, he believes that the Kurds should be protected and prevented from following the same policies as those of the Government of Iraq. They should also be protected from Communist influence.

The Shah wished the following message to be passed to Mr. Helms: Please receive the Kurdish representatives, listen to them, study what they have to say and share with me your views on their presentation. The Shah's third message was directed to [text not declassified] The Shah expects to receive an answer via [text not declassified] to the above messages prior to his 12 June departure or a European vacation. Asked for a precise interpretation of what answer the Shah expects in this time frame, [text not declassified] said that the Shah wishes to know whether or not Dr. Kissinger and Mr. Helms are willing to meet the Kurdish representatives and to convey their impressions to the Shah after those meetings. (Identities and timing of Kurds not yet known).

2. Ambassador Farland has been briefed on this information.

3. BACKGROUND. In the past few years, the Government of Iran has raised periodically the subject of United States support to Barzani. In November 1971, [text not declassified] raised [text not declassified] the possibility of United States aid to Barzani, relating the question to the developing national front government in Iraq. Based on guidance provided from Washington, [text not declassified] was told that United States policy was to refrain from intervention in Kurdish affairs. In March 1972 [text not declassified] proposed covert United States support to Barzani [text not declassified] Again the United States policy of

nonintervention was confirmed. Later in March, Barzani sent a special representative, *[text not declassified]*, to London and Washington to speak with prominent Iraqi exiles and with the British and United States governments. *[text not declassified]* During this trip, *[text not declassified]* also spoke with officials of the Department of State at the country desk level *[text not declassified]* In April 1972 Barzani sent another special representative, *[text not declassified]*, to the United States to solicit official and private support for the Kurds. In May, *[text not declassified]* proposed that *[text not declassified]* meet with you or with Secretary of State Rogers during the President's visit to Iran. This proposal was turned down on the grounds of insufficient time. *[text not declassified]*

Richard Helms
Director

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 138, Kissinger Office Files, Kissinger Country Files, Middle East, Kurdish Problem Vol. I, June '72–Oct. '73. Secret; Sensitive. Sent for action. Kissinger wrote on the memorandum, "I thought we arranged." An unsigned copy of Tab A was found in Central Intelligence Agency, Executive Registry Files, Job 80B01086A, Box 1, Executive Registry Subject Files, I-13, Iran. Tab B is published as [Document 310](#).

314. Telegram 103059 From the Department of State to the Embassies in the United Kingdom, France, and the Netherlands, June 9, 1972, 2217Z¹

June 9, 1972, 2217Z

[DEPARTMENT OF STATE TELEGRAM] 103059
092217Z JUN 72 ROGERS

E/ORF/FSE:GSBROWN/LMS

6/9/72 EXT: 20681

E/ORF:JLKATZ

E/ORF/FSE:JEAKINS

EUR/FBX: - MR. BEIIEGEL

NEA: MR. SISCO

TREASURY - Mr. GORDON{INFO}

EUR//SOV:MR. KADILIS

NEA/ARN: MR. SEELYE

E/IFD/IFA -MR. KENNEDY

ROUTINE
LONDON, PARIS, THE HAGUE

ROUTINE
ALGIERS, BEIRUT, TEHRAN, JIDDA, DHAHRAN, MANAMA, MOSCOW, KUWAIT, OECD
PARIS, TRIPOLI, ROME

KUWAIT PLEASE PASS ABU DHABI

1. ALTHOUGH COURSE WHICH IPC NATIONALIZATION WILL RUN DEPENDENT TO SOME DEGREE ON RESULTS OPEC AND OAPEC CONFERENCES, AND REPORT FROM FRENCH ON THEIR CONTACTS WITH IRAQIS, WE BELEIVE BROAD LINES US INTEREST

AND POSITION IN THIS CASE NOW CLEAR. OUR PRIMARY CONCERN AT THIS POINT SHOULD BE TO ISOLATE IRAQI ACTION, TO EXTENT POSSIBLE, FROM MIDDLE EAST AND OPEC POLITICS WHILE MAINTAINING SUPPORT FOR PRINCIPLE PROMPT AND ADEQUATE COMPENSATION.

2. WHILE NEITHER WE NOR COMPANIES CAN BE ENTIRELY CONFIDENT FRENCH WILL NOT SEEK OWN SETTLEMENT AT SOME POINT, COMPANIES HAVE SENSIBLY AUTHORIZED CFP REPRESENTATIVE TO SOUND OUT IRAQIS. COMPANIES ARE ALSO EXPLORING OTHER CHANNELS OF COMMUNICATION WITH IRAQIS IN ORDER DEFUSE SITUATION. MEANWHILE, THEY HAVE HELD OFF LEGAL STEPS INSTITUTING FORMAL BOYCOTT OF NATIONALIZED OIL.
3. IRAQIS NATIONALIZATION ACTION COULD COST GOI UP TO 500 MILLION DOLLARS IN EXPECTED REVENUES FOR REMAINDER 1972 AS RESULT OF BOYCOTT IMPOSED BY COMPANIES PENDING COMEPENSATION SETTLEMENT. WE JUDGE IRAQ UNLIKELY TO GET FINANCIAL AID FROM OPEC COLLEAGUES IN THIS AMOUNT, AND EXTENT TO WHICH OTHER PRODUCERS WILLING TO PUT COUNTERVAILING PRESSURE ON COMPANIES BY FREEZING OR RESTRICTING OUTPUT IS UNCERTAIN. USSR ALSO LIKELY IN SHORT RUN TO BE CAUTIOUS IN OFFERING IRAQIS MASSIVE FINANCIAL OR OIL MARKETING ASSISTANCE. GOI WILL BE UNDER CONSIDERABLE ECONOMIC PRESSURE TO SETTLE WITH IPC. SYRIAN AND LEBANESE LOSS OF REVENUES COULD CONTRIBUTE TO THIS PRESSURE.
4. IN VIEW OF EXISTING PRESSURES ON IRAQ TOWARD SETTLEMENT, AND UNCERTAIN DEGREE OF ARAB AND OPEC SUPPORT, WE BELIEVE IT ESSENTIAL THAT USG OR OTHER PARENT GOVERNMENTS AVOID STEPS WHICH WOULD CRYSTALLIZE SITUATION OR PROVOKE SHARPER CONFRONTATION. THIS WOULD RALLY OPEC, AND PARTICULARLY ARAB PRODUCERS, INTO ACTIVE SUPPORT OF IRAQ BY PRODUCTION CUTBACKS, MASSIVE FINANCIAL AID OR OTHER STEPS. WE HAVE THEREFORE LIMITED OUR PUBLIC COMMENTS TO EXPRESSIONS OF REGRET AT NATIONALIZATION ACTION BREAKING OFF NEGOTIATIONS, AND POINTING OUT NEED FOR NEGOTIATIONS LEADING TO COMPENSATION. AT SAME TIME WE WILL QUIETLY SUPPORT COMPANY BOYCOTT WHEN IT ESTABLISHED, BUT WILL URGE COMPANIES TO REFRAIN FROM ASSUMING PUNITIVE POSTURE, AND TO MAINTAIN NEGOTIATING CHANNELS WITH IRAQIS OPEN AND BUSY. WE BELIEVE THIS STRATEGY CAN BUY TIME FOR ORDERLY PURSUIT

OF OPEC PARTICIPATION NEGOTIATIONS, WHILE AT SAME TIME
KEEPING IRAQI ACTION FROM BEING SUCCESSFUL, AND
CONSEQUENTLY DAMAGING PRECEDENT. IN THIS CONNECTION,
WE WILL CONTINUE URGE CONSUMER COMMON FRONT ON
OECD COLLEAGUES IN JUNE 12-13 OIL COMMITTEE MEETINGS,
AND WITH IPC PARENT GOVERNMENTS IN PARIS MEETING JUNE
12. YY

¹ Source: National Archives, RG 59, Central Files 1970-73, PET 15-2 IRAQ.
Confidential. Repeated to Algiers, Beirut, Tehran, Jidda, Dhahran,
Manama, Moscow, Kuwait, OECD Paris, Tripoli, and Rome.

315. Memorandum From the Chief of the Near East and South Asia Division, Central Intelligence Agency (Waller) to the Director of Central Intelligence (Helms), Washington, June 12, 1972¹

Washington, June 12, 1972

12 June 1972

MEMORANDUM FOR:

Director of Central Intelligence

VIA:

Acting Deputy Director for Plans

SUBJECT:

Background to Current Efforts by Kurdish Leader Barzani to Gain U.S. Support

1. The following is for your background information in connection with the forthcoming meeting which you General Haig will have with representatives of the Kurdish leader, Mulla Mustafa Barzani. An edited version of this is being prepared for General Haig.

The Kurdish Situation in Brief

2. The increasingly close relationship between the Soviet Union and the Ba'thist Government of Iraq, and concomitant pressure by the Soviets and the Ba'thists to induce the Iraqi Kurds to join a national unity government in Baghdad, have given rise to Kurdish claims that without financial aid from some source to pay Barzani's Kurdish forces, the Pish Mirga, plus western, particularly U.S., "moral" support to counter Soviet backing of the Iraqi Bath, the Iraqi Kurds may be forced into an accommodation with their adversaries.

3. The Shah of Iran is concerned that Iraq is progressively falling under Soviet domination with implications for Iranian security and Iranian and western interests in the Persian Gulf. He therefore is seeking ways to minimize Soviet influence on Iran's flank and in this connection believes it desirable that Barzani remain sufficiently viable to maintain his resistance to the Ba'thist regime in Baghdad.

4. Principally because of the above factors, in recent months both Barzani and SAVAK, on behalf of the Shah, have intensified their efforts to obtain western support, particularly U.S. and British moral backing as a counterweight to the Soviet support of the Ba'athists. Although Mulla Mustafa claims he will keep secret any commitment of U.S. moral support, such a commitment would be of little use to him if he could not exploit it to gain backing, and this would mean letting it become known.

5. The Kurdish desire for financial support has practical foundations. The subsidy granted by the Baghdad Government after the civil war ended in 1970 has been terminated recently and the [text not declassified] Iranian subsidies provided Barzani prior to the end of that war were greatly reduced when the Ba'athist subsidy took effect. As a result, in recent months, Barzani has had to reduce sharply the salaries of his forces and many have faded away. We estimate Barzani needs about \$7,200,000 annually just to pay the current force of 15,000 soldiers he claims to have. He has proposed to increase his troops to 50,000 men, for which salary support would run about \$24,000,000 per year. Material and arms would, of course, be extra.

Summary of Recent Approaches to the U.S., our Responses and Related Developments

6. In November 1971 [text not declassified] of [text not declassified] reviewed [text not declassified] the possibility of U.S. aid to Barzani, relating the question to the developing national front government in Iraq. Based on guidance from the Department of State, [text not declassified] was told that U.S. policy was to refrain from intervention in Kurdish affairs. In March 1972 [text not declassified] proposed covert U.S. assistance to Barzani, [text not declassified] Again the U.S. policy of non-interference was confirmed, not only by the State Department but by Dr. Kissinger's office as well. Later, in March Barzani sent a special representative, [text not declassified], to [text not declassified] and Washington to speak with the [text not declassified] and U.S. Governments.

7. While in Washington, [text not declassified] asked [text not declassified], to use his influence to obtain a covert expression of U.S. support for Barzani. During your meeting with [text not declassified], he mentioned the situation in Iraq and the two dissident groups he was in touch with. You replied that in general you shared his views of the Iraq

situation. You noted, however that the U.S. could not involve itself directly. *[text not declassified]*

8. *[text not declassified]*, as well as reporting *[text not declassified]*, have indicated that Barzani and the Shah have hope that U.S. assistance might be forthcoming. *[text not declassified]*

9. During his trip in April, *[text not declassified]* also met with Department of State officials *[text not declassified]* Additionally, in April Barzani sent another special representative, *[text not declassified]*, to the U.S. to solicit official and private support for the Kurds. *[text not declassified]* has been in touch with Senator Gravel's office most recently. In May, *[text not declassified]* proposed that Barzani's *[text not declassified]* meet with Secretary of State Rogers or Dr. Kissinger during the President's visit to Iran. This proposal was turned down on the grounds of insufficient time. Subsequently, the Shah through *[text not declassified]* requested that Dr. Kissinger and yourself receive representatives from Barzani. The Shah also asked for Dr. Kissinger's and your reaction to such a meeting. A message has been sent to the Shah stating that you and General Haig will together receive the Barzani representatives if they come to Washington.

10. *[text not declassified]*

11. *[text not declassified]*

12. *[text not declassified]*

13. *[text not declassified]*

Attachments - 2 cc: DDCI w/att

DISTRIBUTION:

Orig - DCI w/att
1 - DDCI w/att
1 - Acting DD/P w/att
[text not declassified]

JOHN H. WALLER
Chief, Near East and South Asia Division

¹ Source: Central Intelligence Agency, Executive Registry Files, Job 80B01086A, Box 1, Executive Registry Subject Files, I-13, Iran. Secret; Sensitive. The attached biographies are not published. A record of the conversation is published as [Document 319](#).

316. Memorandum From the Country Director for
Lebanon, Jordan, the Syrian Arab Republic, and Iraq
(Seelye) to the Assistant Secretary for Near Eastern and
South Asian Affairs (Sisco), June 13, 1972¹

June 13, 1972

United States Government
Memorandum
June 13, 1972

TO:
NEA - Mr. Sisco

THRU:
NEA - Mr. Davies

From:

NEA : ARN - Talcott W. Seelye

SUBJECT:
Essential Elements of IPC Nationalization Action

In taking a close look at the IPC nationalization and reducing it to its essentials in terms of key U.S. interests, I have come up with the following analysis:

Immediate Effects on U.S. Interests.

The IPC nationalization action by itself and thus far has had no appreciable effect on U.S. interests. It does not affect appreciably the U.S. balance of payments position; it does not hurt Western Europe by depriving it of oil; and it does not, at least for the moment, appreciably serve Soviet interests.

While it is difficult to estimate how much in the way of ESSO-Mobil profits have flowed into the U.S. annually from the IPC operation, the annual amount is a very small portion of the some \$2 billion which is annually repatriated altogether by U.S. oil companies. With regard to Western Europe, only ten per cent of its consumption on an average, comes from Iraq, and only six per cent is drawn from the nationalized

Kirkuk fields. This loss can easily be made up by other oil producing countries, especially Iran. As for the Soviets, they are presumably not keen to have IPC deprived of its European markets because the Soviet Union cannot make up the difference and it is in Soviet interests to assure an economically healthy Iraq. Also, at the moment, there is no indication that the Soviets are pressing the Iraqis to allow them to exercise control over these facilities, as is occurring in the former IPC-owned North Rumaila field in the south.

Longer Range Implications

While the immediate effects of the Iraqi action on U. S. interests are insignificant, the longer range implications are considerable. The IPC nationalization action could affect our other oil interests in the area by inducing other Arab producers similarly to nationalize. If this happened, our balance of payments position would be seriously affected; European oil needs would be jeopardized (although consumption imperatives would probably overcome the oil company boycott); and Soviet interests in the area would be advanced insofar as the dispossession of the American oil companies represents a reduction of important Western influence in the area.

Widespread nationalization could happen if Iraq's example turns out to be a great success or if we and other Western powers so antagonize the other Arab oil producers that they decide to follow suit.

Our Principal Concerns and Objectives

Accordingly, our principal concerns are: (1) that nationalization not spread and (2) that Western firms not be excluded from the former IPC operation.

In consonance with these concerns, our objectives should be, first, to avoid actions which make the Iraqi action profitable or really successful. This means keeping as tight a rein as possible on the French to make sure that the French do not make too attractive an offer to the Iraqis with regard to follow-up arrangements^(*), bearing in mind that the Iraqis need the European market badly. This also means refraining from taking punitive measures against Iraq because such actions by any of the Western powers risks closing Arab ranks and inducing other Arab oil producers to line up with Iraq—for example, by agreeing to finance any Iraqi deficit flowing from the nationalization action.

Secondly, we should avoid actions which drive Iraq further into the Soviet embrace. This means keeping a French-European follow-on option open to the Iraqis, so that the Iraqis are not forced either to turn the installations over to Soviet control or to become dependent on the Soviets for locating markets. Our approach to the French will have to be a kind of balancing act: on the one hand, we would like the French to keep a foot in the door but, on the other hand, we don't want them to accept such attractive terms that the IPC nationalization will have paid off.

¹ Source: National Archives, RG 59, NEA/ARN, Office of Lebanon, Jordan, Syria, and Iraq Affairs, Lot file 75D44, Box 13, IRAQ PET 6, Petroleum Companies, 1972. Secret.

* - i.e. an arrangement with the Iraqis which among other things undercuts their British, Dutch and U.S. partners.

317. Telegram 5798 From the Embassy in the Soviet Union
to the Department of State, June 16, 1972, 1653Z¹

June 16, 1972, 1653Z

TELEGRAM
Department of State
MOSCOW 5798 161809Z

ACTION EUR-20

INFO OCT-01 NEA_10 IO-12 GAC-01 ACDA-19 NIC-01 CIAE-00 DODE-00
PM-06 H-02 INR-06 L-03 NSAE-00 NSC-10 P-03 RSC-01 PRS-01 SS-14
USIA-12 E-11 COM-08 INT-08 STR-08 TRSE-00 OEP-01 OMB-01 RSR-01
/160 W 123909

R 161653Z JUN 72

FM

AMEMBASSY MOSCOW

TO
SECSTATE WASHDC 551

INFO
AMEMBASSY AMMAN
AMEMBASSY BEIRUT
USINT CAIRO
AMEMBASSY JIDDA
AMEMPASSY LONDON
AMEMBASSY PARIS
AMEMBASSY TEL AVIV
USMISSION USUN
AMEMBASSY TEHRAN
AMEMBASSY KUWAIT
AMEMBASSY MANAMA

SUBJ:
USSR RATIFIES TREATY WITH IRAQ AND SUPPORTS IPC NATIONALIZATION

REF:
MOSCOW 5409

1. SOVIET PRESS GAVE RELATIVELY HEAVY COVERAGE TO
RATIFICATION OF TREATY WITH IRAQ JUNE 13 AND VISIT BY

IRAQI DELEGATION LED BY FOREIGN MINISTER ABDEL BAKI, AGAINST BACKGROUND OF CONTINUING PROPAGANDA SUPPORT FOR RECENT IRAQI NATIONALIZATION OF IPC. IRAQI DIPLOMATS HERE HAVE BEEN RETICENT ON OUTCOME OF BAKI'S MEETINGS WITH SOVIETS, BUT ARABS IN TOUCH WITH IRAQI EMBASSY HAVE IMPRESSION THAT IRAQIS ARE SOMEWHAT DISAPPOINTED BRITISH EMBASSY HAS REPORT THAT TALKS WITH SOVIETS, HAD SOBERED IRAQIS, WHO NOW REALIZE MORE FULLY NOT ONLY COMPLEXITY OF PROBLEMS CAUSED BY NATIONALIZATION BUT ALSO LIMITS ON HELP THEY CAN EXPECT FROM MOSCOW. LIBYAN EMBASSY COUNSELOR TELLS US, HOWEVER, THAT SOVIETS HAVE AGREED TO HELP BUT BY TAKING REPAYMENT IN OIL FOR SOME SOVIET MILITARY EQUIPMENT SUPPLIED TO BAGHDAD.

2. ACCORDING PRESS REPORTS OF JUNE 9 JOINT SESSION OF SOVIET FOREIGN AFFAIRS COMMITTEES TO DISCUSS TREATY RATIFICATION, FIRST DEPUTY FOREIGN MINISTER KUZNETSOV CLAIMED THAT SOVIET/IRAQI CONSULTATIONS IN MOSCOW ON IPC NATIONALIZATION HAD BEEN CONDUCTED "SUCCESSFULLY" AND SAID "SOVIET SIDE HAD EXPRESSED SUPPORT FOR MEASURES TAKEN BY IRAQI GOVERNMENT. HE AVOIDED GIVING ANY DETAILS. AT SAME SESSION CANDIDATE POLITBURO MEMBER PONOMAREV ASSERTED THAT TREATY NOT DIRECTED AGAINST THIRD COUNTRIES, (A POINT ALSO EMPHASIZED BY PODGORNYY ON JUNE 13 DURING RATIFICATION PROCEEDINGS) AND ACCORDS WITH SOVIET/EGYPTIAN TREATY SIGNED LAST YEAR. PONOMAREV STRESSED IRAQI'S RIGHT TO NATIONALIZE AND SOVIET READINESS TO CONTINUE SUPPORTING IRAQI DEVELOPMENT OF OIL RESOURCES, THEMES THAT HAVE BEEN REPLAYED IN PRESS ARTICLES AND COMMENTARIES.
3. MEANWHILE, SOVIET CONCERN OVER IRAQI DOMESTIC POLITICAL DIVISIONS, PARTICULARLY MOSCOW'S ANNOYANCE THAT THE BAATH PARTY, IRAQI CP AND KURDS HAVE NOT MADE MORE PROGRESS IN FORMATION OF IRAQI NATIONAL FRONT, WAS REFLECTED IN JUNE 7 ARTICLE BY IZVESTIYA POLITICAL OBSERVER KUDRYAVTSEV. CLAIMING TO HAVE INTERVIEWED LEADERS OF ALL THREE POLITICAL FORCES, KUDRYAVTSEV DELICATELY ADVISED BAATH PARTY THAT IT CANNOT ACHIEVE DESIRED REFORMS UNLESS IT COOPERATES WITH IRAQI CP AND KURDS. HE DIRECTED MAJOR CRITICISM, HOWEVER, AT "POLITICIANS" WHO PERMIT "MINOR QUESTIONS" TO BLOCK IRAQI NATIONAL FRONT. IN IDEOLOGICAL LECTURE WHICH APPEARS LARGELY DIRECTED AT IRAQI CP,

KUDRYAVTSEV ADMONISHED "POLITICIANS" TO ACCEPT FACT THAT "BAATH PARTY IS IN POWER" AND URGED COOPERATION WITH IRAQ'S RULING PARTY, RECALLING LENIN'S ADVICE TO COMMUNISTS "TO MERGE, TO A CERTAIN EXTENT, WITH BROADEST MASSES PRIMARILY WITH THE PROLETARIAN, (BEGIN UNDERLINE) BUT ALSO WITH THE NON-PROLETARIAN." (END UNDERLINE).

BEAM

¹ Source: National Archives, RG 59, Central Files 1970-73, POL 7 IRAQ. Confidential. Repeated to Amman, Beirut, Cairo, Jidda, London, Paris, Tel Aviv, USUN, Tehran, Kuwait, and Manama.

318. Memorandum From Harold Saunders of the National Security Council Staff to the President's Deputy Assistant for National Security Affairs (Haig), Washington, June 23, 1972¹

Washington, June 23, 1972

MEMORANDUM
NATIONAL SECURITY COUNCIL
INFORMATION
Outside system
No number
June 23, 1972

MEMORANDUM FOR:

GENERAL HAIG

FROM:

HAROLD H. SAUNDERS

SUBJECT:
Background for Your Talk with Kurdish Leaders

Dick Helms has sent the attached background memorandum for the talk which you and he will have with the Kurdish emissaries. I assume he is in touch with you on the timing.

The attached is so easily read that I will not summarize it here. The most useful thing I can do is to point out the main considerations that would go into a decision for providing some of the \$1.5 million monthly subsidy or "moral support" that the Kurdish leaders are looking for:

—The major view in town is that we should stay out of direct support for the Kurds. As Helms understands it, the Iranian/ intelligence service has already committed the Iranians to paying half of the subsidy [*text not declassified*] In short, there is enough money in the area to do this and this is one case where we could well leave this effort to local initiative.

- The second major point to consider is that what the Kurds really want to do is to get from the US some indication of support that they can noise around the Middle East. So anything we do in the way of “moral support” cannot by its nature stay quiet because if it were to do Barzani any good he would have to tell others. This would put us semi-openly into one of the longest ongoing guerrilla wars in the Middle East.
- On the other hand, there is a certain attraction to trying to help the Kurds maintain some independence of the Iraqi government so that they can keep the Soviets from helping the Baath party consolidate its rule and relationship with the Communists in Iraq. However, admitting the desirability of any reasonable effort to thwart the Soviets, the question remains whether US support is essential to the success of the effort. The Kurds have kept their position with Iranian and *[text not declassified]* support for a number of years, and the US could well take the position that this is a case for the regional countries most interested to continue. If we provide moral support, perhaps it should be in the form of acknowledged acquiescence expressed directly to them rather than to support for the Kurds.

Your main purpose in seeing these fellows will be simply to hear them out and to enable Henry to send some reflections back to the Shah after hearing their case.

I might add that I have had several feelers from some of these Kurdish emissaries and so far have turned them aside. If you would like, I would be glad to go with you to this meeting with Helms and these emissaries.

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 603, Country Files, Middle East, Iraq, Vol. I. Secret; Sensitive. The unedited form of the attached background memorandum is published as [Document 315](#). Haig ultimately seems not to have participated in the talks.

319. Memorandum of Conversation, Washington, July 5, 1972¹

Washington, July 5, 1972

5 JULY 1972

MEMORANDUM OF CONVERSATION

SUBJECT:

Washington Meetings with Kurdish Representatives

1. Through arrangements made by the Shah of Iran, *[text not declassified]*, personal representatives of Kurdish leader Mulla Mustafa Barzani, met on 30 June 1972 with Director Helms, Colonel Richard Kennedy, and CIA officer *[text not declassified]*. The substance of that meeting is covered in this memorandum. Additional background information and details to support the Kurdish requests for assistance are attached herewith as provided to CIA representatives by *[text not declassified]* during extensive discussions on 1 July 1972.
2. As the primary spokesman for the visitors, *[text not declassified]* opened the 30 June meeting by conveying the personal greetings of Mulla Barzani to President Nixon and the American people. He expressed Barzani's appreciation for this long-sought opportunity to present the Kurdish case directly to the United States Government and invited complete frankness on the part of both sides. *[text not declassified]* then provided a short historical review of the Kurdish movement and its fight for autonomy within Iraq. He followed with a geopolitical description of Kurdistan's position as the only remaining obstacle to total Soviet control of Iraq and the resultant implications to other countries in the area, particularly Iran, Turkey, Saudi Arabia, Jordan, and the Persian Gulf states. He spoke in some detail concerning joint Soviet and Iraqi efforts to bring the Kurds under the control of the Ba'thi regime in Baghdad. He noted in particular the intensification of direct Soviet political pressures on Kurdish leaders, including visits to Mulla Barzani by leading members of the Communist Party of the Soviet Union and the German Democratic Republic. *[text not declassified]* reported on Soviet demands to Mulla Barzani in late June 1972 for prompt replies to previous Soviet overtures for the Kurds to join a National Front Government in Iraq. He pictured the Soviet effort as a supplement to Iraqi economic, military, and terrorist activities aimed at destroying Barzani and the

political leadership of the Iraqi Kurds. [text not declassified] said that Barzani and other Kurdish leaders do not believe that they can resist this combination of Soviet and Iraqi pressure for much more than six months without significant foreign assistance. If such aid is not forthcoming, the Kurds believe that within six months they will either have to reach a political compromise with the Iraqi central government or fight to a sure defeat.

3. [text not declassified] stressed that Barzani wishes increased foreign assistance not just to defend his area from the Soviets and Iraqis, but preferably to make Kurdistan a positive element on the side of the United States and its friends and allies in the Middle East, notably Turkey, Iran, Israel, Saudi Arabia, Jordan, and the Persian Gulf states. Further, [text not declassified] explained Mulla Barzani's conviction that the Soviets are now controlling events in Iraq and that time is running out for the West and its allies bordering that country. Barzani believes that Kurdistan, albeit small, could exploit its strategic location and fighting potential as an effective tool in a free world effort to reverse the trend of Soviet expansion in the Middle East and to regain the initiative for the free world and its allies in that area. In this context, he noted that Iraqi oil resources are located primarily in the Kurdish area. A strong Kurdistan could thus be a major voice in the oil policies of the Iraqi Government.
4. [text not declassified] specified that in the context outlined above, Mullah Barzani sought United States political, financial, military, and intelligence assistance as follows:
 - a. Recognition of the Kurdish objective of autonomy and the continuance of direct secret contacts between the Kurdish movement and the American Government;
 - b. Financial support sufficient to turn the Kurds into an offensive military force with the objective of either bringing down the Ba'thi Government in Baghdad or at least tying up the majority of Iraqi military forces in indefinite combat in order to eliminate the Iraqi regime as a Soviet-controlled threat to American and free world interests and allies in the area;
 - c. Provision of military assistance;
 - d. Establishment of an intelligence liaison between the Kurds and the United States, to include provision of assistance to Kurdish intelligence.
5. In presenting the request above for continuing direct contact between their leadership and the United States Government, [text not declassified] said that Mulla Barzani recommends [text not declassified] presence, temporary or permanent, in Haj Umaran, Barzani's [text not declassified]. As an alternative, the Kurdish movement would accept a

contact in any feasible location as preferred by the United States Government. [text not declassified] commented that Mulla Barzani, in turn, looks forward to visiting the United States whenever political conditions would so permit. [text not declassified] stressed that in return for the American assistance requested above, Mulla Barzani was prepared to commit his movement and his fighting forces to the policies of the United States Government. [text not declassified] added that prior to their departure from Washington, he and [text not declassified] would provide the background and details for their requests to [text not declassified] (see attachments).

6. [text not declassified] completed his presentation by saying that he felt Mulla Barzani's concerns and requests above were very relative to President Nixon's reference in his press conference of 29 June to the threat to world peace represented by Soviet adventures in the Middle East. [text not declassified] said that the current Soviet-Iraqi effort to control Kurdistan would be the final chapter in the Soviet adventure of turning Iraq into a satellite state, which in turn would threaten American interests in the Middle East.
7. [text not declassified] noted that he and [text not declassified] carried with them a tiger skin from Kurdistan as a gift for President Nixon from Mulla Barzani. He said he would send this gift to the Director to forward to the President on behalf of the Kurdish leader. He closed by saying that Mulla Barzani hoped that the arrival of his representatives in Washington so close to America's celebration of its independence on 4 July would encourage the United States Government to respond positively to this Kurdish appeal for assistance in maintaining Kurdish independence.
8. Director Helms thanked [text not declassified] for their visit to Washington and commended [text not declassified] for his most able presentation of the position and requirements of the Kurdish people and their leadership. He said that he and Colonel Kennedy have been authorized by Dr. Kissinger to express the sympathy of the United States Government for the Kurdish movement under Mulla Barzani. Mr. Helms noted that the very presence of the Kurdish representatives in his office was proof of our position and readiness to consider their requests for assistance. The Director said that the United States Government desires to continue the relationship with the Kurdish movement which had been officially initiated by the presentation of [text not declassified]
9. [text not declassified]
10. The Director then asked [text not declassified] to provide [text not declassified] with the details of the Kurdish financial and military needs as quickly as possible so the United States Government could

consider them promptly. Mr. Helms recognized that time is critical for the Kurds and that our Government would make every effort to decide what it could do and then provide such assistance as quickly as possible. He indicated that the United States Government's response would be conveyed to Mulla Barzani through [text not declassified] which we would arrange. Director Helms cautioned that it would be very difficult for the United States to provide military equipment directly to Kurdistan without American involvement becoming public knowledge. He suggested that we might have to consider channeling any such aid through the [text not declassified] or Iranian governments. The Director stipulated that secrecy would be an absolute requirement in this new relationship and that the relationship could indeed be soured by a failure to honor our need for such secrecy.

11. [text not declassified] responded that the Kurdish leadership understood our requirement for secrecy and was ready to carry out all arrangements exactly as desired by our side and to handle all of our aid and assistance exactly as we dictated. He noted as an indication of the good faith in this respect that only the Iranian Government was aware of the Kurdish visit to Washington. [text not declassified]
12. Colonel Kennedy expressed Dr. Kissinger's appreciation for the excellent presentation which gave us a clearer perception of the precarious position of Kurdistan and of its potential to play a role in the Middle East. He also commended [text not declassified] for an outstanding presentation on behalf of Mulla Barzani. The meeting then ended with an agreement that the visitors would meet further with [text not declassified] to provide the details to support their general presentation to the Director and Colonel Kennedy.

Attachments:

- A —Political
- B —Financial
- C —Military
- D —Intelligence

ATTACHMENT A
POLITICAL

Background

The primary goal of the Kurdish movement (people) in Iraq is autonomy for the Kurdish area of that country. The autonomy desired is comparable to the autonomy of a state in the United States with its

control of education and other basic social services to its citizens. It is not in any degree comparable to full independence. A secondary goal of the movement is to promote democracy as the political system of government in Iraq.

The most important political aspect of Kurdish relations with any government, including the central government of Iraq, is, therefore, the recognition by that government of Kurdish autonomy within the independent republic of Iraq as legitimate, legal, and acceptable.

This autonomy was first recognized in the "Christmas Declaration" of 24 December 1922, in which the British specifically recognized Kurdish autonomy and granted the Kurds the authority to govern their areas. Unfortunately, this declaration was never recognized in practice by the British and Iraqi Arabs, which in turn led to a succession of Kurdish revolts. The aim of the Kurds during such fighting was to gain recognition in practice for the legal official autonomy formally granted to them in the "Christmas Declaration".

After the Qasim coup d'état of 14 July 1958, the Iraqi Government promulgated a provisional constitution, Article 3 of which recognized that the Kurds and Arabs would be partners in governing the nation. This was never acknowledged in practice, however, and by 1961 'Abd-al-Karim had, in fact, begun a major effort to crush the Kurdish movement. He closed the offices of the Kurdish Democratic Party (the political organization representing the Kurdish movement), shut down the Party's newspapers, sent Iraqi troops into Kurdistan, and tried to settle Arab tribes in the Kurdish areas.

In response to these actions, Mulla Mustafa Barzani organized a Kurdish resistance effort in 1961 with only 600 armed men. By 1963 the movement's objective of autonomy for Iraqi Kurds had been crystallized in the minds of Barzani and his followers. This period of combat lasted, on and off, until 11 March 1970 when Barzani signed a settlement with the Ba'thi government in Baghdad. The settlement represented the clearest recognition that any Iraqi Government had offered of the Kurdish demand for autonomy. This, plus the increasing inability of Barzani and his leaders to support their population's social needs during prolonged combat, led to the Kurds' acceptance of this settlement.

A few months later the Ba'thi regime of Saddam al-Tikriti started planning the destruction of the Kurdish leadership. The Ba'this subsequently tried to assassinate Mulla Barzani and his son Idris.

Ba'athi efforts to subdue the Kurds continue today, in concert with intensive and extensive political pressures from the Soviet Union, the German Democratic Republic, Bulgaria, and other Communist nations. To further protect its satellite regime in Baghdad, the Soviet Union has pressured Egypt, a longstanding enemy of the Ba'ath Party, to adopt a more friendly posture toward Iraq, and convinced even the Syrians, who represent an opposing faction of the Ba'ath Party, to terminate their hostile actions against Iraq. These developments have combined with the reign of assassination and torture by the Iraqi Ba'ath, under Saddam al-Tikriti, to make Iraq a Soviet satellite, even though, just as in Czechoslovakia, the majority of the population hates the regime. However, the calculated terror and brutality of the Ba'athis keep them subdued.

Kurdistan is now the only obstacle to complete Soviet dominance of Iraq through Saddam al-Tikriti. Once that is accomplished the Soviets will be able to utilize Iraq and South Yemen (Peoples Democratic Republic of Yemen) to subvert the weak, fledging Persian Gulf states in a pincers movement of subversion. The Kurds have intelligence that South Yemeni leader, 'Abd-al-Fatah Isma'il, has agreed with Kosygin to play such a role in the Gulf in concert with the Iraqis.

The current state of Barzani's forces allows the Kurdish movement to maintain only a weak defensive posture against the combined forces of their enemies. Mulla Barzani estimates that with the current level of assistance from the Iranians and [text not declassified] he can do no more than fight a delaying action against the regime in Baghdad. He feels that within six months he will either have to reach a settlement tantamount to political surrender or he will have to expend his forces and the Kurdish leaders in a short period of combat that will certainly lead to their final defeat.

Barzani is not seeking merely sufficient aid to enable him to defend Kurdistan from the Iraqis and Soviets. That is only his minimum objective. He would prefer to receive political, financial, and military support sufficient for the Kurds to leave their defensive posture to become an offensive force against the Iraqis and their Soviet allies on behalf of the United States and its friends in the Middle East. Hopefully, under such conditions, Kurdish forces could combine with anti-Ba'athi Iraqi Arabs to either overthrow the pro-Soviet regime in Baghdad or to so embroil that regime and its forces in combat that it would no longer represent a threat to Iran, Turkey, Saudi Arabia, Jordan, or the Persian Gulf states. While recognizing their role as small in an area-wide context,

the Kurdish leaders believe they could, nevertheless, make a significant contribution to protecting and even advancing the interests of the United States and its allies in the Middle East. It is this latter point that the Kurdish representatives here wish to stress most strongly. They emphasize that Mulla Barzani is willing to commit his movement to act in concert with United States area objectives and policy guidance in return for the assistance Kurdistan needs. The Kurdish representatives picture such cooperation as consistent with the shared political philosophy of Kurdistan and the United States, i.e., freedom of people to live as they wish and to govern their own affairs.

More specifically, the Kurdish representatives here seek recognition by the United States of the Kurdish political objective of autonomy, as it has previously been recognized by governments in the Middle East, including the central government in Baghdad, the Soviet Union, and other Communist nations. The Kurds realize that, because of the need for secrecy in any established relationship between them and the United States Government, such sympathy and recognition for their position would have to remain a secret indefinitely. They would, however, hope that as opportunities arise, the United States would quietly, but publicly note its recognition of Kurdistan as a politically autonomous entity within the independent nation of Iraq.

When [*text not declassified*] called on the Shah of Iran on 4 June, the Shah committed himself fully to two possible courses of action consistent with the Kurdish objective of autonomy. The first course, and that preferred by the Shah, would be to utilize Kurdish and anti-Ba'th Arab Iraqis to bring down the Ba'thi government in Iraq. The second course would be as a minimum to support an autonomous Kurdistan within Iraq which could stand on its own feet and resist all attempts to crush it. This is the clearest recognition of Kurdish autonomy ever received from the Iranians.

The Kurdish movement also desires the assistance of the United States Government, as it is able in the future, to convince Iran and Turkey that the Kurdish movement in Iraq has no territorial or political ambitions regarding the Kurdish people in either Iran or Turkey. Barzani's movement is particularly concerned about the Turkish Government which has steadfastly refused to have any contact with the Iraqi Kurds despite the fact that not a bullet has been fired on their mutual borders with Turkey during the past ten years. On the contrary, the Kurdish movement has in effect protected the security of both Turkey and Iran's borders with Kurdistan. This in turn secures most of Iran and Turkey's

border with hostile Iraq. The Kurds would appreciate the good offices of the United States Government in putting the Kurds into direct contact with the Turkish Government and expressing the readiness of the Iraqi Kurds to sign any border guarantees desired by either the Turks or the Iranians. The latter two countries can write whatever guarantees they desire regarding current borders and the Kurds will sign them.

Last, but not least, the Kurdish movement requests the United States Government to continue the direct contact established between them for the first time on 30 June 1972. The Kurdish movement recognizes that such direct political contact would have to remain secret indefinitely.

As a result of the discussions of 30 June 1972 in Washington, D.C., the Kurdish representatives, *[text not declassified]* believe they have received an expression of sympathy for Kurdish existence as an autonomous, political, and geographic entity within the independent nation of Iraq. They understand that the United States Government has agreed to continue direct contact with their political leadership *[text not declassified]* Finally, they understand that the United States Government will consider as soon as possible the Kurdish requests for financial and military assistance and advise of its decision *[text not declassified]*

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 138, Kissinger Office Files, Kissinger Country Files, Middle East, Kurdish Problem Vol. I, June '72–Oct. '73. Secret; Sensitive. Attachments B, C, and D are not published.

320. Telegram 7605 From the Embassy in Lebanon to the
Department of State, July 13, 1972, 1020Z¹

July 13, 1972, 1020Z

TELEGRAM
Department of State
BEIRUT 7605 131130Z

ACTION NEA-12

INFO OCT-01 EUR-20 IO-12 CIAE-00 DODE-00 PM-06 H-02 INR-06 L-03
NSAE-00 NSC-10 P-03 RSC-01 PRS-01 SS-14 USIA-12 T-03 OMB-01 RSR-01
/108 W 060413

R 131020Z JUL 72

FM

AMEMBASSY BEIRUT

TO
SECSTATEWASHDC 7858

INFO
AMEMBASSY AMMAN
AMEMBASSY ANKARA
AMEMBASSY TEHRAN

SUBJ:
TROUBLE IN NORTHERN IRAQ

1. SUMMARY: STRIFE REPORTED IN NORTHERN IRAQ IN PAST TEN DAYS APPARENTLY THREATENED TO SPARK LONG-AWAITED GENERAL CONFRONTATION BETWEEN BARZANI FORCES AND BATHIST REGIME. WHILE TROUBLE NOW SEEMS TO HAVE ABATED SOMEWHAT, TENSION BETWEEN TWO SIDES IS REPORTEDLY HIGHER THAN AT ANY TIME SINCE MARCH 1970 AGREEMENT BETWEEN BARZANI AND GOI. SOME KURDISH SYMPATHIZERS HERE BELIEVE LATEST CLASHES ARE ONLY PRELUDE TO MORE SERIOUS OUTBREAKS IN FUTURE, AS IRAQI GOVT—EMBOLDENED BY SOVIET SUPPORT AND ITS SUCCESSFUL NATIONALIZATION OF IPC—TAKES FURTHER STEPS TO INCREASE

PRESSURE ON BARZANI AND NIBBLE AWAY AT GAINS HE ACQUIRED IN MARCH 1970 SETTLEMENT. OTHERS AGREE THAT CONFRONTATION IS IN OFFING, BUT CONTEND IT IS BARZANI WHO IS BENT ON PROVOKING IT. END SUMMARY.

2. CONSIDERABLE PRESS ATTENTION HAS BEEN FOCUSED HERE OVER PAST TEN DAYS ON REPORTS OF SPORADIC CLASHES BETWEEN KURDS AND ARABS (INCLUDING ELEMENTS OF IRAQI ARMED FORCES IN AREAS AROUND MOSUL, KIRKUK AND SULAYMANIYYAH IN NORTHERN IRAQ. WEIGHING THESE REPORTS AGAINST INFO GLEANED FROM OUR CONTACTS AMONG IRAQI/KURDISH EXILES IN BEIRUT, WE HAVE PUT TOGETHER FOLLOWING SKETCHY (AND SOMETIMES CONTRADICTORY) ACCOUNT OF WHAT TOOK PLACE AND WHAT TO EXPECT IN FUTURE.
3. ACCORDING TO IRAQI NEWS AGENCY, SHOOTING BEGAN IN FIRST WEEK OF JULY BY UNRULY KURDISH YAZIDI TRIBESMEN IN SINJAR DISTRICT WEST OF MOSUL (ONE OF SEVERAL AREAS CONTESTED BETWEEN BARZANI AND BA'THIST REGIME SINCE THEY CONCLUDED SETTLEMENT IN MARCH 1970). REPORTS BY FOREIGN CORRESPONDENTS VISITING BAGHDAD ALLEGE THAT YAZIDIS WERE MADE RESTLESS BY NEWS OF IRAQI TAKE-OVER OF IPC, SINCE TRIBESMEN FEARED THIS MEANT CUT-OFF OF REGULAR PAYMENTS OF "PROTECTION MONEY" THEY HAD BEEN ACCUSTOMED TO RECEIVE FROM COMPANY. STRIFE APPARENTLY SPREAD QUICKLY FROM MOSUL PROVINCE (WHERE IRAQI ARMY REPORTEDLY CLASHED WITH KURDS AT DKP HEADQUARTERS IN MOSUL) TO AREAS AROUND KIRKUK AND SULAYMANIYYAH. IN ALL THREE REGIONS, LOCAL KURDS—JOINED BY ELEMENTS OF BARZANI FORCES—ARE SAID TO HAVE SKIRMISHED WITH IRAQI POLICE AND ARMY CONTINGENTS, SUPPORTED BY IRAQI AIR FORCE. FIGHTING REPORTEDLY CLAIMED SOME 30-50 LIVES ON BOTH SIDES, INCLUDING THAT OF GHANEM AL 'ALI, BA'THIST QAIMMAQAM OF SINJAR DISTRICT, WHO WAS ASSASSINATED BY "UNIDENTIFIED PERSONS" ON JULY 3, AND SEVERAL IRAQI ARMY OFFICERS.
4. ACCORDING TO PRESS REPORTS FROM BAGHDAD, GENERAL GOI-KURDISH CONFRONTATION WAS AVERTED ONLY THROUGH RESTRAINT SHOWN BY BOTH BARZANI AND BA'THIST LEADERS, NOTABLY PRES BAKR. LATTER REPORTEDLY SENT TWO KURDISH MINISTERS IN IRAQ CABINET TO MEET WITH BARZANI IN SUCCESSFUL EFFORT TO AVERT ESCALATION OF FIGHTING AND CALM THINGS DOWN. (ONE MINISTER, NAFEZ JALLAL HOWEIZI, WAS LATER KILLED IN AUTO ACCIDENT AFTER LEAVING

BARZANI'S HEADQUARTERS). BARZANI THE TELEGRAPHED BAKR, DENYING THAT HIS PESH MERGA HAD INSTIGATED INCIDENTS, OFFERING TO HELP APPREHEND QAIMMAQAM'S ASSASSINS, AND CALLING AGAIN FOR WITHDRAWAL OF IRAQI FORCES FROM CONTESTED NORTHERN AREAS AND FOR IMPLEMENTATION BY GOI OF UNFULFILLED CLAUSES OF MARCH 1970 AGREEMENT. LATEST REPORTS FROM BAGHDAD IN BEIRUT PRESS JULY 12 NOTE THAT "ALTHOUGH TENSION STILL PREVAILS IN NORTH, IT IS NOT EXPECTED TO LEAD TO ALL OUT WAR." CURIOUSLY, PRESS ACCOUNTS MAKE NO MENTION OF ANY ROLE PLAYED BY SADDAM HUSSEIN TAKRITI DURING THIS CRISIS.

5. OUR CONTACTS AMONG LOCAL KURDISH/IRAQI EXILES CONFIRM MANY ELEMENTS OF ABOVE STORY, BUT PROVIDE SEVERAL RADICALLY DIFFERENT TWISTS. THEY CONTEND THAT TROUBLE BETWEEN KURDS AND ARABS IN CONTESTED AREAS AROUND MOSUL KIRKUK AND SULAYMANIYYAH ACTUALLY PRECEDED OUTBREAK OF VIOLENCE IN SINJAR DISTRICT, ALTHOUGH THEY AGREE THESE TROUBLES BECAME MORE VEHEMENT AFTERWARDS. THEY REGARD STORY ABOUT DEPENDENCE OF 30,000 YAZIDI TRIBESMEN ON IPC "BAKSHEESH" AS BA'THIST FAIRY TALE, NOTING THAT MANICHEAN YAZIDIS HAVE LONG MADE COMMON CAUSE WITH BARZANI AND THAT THEIR PARAMOUNT SHAYKH, TAHSIN BEY, HAS JOINED THE MULLA IN HIS MOUNTAIN RETREAT. (THEY ADMIT THAT KURDS AS WHOLE, HOWEVER, ARE UNHAPPY WITH IRAQ GOVT'S ECONOMY DRIVE WHICH HAS PRODUCED DRASTIC CUTBACKS IN EXPENDITURES IN CONTESTED NORTHERN AREAS.) AS FOR ASSASSINATION OF GHANEM AL 'ALI THEY NOTE THAT PESH MERGA HAD BEEN "GUNNING" FOR HIM FOR SOME TIME, AND THEY REJOICE AT HIS DEMISE. SOME OF THEM EVEN SPECULATE THAT BARZANI MAY HAVE ENGINEERED DEATH OF JALLAL HOWEIZI, HIS FORMER (1969) COMRADE IN ARMS WHO HAD ALLEGEDLY SUCCUMBED TO SOFT MINISTERIAL LIFE IN BAGHDAD AND BECOME BA'THIST STOOGES.
6. OUR CONTACTS WHO ARE ANTI-BA'THISTS, CONTEND THAT RECENT INCIDENTS IN NORTHERN IRAQ ARE LONG-AWAITED SIGNAL OF BEGINNING OF KURDISH UPRISING AGAINST BAGHDAD GOVT, REGARDLESS OF WHETHER BARZANI OR GOI INITIATED THEM. SOME SAY PRESENT LULL IS TEMPORARY. DICTATED BY FACT THAT BARZANI HAS NOT YET WORKED OUT FINAL ARRANGEMENTS FOR WHOLESALE KURDISH REVOLT WITH HIS ALLIES IN TEHRAN.

7. COMMENT: WE ARE UNABLE EVALUATE ACCURACY OF CONFLICTING REPORTS. BA'THIST SPOKESMAN IN BAGHDAD MIGHT BE EXPECTED TO PUT BEST FACE ON SITUATION THAT IS SOURCE OF VITAL CONCERN TO THEM. ON OTHER HAND, WE ARE ONLY TOO AWARE OF BOASTFULNESS AND WISHFUL THINKING WHICH MARKS STATEMENTS OF BARZANI SYMPATHIZERS IN BEIRUT. IN OUR VIEW, ALL THAT CAN BE SAID WITH RELATIVE CERTAINTY IS THAT KURDISH BA'THIST RELATIONS ARE TENSER THAN AT ANY TIME SINCE MARCH 1970 AGREEMENT.

HOUGHTON

¹ Source: National Archives, RG 59, Central Files 1970-73, POL 23-9 IRAQ. Confidential. Repeated to Amman, Ankara, and Tehran.

321. Memorandum From the President's Deputy Assistant for National Security Affairs (Haig) to the President's Assistant for National Security Affairs (Kissinger), Washington, July 28, 1972¹

July 28, 1972

THE WHITE HOUSE
WASHINGTON
July 28, 1972

MEMORANDUM FOR:

HENRY KISSINGER

FROM:

AL HAIG

SUBJECT:
Kurdish Problem

Attached is a memorandum prepared by Helms which outlines the results of his and Kennedy's discussions with the Kurdish representatives and contains a proposal for U.S. action. The proposal provides for two categories of assistance to Barzani:

Financial and Munitions.

On the Financial side, the proposal would provide, in addition to contributions from Iran, [text not declassified] \$3 million from the U. S. over one year. Helms would furnish this [text not declassified] but with the full knowledge of the Shah and Barzani.

With respect to munitions, the U. S. would supply roughly \$2 million in supplies (exclusive of transportation costs). The ordnance would be delivered [text not declassified] to Iran for turnover to the Kurds. Details on costing are at Enclosure 3 of the attached memorandum.

Helms and Kennedy both favor support for Barzani. A case could be made that it is more important than ever due to the recent events in Egypt which will probably result in more intense Soviet efforts in Iraq. At the same time, sensitivity increases immeasurably in the light of Soviet paranoia resulting from events in Egypt.

Procedurally, we have two options:

Circumvent the 40 Committee and go directly by memorandum to the President and then deal solely with OMB and Helms, or—Inform 40 Committee principals only —Johnson, Rush, the Chairman JCS and Helms —but avoid any paper and tell them that the President wants this done.

Recommendation:

I think we should pursue the latter course in the event something blows and we could insist that established procedures were followed. Furthermore, I doubt very much that the operation can be conducted without its surfacing in official channels at some point.

If you agree, I will have this converted to a memorandum to the President for your approval and advise him that we are instructing the principals only of his decision and move with CIA and OMB, to get the action accomplished.

Approve _____

Disapprove _____

[Attachments]

18 July 1972

MEMORANDUM

SUBJECT:

Assistance to Iraqi Kurdish Leader, Mulla Mustafa Barzani

1. This memorandum describes a proposal for covert assistance to the Iraqi Kurdish leader, Mulla Mustafa Barzani. Attached are the following: (1) an inventory of the proposed ordnance for the Kurds

(Attachment A) and (2) an estimate of the situation entitled Prospects and Problems of Assistance to the Kurds (Attachment B).

2. Material assistance required by Mulla Mustafa Barzani to continue resistance to the Ba'thi regime in Baghdad falls into two main categories, (a) financial and (b) ordnance.
3. With regard to financial assistance, our intelligence has consistently placed the yearly requirement for financing the Pish Mirga (Barzani's guerrilla army), with a strength of 25,000, at approximately \$18 million. While Barzani's recent emissaries placed their total annual requirements at \$60 million, this figure envisioned a full-scale military offensive involving 60,000 troops and included the cost of a government infrastructure and certain social services to the Kurdish population. It is not recommended that we encourage or support such an ambitious, highly provocative, and probably impractical scale of activity, which would exceed the limits of covert capability.
4. Of the \$18 million required for guerrilla warfare of an essentially defensive nature, we have indications that Iran may be prepared to fund half this sum, or \$9 million. *[text not declassified]*
5. In the financial subsidy category, it is recommended that we provide Barzani with *[text not declassified]*—\$3 million over one year's time. *[text not declassified]* Both Barzani and the Shah would, however, be witting of our contribution. While this figure is in some ways arbitrary, it is arrived at in the conviction that (a) at least half the total should be borne by Iran, whose equities as neighbor to Iraq are particularly high, and (b) the balance might well be split *[text not declassified]*
6. In the category of ordnance assistance, the Agency now has in stock the additional arms and ammunition required by the Kurds. This ordnance is of either non-attributable, foreign manufacture or of US manufacture normally stocked by Iraq or Iran, except for artillery (ground and anti-aircraft) and tanks, which we should probably not in any event undertake to supply. *[text not declassified]* Thus the total cost of ordnance support is 2,004,190, exclusive of shipping charges. Transportation costs, *[text not declassified]* would be additional.
7. It is recognized that the transportation problem will be considerable. Since it is our recommendation that the ordnance be delivered *[text not declassified]* and thus covered by the Iranians, the feasibility and security of shipment and reception in Tehran, plus the problems of onward transport by the Iranians to Iraqi Kurdistan cannot be definitely determined without detailed exploratory consultations with a highly select few *[text not declassified]*
8. The following action steps are proposed at this time:
 - a.

The sum of \$5,379,190.80, broken down as follows, be used to support the Kurds for one year's time:

(1) \$3,000,000 for financial subsidy

[text not declassified]

[text not declassified]

[text not declassified]

[text not declassified]

b. Consultation [text not declassified] to determine the exact modalities of service reception and onward shipment to Kurdistan of the ordnance described above.

c. [text not declassified]

d. [text not declassified]

Attachments - 2

Attachment A

Attachment B

ATTACHMENT B

18 JULY 1972

PROSPECTS AND PROBLEMS OF ASSISTANCE TO THE KURDS

The following is a preliminary estimate which sets forth in detail considerations relevant to covert USG support to the Iraqi Kurds under the leadership of Mulla Mustafa Barzani.

SUMMARY:

1. It is clearly in the interest of the USG and its friends and allies in the area that the present Iraqi regime be kept off balance, or even overthrown if that can be done without escalating hostilities on the international level. The most effective and secure means to achieve this end will be to furnish appropriate support to Barzani and the Kurds to enable them to maintain their resistance to the regime. The regime,

despotic internally, is aggressively hostile in its intentions toward Iran, Kuwait, Jordan, Saudi Arabia, and the newly-formed Federation of Arab Emirates. The danger Iraqi hostility poses has become an increasingly significant factor in the area because of the steadily deepening Soviet support for Iraq, now institutionalized in the Soviet-Iraqi treaty of friendship and cooperation signed 9 April 1972. Soviet awareness of the threat Kurdish opposition represents to the Iraqi regime has been reflected recently in increased Soviet and East German pressure on Barzani to join the National Charter Front sponsored by the Soviets and the regime. Both the regime and the Soviets appreciate that if the Iraqi Army must be mobilized and redeployed for a renewed campaign against the Kurds, it is likely to become less subject to regime control, and the regime's capabilities for action against its neighbors be reduced. Nonetheless, there are current indications that the regime may itself be preparing to take the military initiative against the Kurds, and the likelihood of its doing so will increase if it becomes aware of the present Kurdish approach to the USG [*text not declassified*] for support.

2. Whether or not the Iraqi regime chooses to initiate military action against the Kurds, the USG can covertly assist Barzani to maintain Kurdish opposition to the regime. If the Kurds are attacked by Iraqi forces, they will require ammunition for their existing stocks of arms and additional arms of compatible type without delay. USG assistance should be furnished with maximum administrative and physical security feasible in the circumstances so as to enhance plausible denial, although the multilateral context in which this assistance must be provided will inevitably entail security complications. Apart from considerations of plausible denial, the volume and type of USG financial and materiel assistance should be such as to encourage the Kurds to adhere to the kind of guerrilla operations within their mountainous redoubt at which they traditionally excel, as well as to obviate insofar as possible the risk that major Kurdish military escalation might provoke direct Soviet intervention in the conflict.
3. The provision of significant USG covert support to the Kurds will involve certain problems, including that of possible direct Soviet involvement. While Soviet intervention would jeopardize the improved relations with Iran for which the Soviets in recent years have been consistently working, Soviet readiness to pay this price to safeguard their investment and position in Iraq cannot be excluded. Another problem will be presented by Turkish sensitivity to Kurdish nationalism because of their concern for the large Kurdish minority in the eastern region of Turkey. Then there are the limitations on Barzani's influence and effectiveness among the Kurds imposed by

Kurdish factionalism and divisiveness even within the Kurdish Democratic Party of which he is the leader, as well as problems implicit in Barzani advanced age and the lack of a suitable heir to his political powers among the Kurds. Finally, there is the complication inherent in the initiation of covert USG support to the Kurds at a time when the Department of State envisages the opening of a two-officer US Interests Section in Baghdad sometime in early fall 1972.

4. The problems notwithstanding, it is clear that unless the USG and other interested nations provide increased support to Barzani, he will have no reasonable alternative to reaching an early accommodation with the Iraqi regime—an accommodation which would serve Soviet aims and enhance Iraq's capabilities for disruption of stability among other nations in the area. Barzani and some of the parties involved in supporting him envision Kurdish resistance as part of a larger movement including non-Kurdish Iraqi elements which would replace the radical Ba'thi regime with a government of moderation and reconciliation. *[text not declassified]*
5. In anticipation of a decision to provide covert support to the Kurds, we have been planning the modalities of such support, especially the priority supply of ammunition and additional compatible armament to bolster the Kurds' defensive capability. Preliminary checks with the appropriate *[text not declassified]* component reveal that substantial quantities of arms and ammunition are available.

SUPPORT FOR BARZANI: A PRELIMINARY ESTIMATE

PROSPECTS

1. In their discussions with our representatives, the Kurdish emissaries outlined their political, financial and intelligence requirements in considerable detail. As we analyze these requirements and explore procedures for dealing with them, we are also considering the ramifications of our developing relationship with the Kurds in order to achieve desired results with minimum risks of undesired side effects. Some aspects of the situation which will affect the level and manner of our support are discussed below. They concern Soviet support of the Ba'thi regime and government commitments under the Treaty of April 1972; the military capabilities and requirements of the Kurds; and such problems as Kurdish factionalism, Turkish hostility to the Kurds, and the modalities of maintaining contact with Mulla Mustafa Barzani and providing him with financial and logistic support.

Ba'thi-Soviet Collaboration Against Moderate Regimes and Western Interests

2. There can be no doubt that it is in the interest of ourselves, our allies, and other friendly governments in the area to see the Ba'thi regime in Iraq kept off balance and if possible overthrown, if this can be done without increasing Soviet influence in Iraq or escalating hostilities to a dangerous international level.

3. This regime has not been content with despotic control of its own territory and people. Moved by an aggressive, adventurist, pseudo-Marxist ideology, it has mounted campaigns against its neighbors and against all western interests in the Gulf. Under the leadership of Saddam Husayn Tikriti, the Iraqi Balthi clique has promoted subversion in Kuwait, Bahrain, and the Union of Arab Emirates. It has trained and dispatched saboteurs and assassins against the Shah, and tried to foment insurrections of Arab and Baluchi minorities in Iran. Balthi assassination squads have operated successfully in Kuwait and Beirut and have also attempted to murder a former Iraqi Prime Minister in London.

4. While Ba'thi aspirations heretofore may have seemed far beyond their capabilities, developments of the past few months suggest that they now should be taken much more seriously. For during these few months the Soviet Union has clearly revealed an intention to exploit the Iraqi regime to advance its strategic and economic interests in the Middle East. Although deducible from many earlier Soviets acts and pronouncements, Soviet strategy to gain control of the area and its resources has never before been so evident.

5. On 7 April 1972 Soviet Prime Minister Alexei Kosygin spoke at the inauguration ceremony of the North Rumaila oilfield, which has been developed with upward of 200 million dollars worth of Soviet technical assistance. He enunciated a theme which communist propaganda had been agitating since World War II, namely that the countries of the area should end the exploitation of their oil by capitalist oil companies. He hailed the pressure of national liberation movements which had forced the colonialists to withdraw in the Middle East, as in other parts of the world. Against the capitalist oil company myth that the Arabs were unable to manage their own economies, he pledged the aid of the socialist states in helping them find the experts, technicians, and scientists to solve their problems.

Soviet-Iraqi Treaty of Friendship and Cooperation

6. Two days later, on 9 April in Baghdad, Kosygin and Iraqi President AHMAD HASAN AL-BAKR signed a Treaty of Friendship and Cooperation, the published provisions of which provide for coordination of their stands in the event of a threat to the peace of either party and continuing cooperation in consolidating their mutual defense capabilities. These provisions gave the Iraqi regime the prospect of Soviet support in the event of external attacks, and possibly even in the event of an internal insurrection. Article 9, concerning consolidating mutual defense capabilities, seems to promise the Soviet Union increased naval facilities in Iraqi Gulf ports and further access to Iraqi airfields. This Treaty serves as a reminder of a treaty negotiated by the Soviet Union with Nazi Germany 32 years ago, in which the Soviet Union declared that its territorial aspirations center south of the national territory of the Soviet Union in the direction of the Indian Ocean. (Documents on German-Soviet Policy, 1918-45, Vol XI, p. 509)

Soviet Support for Nationalization of IPC

7. Less than two months after Kosygin's Rumaila speech and the signing of the Soviet-Iraqi Treaty, the Ba'athi government on 1 June 1972 announced the nationalization of IPC. Immediately thereafter the Iraqi Foreign Minister led a delegation to Moscow to obtain Soviet assistance in avoiding the economic consequences of anticipated retaliation by western companies and governments. The Soviet news agency TASS strongly supported the nationalization of IPC, calling it a move toward liberating Iraq "from the sway of foreign capital." By 3 June Radio Moscow was broadcasting in Persian to Iran a commentary that the Iraqi nationalization of IPC should serve an example for Iran in dealing with the plundering activity of the international oil consortium. "Today we are witnessing the nationalization of assets of the imperialist oil monopoly in Iraq. Undoubtedly this will happen in other countries sooner or later. The Soviet and other socialist countries' support for the just struggle of oil-producing countries is an important factor in strengthening the oil-producing countries position. There is no doubt that the nationalization of IPC by Iraq will weaken the position of imperialist oil monopolies in other countries and will lead to their consolidating their struggle against those monopolies." (FBIS, Moscow in Persian to Iran 0930 GMT 3 June 1972)

Kurdish Resistance, a Stumbling Block for the Balthis and Soviets

8. The Soviet Union obviously has attached great importance to getting Mulla Mustafa Barzani and his Kurdish followers to adhere to the

“National Charter Front” sponsored by the Soviets and including both the Ba’th and the Communist Party of Iraq. The Kurdish emissaries and our independent sources have reported recent visits by senior Soviet officials and East German delegations to Barzani to persuade him to join the Front. The Soviets and the Ba’th evidently realize that so long as Barzani maintains an independent enclave in the north, there will always be a threat to the permanence of the unpopular dictatorship in Baghdad.

9. During the early and middle 1960’s, Kurdish insurgency tied down two-thirds of the Iraqi army. This contributed to conditions which facilitated a series of successful military coups and effectively limited Iraqi capabilities for military adventures abroad against Israel, Jordan, Kuwait, and Iran. Saddam Husayn Tikriti has successfully increased Ba’thi civilian political control over the Iraqi army. If the army has to be mobilized and deployed for another campaign against the Kurds, however, it will have to be provided with increased quantities of ammunition and fuel and be given greater operational initiative. This may lessen the effectiveness of Ba’th party controls within the army and enhance the opportunities for a military coup. A recent study by the Office of Intelligence Research of the Department of State speculates that if Barzani can find sufficient outside support to renew his insurgency, the added strain of another Kurdish war could bring down the Ba’thi government.

10. Past history of the Iraqi Ba’th adventurers does not suggest that they can be placated by concessions. They exploit weakness and are likely to be deterred from their aggressive course only by fear of the consequences of failure or by being kept on the defensive.

11. The present situation, when the Ba’thi regime is faced with a serious reduction in income, and while the organized Kurdish political leadership is still disposed to resist, may be our last desperate chance to engage in a spoiling operation designed at least to harass the Ba’th and perhaps to contribute to conditions favorable to its replacement by elements less hostile to our interests and those of our friends in this area. We must recognize that the Ba’th may be impelled by rising Kurdish opposition to seek more support from the Soviet Union. The alternative of letting the Kurdish resistance die from lack of support, however, will mean that the Kurds will be compelled to join the Soviet-sponsored National Front, and the Ba’th will be able unhindered to pursue its offensive in the area. On balance it appears better to take the risks of keeping Kurdish resistance alive.

12. From our point of view, it is desirable to provide Barzani with sufficient encouragement and support to maintain a position not dependent on the Baghdad regime and capable of preventing final military conquest of the Kurdish areas by the Iraqi army. So long as a Kurdish redoubt exists, dissident elements in the army and on the Iraqi political scene will not despair of an opportunity eventually to overturn the regime. Maintenance of Kurdish resistance even at the defensive level will also limit the regime's capability for engaging in aggressive adventures against Iran, Jordan, and the Gulf.

Possibility of Early Iraqi Offensive Against Barzani

13. Despite hopes of mounting a major offensive against Baghdad, Barzani must know well that until he has a much more effective anti-aircraft capability and an adequate supply of defensive arms and ammunition, it will not be in his interest to engage in offensive operations which will trigger retaliatory air and ground strikes against his towns and villages.

14. Barzani's desire to avoid a premature military confrontation with the Ba'athi regime may not, however, be sufficient to prevent one being thrust upon him by the Ba'ath in the very near future. *[text not declassified]* SAVAK has had reports that the Iraqi army has recently been training paratroops in the vicinities of Kirkuk and Mosul and that there have been two recent aerial reconnaissances of Barzani's headquarters in the Haji Umran area. Barzani is reported to believe an attack may be imminent and to have ordered his people to open fire on any more overflights. The Iraqi press and radio have mounted a major campaign during the past week alleging that a band of thirty men, fifteen of them Kurds, who were involved in a clash in the Sinjar area of northwestern Iraq on 3 July were a mercenary gang of imperialist stooges, puppets for monopolistic oil companies, and links in a chain of American plots against Iraq. It is also possible that due to the number of countries being approached by Barzani, the Soviet Union and the Ba'ath will have become aware of Barzani's effort to obtain American support. This might reinforce Soviet and Ba'athi inclinations to take preemptive action against Barzani before he can strengthen his position.

Barzani's Immediate and Long Range Materiel Requirements

15. Barzani may actually have no option but a purely defensive stand and a struggle for survival. He then will need as quickly as possible ammunition for the weapons already in his hands, plus additional

weapons of types with which the Kurds are already familiar. These emergency supplies should be delivered by methods and routes which combine minimum delay with as much secrecy as possible in the circumstances.

16. If Barzani can avoid an immediate Iraqi assault we will give priority consideration to his longer range requirements under the three alternative strategies outlined by his emissaries. They projected financial and materiel requirements in terms of three possible levels of action described by them as "defensive, offensive, and revolutionary platforms."

17. The first, or "defensive platform," they said, would involve a minimal increase of outside assistance to permit their movement to preserve the status quo and resist indefinitely political, economic, and military pressures from the Ba'th.

18. The second, or "offensive platform," which is the one Barzani favors, would provide the Kurds with the financial and military means not only to maintain their position, but so to tie up the Ba'thi regime that it no longer would pose a military or subversive threat to its neighbors and western interests. Barzani's projection of his financial and military materiel requirements was keyed to this platform of activity.

19. The third, or "revolutionary platform," would involve the use of Kurdistan as a secure base from which to promote the overthrow of the Ba'thi regime in cooperation with other anti-regime Iraqis. The Kurdish emissaries declared that this level of activity would require little further investment beyond that of the second level, but would involve financial assistance to Arab collaborators.

20. In their discussion of the types of equipment needed for the second or offensive platform of activity, it appeared that the Kurds have some unrealistic ideas about military actions and the kinds of equipment which they could use. Their interest in tanks for action outside the mountains suggests a belief that they can engage the Iraqi army in conventional warfare. It also assumes a logistics base in Iran which would be similar to that provided by North Vietnam to the Viet Cong. To their credit, however, the Kurdish emissaries were frank in admitting the need for military advice.

21. If past experience proves anything, it is that the Kurds do best against the Iraqi army when they remain well within their mountains and engage in aggressive guerrilla tactics, hitting the Iraqis in many

places and keeping them off balance. Totally lacking in air support, in armor and in heavy artillery, as they must continue to be, the Kurds cannot prevent the Iraqi army from bombarding their towns and villages or, during the summer when the roads are open, from sending armored columns to attack villages which lie along major roads through the valleys. The Kurds.. with their light infantry weapons, have lateral mobility across ridges and valleys, while the army, with heavy weapons and vehicles, has mobility only up and down the valley roads. The army has virtually no lateral mobility from ridge to ridge across the sharp defiles.

Role of Non-Kurdish Elements in Opposing the Ba'thi Regime

22. The Kurds recognize that by themselves they cannot bring about the overthrow of the Ba'thi regime. Other forces must be brought into play to maximize the pressures on the Ba'th.

23. This calls for identification of those individuals and groups among which discontent already exists or can be stimulated, and a determination of how discontent and antagonisms can best be exploited.

24. Three prime groups for consideration are the Ba'th itself, the Iraqi military establishment, and the Iraqi political exiles.

25. Our reporting indicates that there currently is some degree of tension between President AL-BAKR and the strongman of the BPI, Saddam Husayn al Tikriti. This is an obvious area for exploitation. There are other areas of discontent within the Ba'th, for example, the privileged position of the members of the Public Relations Bureau within the party, and friction between the civilian and military wings of the party. Our information on this aspect is limited.

26. Recent purges by the BPI within the Iraqi army are bound to have heightened the elements of fear and hatred of the regime within the officer corps, but again, our information on this is limited.

27. We know more about the current group of Iraqi political exiles. A number of them have a history of insecure and unsuccessful plotting. The same may be said of the Iranians [*text not delcassified*] in their past efforts to promote coups in Iraq.

28. Fast and systematic vetting of all non-Kurdish elements who surface as this activity develops will be essential.

Modalities of Logistic Support for Barzani

29. In canvassing possible stocks of weapons which may be provided to the Kurds, we should give priority to weapons with which they are already supplied and to ammunition for those weapons. Second priority should be given to anti-aircraft and anti-tank weapons, including land mines and rockets, with emphasis on portability. The portability factor suggests that the Kurds should be advised to depend upon rocket and mortar-type weapons, rather than to attempt to increase their conventional artillery capabilities.

30. The Kurdish spokesmen indicated that in the event of an "offensive" phase, they envisioned the expansion of their Pish Mirga armed force to 60,000 men. There are at present only 24,000 Kurds under arms, 14,000 in the Iraqi government-paid frontier and police forces, and 10,000 in the independent Kurdish irregular units. The logistics of supporting a 60,000 man force in such an inaccessible area would be of staggering dimensions. Access by road from Iran is limited. Supply by air would be far beyond Iranian capabilities and could not be kept secret or even discreet.

31. We should bear in mind that the Kurdish request for [*text not declassified*] to sustain their "offensive platform" was to cover only Pish Mirga salaries, care for widows and orphans, and social and educational services -in effect the budgetary support required to support a Kurdish state. It did not include the costs of combat, i.e., supplying weapons, ammunition, and communications equipment.

32. Coming directly on the heels of the Soviet-Iraqi Treaty of Friendship and Cooperation, massive foreign involvement could hardly be ignored by the Soviets, no matter how much they might desire to avoid complicating their smooth relations with the Shah. The Soviets have invested heavily in their position in Iraq and would not readily see it lost. The Ba'thi regime has given them more than they ever had before. The Treaty, even if it contains no secret provisions, seems to look toward Soviet intervention if needed to keep the present regime in power.

33. Our effort in further talks with Barzani's representatives should thus be to keep their expectations within limits of reality and which can be satisfied within the bounds of plausible denial, and to counsel them against actions likely to escalate to an international confrontation.

34. The modalities of providing financial and military support depend upon the degree of secrecy desired, the level of military capability we wish to provide, and the collateral objectives we wish to achieve.

35. Unlike arms, money can be provided either directly or indirectly, with minimal problems of clandestinity. We might find it in our interest to provide some financial assistance [*text not declassified*] the Iranians to reinforce their feelings of participation as well as for security reasons. We might also find it useful to pass some funds directly to the Kurds to enhance our own influence, as well as to provide some measure of unilateral control and a device for intelligence exploitation. The mechanics of acquiring the required currency and passing it to the Kurds in Iraq and elsewhere can be worked out.

36. Arms are another matter, and we already have indicated to the Kurds that most of our assistance might have to be via third parties. Geography makes Iran an essential intermediary in any arms delivery system. [*text not declassified*]

Security.

37. In our own planning we shall strive for maximum security in our arrangements. The multilateral nature of our involvement, however, will impose obstacles to complete secrecy, and we may in the event have to settle simply for plausible denial. The Kurds themselves are too divided and penetrated to keep major secrets from sophisticated foreign intelligence organizations, and some of the third parties involved are prone to leaks. Since we have already been accused by the Ba'thi regime of helping their enemies, our concern should be only that no exploitable evidence be provided to support hostile charges. These would continue even if we were to do nothing.

38. On 4 July 1972, for example, Baghdad Radio in its domestic service broadcast a commentary attacking Secretary Rogers' tour of the Middle East as a link in a series of suspicious moves to develop plots against the Arab nation, especially since Iraq liberated its oil wealth on 1 June. Other "suspicious links" in this chain of world imperialist plots have been described by Baghdad as President Nixon's visit to Tehran in May and a "criminal incident" engineered by imperialist and oil company agents in the Sinjar district in northern Iraq on 3 July.

PROBLEMS

Soviet Involvement:

39. There is a definite possibility of increased Soviet involvement in support of the Ba'athi regime if hostilities begin with the Kurds, or even if the Iraqis anticipate the initiation of hostilities. The Soviets now have a great stake in Iraq, carved out originally during the Qasim period 1958-63, maintained despite setbacks under the original Ba'athi anti-communist government of February–November 1963, greatly expanded since 1968, and culminating in the alliance of April 1972.

40. Soviet military and economic aid to Iraq since the overthrow of the monarchy in July 1958 has been second only to that provided to the UAR. Even during the months following the Ba'athi coup of 8 February 1963 against Qasim, when the Ba'ath was executing communists by the hundreds and the Soviet Union was denouncing their movement as Fascist, the Soviets did not terminate their involvement with the Iraqi army or with the many economic projects which they had launched. They estimated that eventually any Iraqi regime, dependent on Soviet cooperation for ammunition and spares for its Soviet equipped army and air force, would have no choice but to restore relations to cooperative levels. The Soviets were correct. The first Ba'athi government and its non-Ba'athi and radical Ba'athi successors have become increasingly beholden to the Soviet Union.

41. The acceleration of Soviet influence on Iraq since early this year is a source for special concern. After having provided the Iraqis the money and technical expertise to bring the confiscated North Rumaila oil field into production, the Soviets consolidated their favorable position with the Treaty of Friendship and Cooperation signed on 9 April. Three articles of that Treaty are as follows:

Article 8: In case of emergence of conditions that threaten violation of the peace, the two signatories will immediately hold contacts in order to coordinate their stands to eliminate the danger and restore the peace.

Article 9: In the interest of security of the two countries, the two signatories will continue to develop cooperation for consolidating the defense capability of each other.

Article 10: Each of the two signatories declares that it will not enter into pacts, or take part in any international groupings or any actions or measures aimed at the other signatory. Each of the two signatories also pledges not to allow the use of its territory in undertaking any action that would result in a military harm to the other. (Text from

Arab World Weekly, 15 April 1972, translated from Arabic Text published by the official Iraq News Agency.)

42. The Soviets were active in promoting a detente between the Iraqi Ba'thi regime and the Ba'thi regime in Syria, which had been its bitter enemy in their internecine struggle for party hegemony. The Soviets also promoted better relations between Iraq and the UAR. They were instrumental in promoting a coalition of Iraqi political factions, including the Communists and formerly pro-Nasir nationalists, in a National Front under Ba'thi leadership. The Soviets, including Kosygin himself, have tried to persuade Barzani to join the Front. Their efforts indicate the importance they attach to shoring up the Ba'thi regime, which has given them so much and is so aggressive in attacking Western interests in the area.

43. SAVAK has had reports that Iraqi paratroops are training in the vicinity of Mosul and Kirkuk with Soviet officers and advisers present. During the civil war in Yemen, when the Soviet-backed Republican government troops were hard pressed by the royalist forces, the Soviets provided Soviet pilots to help in the emergency. Soviet pilots and planes were also deployed in the UAR when Israeli deep-penetration raids proved to be more than the Egyptians could cope with. It is not unlikely, therefore, that if they should judge the Ba'thi regime is seriously threatened, the Soviets would send some forces in—even "Kurdish volunteers" from their reservoir of Kurds—to help the Ba'th and protect the Soviet investment in Iraq. They might also mount a political, diplomatic, and propaganda campaign in support of their Iraqi clients.

44. The Soviets would probably wish to avoid a confrontation with Iran which would jeopardize the advantages they have gained with the Shah in cent years. They might, however, estimate that they could frighten him off and that even if he were angered at Soviet threats of intervention or actual intervention, he would be even more upset by the probable unwillingness or inability of his American allies to confront the Soviets on his behalf.

45. If, as a result of renewed Kurdish-Iraqi hostilities the Soviet Union were to send troops into Iraq or the Ba'th felt sufficiently menaced by such outside enemies as Iran, the Soviets might be invited to remain on Iraqi soil indefinitely. The presence of operational Soviet ground and air forces inside Iraq on a scale comparable to that in Egypt could at some future date provide just the degree of reliable support required for a communist-dominated power group to seize power from the Ba'th. Now

in Iraq the Soviets are pressing all parties to join a National Front. Their treaty and the developing situation may provide the other ingredient for an eventual power-play—namely, a Soviet military presence.

Turkish Attitude

46. The Turkish aspect of the proposed operation requires further study. The Turks are acutely sensitive to any manifestations of Kurdish nationalism on their borders. Three million Kurds, nearly half of the world's total, live in Turkey. Although the Kurds have been vigorously suppressed and are now called "Mountain Turks," they are still regarded by the Turks as a serious potential threat to internal stability and the integrity of the state. Despite Turkish dislike for the Ba'thi regime and its alliance with the Soviet Union, the Turkish government is likely to see militant Kurdish nationalism as a more immediate threat than the Ba'th to its peace and security. On 25 June 1970, when Iraqi President AL-BAKR passed through Ankara, he conferred with Turkish leaders on the Kurdish problem. *[text not declassified]* The Turks are apprehensive of Kurdish aspirations eventually to establish a Greater Kurdistan, including territories and populations from parts of Iraq, Iran, and Turkey. *[text not declassified]*

[text not declassified]

Kurdish Factionalism:

47. The Kurds of Iraq are far from being united in support of Mulla Mustafa Barzani. Deep factional cleavages rooted in tribal, political and social conflicts divide the Kurds into competing and mutually hostile groups. This situation poses problems of effectiveness and especially of security in any program to provide assistance to Barzani.

48. Barzani has played the preeminent role in Kurdish efforts to gain autonomy within Iraq. He was the leader of the Kurdish revolt of 1943 and the military commander of Ghazi Muhammad's "Mahabad Republic" on Iranian soil in 1946. He has led the Kurdish military effort against the Baghdad government since 1961. He has become not only a Kurdish leader, but a world figure.

49. Within the Kurdish movement, however, there are many counter-currents which have limited Barzani's attempts to unify Kurdish efforts. These currents are likely to endure and continue to weaken Kurdish military and political initiatives.

50. The most fundamental sources of division lie in traditional tribal rivalries. Barzani himself is not a tribal leader, but a religious one, a Mulla. His "Barzani" followers are not, strictly speaking, a tribe, but Kurds who inhabit the Barzan region of Northeastern Iraq and who follow Barzani. Several important Kurdish tribes have opposed him actively, and others have passively refused to support or oppose him. The Baghdad government under Qasim and his successors was able to pit elements of the Zibari, Harki, and Baradost tribes against Barzani. Qasim even organized a Kurdish cavalry unit, the Saladin Brigade, which he used for attacks on Kurdish rebels and their villages. Despite this background of divisiveness, however, Barzani has wider support among Kurds today than any other Kurdish leader.

51. A second kind of divisiveness lies in the conflicting political orientations of factions within the Kurdish Democratic Party (KDP), of which Barzani has been President since shortly after returning from the Soviet Union to Iraq in 1958. There are strong dissident elements within the KDP, many of them Marxist, which often have challenged Barzani's leadership and from 1958 to 1960 succeeded in making the Party's program practically identical with that of the Communist Party of Iraq, except for its Kurdish autonomy aspects. Many of the Kurdish political and guerrilla leaders who hold Marxist views are better educated and more cosmopolitan than the supporters of Barzani. One of these, Ibrahim Ahmed, has been a leading figure in the Communist movement in Iraq. Another Barzani rival, Jalal Talabani, while not a Communist, has challenged Barzani several times in the past. While he has temporarily accepted Barzani's leadership, there is little doubt that he will again assert himself when a favorable opportunity presents itself. Some Kurds are undoubtedly Soviet agents who will keep the Soviets informed of all plans and activities to which they become privy.

52. Barzani is 69 years old. While he is still vigorous, it is obvious that his own years of leadership are limited. Some of his own sons, notably the eldest, Lugman, and another, Ubaydallah, have sold out to the Baghdad government. He is actively supported by his sons Idris and Ma'sud. Ma'sud leads his intelligence organization. Idris has handled contacts for enlisting outside support. Neither of them have the charisma of their father, and they appear unlikely candidates to take over leadership of the Kurdish movement after him. Such leadership is more likely to pass to Jalal Talabani or someone like him.

53. Our awareness of the deep factional differences among the Kurds does not preclude providing Barzani or others with covert assistance as

part of an effort to blunt Balthi and Soviet offensives against our friends and interests. Knowledge of Kurdish divisions should, however, keep us from having illusions that support of Barzani would enable him to control the entire northern region of Iraq and make the kinds of arrangements for exploiting its resources which Barzani's emissaries projected.

Department of State Plans to Staff an Interests Section in the Belgian Embassy Baghdad with American Personnel.

54. The Department of State is preparing to place an FSO-4 and an administrative assistant in the U.S. Interests Section of the Belgian Embassy in Baghdad about 1 September 1972. (The Iraqis have maintained two people in Washington despite their diplomatic break with us in June 1967.) The placement and retention of American officials in Baghdad would be jeopardized if the Iraqis become aware of our support of the Kurds. [*text not declassified*]

CONCLUSIONS

56. The threat to moderate Middle-Eastern governments and to western interests posed by the Soviet-backed Iraqi Ba'thi regime warrants helping Barzani maintain his opposition to that regime.

57. Regardless of his own plans, Barzani may have hostilities forced upon him by a pre-emptive Iraqi military offensive. In that case he will need some basic defense supplies on a priority basis.

58. Our contribution to Barzani, whether in money or material, should be provided with the maximum administrative and physical security of which we are capable, recognizing that multi-lateral involvement inevitably will involve security complications.

59. Our financial and materiel contributions should be kept on a scale consistent with plausible denial. If our assistance goes beyond certain dimensions it will not be possible to maintain plausible denial.

60. As a complementary effort, we should explore the feasibility of exploiting directly or indirectly non-Kurdish elements in the Iraqi political scene.

61. Multi-national involvement in supporting Barzani and other elements opposed to the Ba'thi regime, requires coordination of the efforts of all

parties in order to enhance security and effectiveness and to avoid working at cross-purposes.

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 138, Kissinger Office Files, Kissinger Country Files, Middle East, Kurdish Problem Vol. I, June '72–Oct. '73. Secret; Sensitive. Kissinger approved Haig's recommendation to inform 40 Committee principals but to avoid paperwork on the subject. Kissinger's handwritten note on the memorandum reads "Get it done next week by handing my memo to principals. HK" Attachment A to Helms' memorandum is not published.

322. Memorandum From the President's Assistant for
National Security Affairs (Kissinger)¹

Washington, undated

THE WHITE HOUSE
WASHINGTON

SECRET/SENSITIVE
EXCLUSIVELY EYES ONLY

MEMORANDUM FOR:

The Under Secretary of State for Political Affairs
The Deputy Secretary of Defense
The Chairman, Joint Chiefs of Staff
The Director of Central Intelligence

In order to assist Mulla Mustafa Barzani and the Iraqi Kurds in their resistance against the Bathi Iraqi regime, the President has directed that the following actions be taken:

- The U. S. will provide the sum of [*text not declassified*] over one year, or a total of \$3 million. Director Helms will furnish this assistance through his channels.
- The U. S. will also supply roughly \$2 million in supplies (exclusive of transportation costs). The ordnance is to be delivered via CIA channels.

Henry A. Kissinger

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 138, Kissinger Office Files, Kissinger Country Files, Middle East, Kurdish Problem Vol. I, June '72–Oct. '73. Secret; Sensitive; Exclusively Eyes Only. Kissinger approved the idea that Rob Roy Ratliffe would handle the matter henceforth, adding a note that “he should see me.” This document was Tab B to a July 31 memorandum from Tom Latimer of the National Security Council Staff to Haig. (Ibid.)

323. Telegram 2879 From the Embassy in Belgium to the
Department of State, August 3, 1972, 1624Z¹

August 3, 1972, 1624Z

TELEGRAM
Department of State
BRUSSELS 323 031938Z

ACTION NEA-12

INFO OCT-01 EUR-20 SCSE-00 SCA-01 CIAE-00 DODE-00 PM-06 H-02
INR-06 L-03 NSAE-00 NSC-10 P-03 RSC-01 PRS-01 SS-14 USIA-12 E-11
AID-20 RSR-01 /124 W 083313

R 031624Z AUG 72

FM

AMEMBASSY BRUSSELS

TO
SECSTATE WASHDC 5075
BRUSSELS 2879

SUBJECT: REPIR:
IRAQI FOREIGN MINISTRY'S REACTION TO DEPARTMENT SPOKESMAN'S
ANNOUNCEMENT ON US PERSONNEL FOR USINT

THE FOLLOWING PRESS RELEASE FROM THE IRAQI NEWS AGENCY,
DATED JULY 29 WAS RECEIVED FROM USINT BAGHDAD BY POUCH
AUGUST 3: "FOREIGN MINISTRY SPOKESMAN AFFIRMED TODAY
THAT MEASURE OF BREAKING POLITICAL AND ECONOMIC
RELATIONS WITH THE UNITED STATES OF AMERICA IS STILL VALID
AND THAT NO CHANGE WHATSOEVER IS INTRODUCED ON THIS
MEASURE. THE SPOKESMAN, WHO WAS COMMENTING ON THE
ANNOUNCEMENT BY A U.S. STATE DEPARTMENT SPOKESMAN
THURSDAY ON THE ASSIGNMENT OF A U.S. DIPLOMAT IN
BAGHDAD SAID, "WHAT OCCURRED DID NOT GO BEYOND THE
APPOINTMENT OF TWO DIPLOMATS FOR THE U.S. INTERESTS
SECTION IN THE BELGIAN EMBASSY IN BAGHDAD. IN RETURN FOR
THE PRESENCE OF TWO IRAQI DIPLOMATS IN THE IRAQI

INTERESTS SECTION IN THE INDIAN EMBASSY IN WASHINGTON. THIS MEASURE (PRESENCE OF IRAQI AND U.S. DIPLOMATS), MADE WITHIN THE FRAMEWORK OF SEVERED RELATIONS BETWEEN THE REPUBLIC OF IRAQ AND THE U.S., IS BY NO MEANS A NOVEL MEASURE, HAVING BEEN AGREED UPON SOME MONTHS AGO FOR THE SAKE OF PRESERVING THE INTERESTS OF IRAQIS. AS IS CUSTOMARY IN INTERNATIONAL CONVENTIONS."

"THE SPOKESMAN CLARIFIED, "THE RUPTURE OF DIPLOMATIC AND ECONOMIC RELATIONS THEN RESORTED TO BY IRAQ AND OTHER ARAB STATES WAS DUE TO THE U.S. BACKING OF THE ZIONIST AGGRESSION AND TO HER CONTINUED ANIMOSITY TOWARDS NATIONALIST AND PATRIOTIC ISSUES. THIS U.S. BACKING FOR ZIONIST AGGRESSION IN THE POLITICAL, MATERIAL AND MILITARY SPHERES, IS ON THE INCREASE AND WITH MOUNTING OBSTINATION AND COMPLETE ALIGNMENT WITH THE ENEMY AGAINST THE INTERESTS AND RIGHTS OF THE ARAB NATION. IT IS NOT STRANGE, THEREFORE, THAT THE U.S. SPOKESMAN COMES OUT WITH THIS ANNOUNCEMENT AND AT THIS PARTICULAR TIME SINCE IT IS PART AND PARCEL OF THE U.S. MACHINATIONS DESIGNED TO MISLEAD OUR ARAB MASSES WITH A VIEW TO SECURE PASSAGE TO U.S. AGGRESSIVE GOALS AGAINST OUR JUST ISSUES, CHIEF AMONG WHICH IS THE PALESTINE ISSUE. THE ANNOUNCEMENT IS ALSO AN ATTEMPT FOR A U.S. REHABILITATION IN THE ARAB REGION WHOSE MASSES KNOW VERY WELL THE REALITY OF U.S. ATTITUDE, WHICH IS ALWAYS HOSTILE TO 'THEIR INTERESTS AND OBJECTIVES.'

J STRAUS-HUPE

¹ Source: National Archives, RG 59, Central Files 1970-73, POL 17 US-IRAQ. Unclassified. The U.S. Interests Section was opened on October 1, 1972.

324. Memorandum From David A. Korn, NEA/IRN, to the Assistant Secretary for Near Eastern and South Asian Affairs (Sisco), September 20, 1972¹

September 20, 1972

United State Government
Memorandum

DATE:

September 20, 1972

TO:

NEA - Mr. Sisco

THRU:

NEA Mr. Atherton

FROM:

NEA/ARN David A. Korn

SUBJECT:

Soviet-Iraqi Communique

On September 19 a joint communique was issued in Moscow and Baghdad on the occasion of the visit to Moscow of Iraqi President Hassan al-Bakr.

The language of the communique indicates continued close Iraqi-Soviet relations but no signs of a further strengthening of these ties. From the make-up of the Iraqi delegation, it would appear that economic cooperation and assistance were high on the agenda.

The most significant aspects of the communique concerning the Near East are:

A.

Declaration by both sides of their "continued material and moral support and political and moral backing" for the Palestinian resistance movement which the two sides "consider as an organic part of the Arab nationalist liberation movement."

COMMENT: This is not a new position for Iraq but would appear to mark a further willingness on the part of the Soviets to back the fedayeen movement in the belief that such support will win them friends among the Arabs who presumably continue to consider the fedayeen movement as a legitimate resistance organization.

B.

Both sides reaffirmed that "a just and firm peace cannot be established" in the Near East without "the liberation of all the occupied territories."

COMMENT: This is equivocal language which in the Soviet view may mean only those lands lost after the 1967 war but in the Iraqi mind might well mean all of Palestine.

C.

The two sides agreed on "tangible measures to continue to strengthen the Iraqi Republic's military ability and to raise the fighting standards of the armed forces."

COMMENT: We assume that this means additional shipments of Soviet arms to the Iraqi armed forces.

D.

Both sides denounced Israeli "acts of air piracy against Lebanese and Syrian territory and also the armed aggression against southern Lebanon." The two sides concluded that this situation "threatens peace in this area and in the whole world" as a result of "continued Israeli aggression" and "continued political, military and financial support of the U.S."

COMMENT: This language is the standard Iraqi line which the Soviets are obviously pandering to.

E.

The Soviet Union "expressed its satisfaction" over the nationalization of the "IPC's monopolist oil operations" as well as with the "steps which are being taken to fulfill the March 11 Manifesto regarding the peaceful and democratic settlement of the Kurdish question."

COMMENT: Nothing new here on the Soviet side.

¹ Source: National Archives, RG 59, NEA/ARN, Office of Lebanon, Jordan, Syria, and Iraq Affairs, Lot 75D442, Box 14, POL REL, IRAQ/USSR, 1972. Confidential.

325. Memorandum From the President's Assistant for
National Security Affairs (Kissinger) to President Nixon,
October 5, 1972¹

October 5, 1972

THE WHITE HOUSE
WASHINGTON
INFORMATION
October 5, 1972

MEMORANDUM FOR: THE PRESIDENT

FROM:

HENRY A. KISSINGER

SUBJECT:

Progress Report on the Kurdish Support Operations

At Tab A is a memorandum from Director Helms providing information on the current status of our support for Mustafa Barzani's Kurdish resistance movement. In short, Director Helms reports that:

- Money and arms have been delivered to Barzani via the Iranians without a hitch.
- More money and arms are in the pipeline, not only from Agency stocks but also [*text not declassified*] captured Fedayeen ordnance.
- Barzani received the first two monthly cash payments of [*text not declassified*] each for July and August. The payment for September will be made early in October and a fourth payment for October will be made at the end of the month.
- The first planeload of ten tons of arms and ammunition included 500 Kalashnikov AK-47 assault rifles, 500 Soviet submachine guns and 200,000 rounds of ammunition.
- By the end of October, the Iranians will have received for onward shipment to the Kurds 222,000 pounds of arms and ammunition from Agency stocks and 142,000 pounds from [*text not declassified*]
- Director Helms reports excellent cooperation [*text not declassified*] the Shah.

Director Helms also reports that the Baghdad regime and the Soviets are extremely concerned about the independent course being followed by Barzani. Also, according to CIA, all is not well with the Bathist regime.

—Reduction of oil revenue is causing fiscal stringencies and some discontent. Barzani's maintenance of a secure redoubt will continue to pin down two-thirds of the Iraqi army and deprive the Bathists of a secure base from which to launch sabotage and assassination teams against Iran.

¹ Source: National Archives, Nixon Presidential Materials, NSC Files, Box 138, Kissinger Office Files, Kissinger Country Files, Middle East, Kurdish Problem Vol. I, June '72–Oct. '73. Secret; Sensitive. Sent for information. Tab A is not published.

326. Memorandum From the U.S. Interests Section in
Baghdad to the Department of State, October 21, 1972¹

October 21, 1972

October 21, 1972

TO:

David A. Korn (NEA/ARN)

FROM:

Arthur L. Lowrie (USINT)

SUBJ:

U.S. Policy Toward Iraq

I hope your visit will provide ample opportunity to discuss U.S. policy toward Iraq and our general approach and tactics.

It hardly needs reiterating that Iraq will be of increasing interest to the U.S. in the years ahead, as much for negative reasons as positive ones. There are, of course, Mobil and Esso and Iraq's huge oil reserves and even larger potential reserves (Jim Akins ranks it No. 2 in the Middle East right behind Saudi Arabia). Yet the U.S. does not need Iraq per se nor its oil. What we do need, I believe, is a semblance of orderly development and stability over the next ten or twenty years in the Gulf and Saudi Arabia to insure Western access to the oil. Iraq, because of its geographic location, its role as a major oil producer, and its political vulnerability, must, therefore, be of considerable interest to us. This would be true even if the Soviets had not for the same and additional reasons made it one of their major targets in the area.

What opportunities do we have? For the time being, they are very minimal. The Baa'th regime is convinced we seek to overthrow them and they see our relationship to the Shah, our policy in the Gulf, and our backing of IPC, all in this context. Our first task should, therefore, be to attempt to diabolize them of this erroneous impression. It is a long term proposition for, in fact, U.S. policies in the area do conflict with Baa'thi aspirations at almost every turn.

How do we begin building some mutuality of interests? I am convinced that we should not be the ones to seek out opportunities and put them forward to the GOI. The more we behave as a suitor, the more suspicious they will become. Instead I would recommend a posture in which we behave very correctly, ignore the violent anti-Americanism of the media, and wait for opportunities to respond to the Iraqi requests that are bound to come. When they do, we should respond as handsomely and quickly as possible, regardless of the importance of the particular request. We should make a point of observing reciprocity in words, but in our actions we should be willing to overlook some of their more erratic behavior. It follows from the above that we should be in no hurry to clear up the contentieux. Our respective positions on the compound, for example, are so far apart that there is little prospect of resolution until there is a strong desire for improved relations. When and if the time comes to discuss the contentieux, I hope we can show maximum flexibility and avoid laying down conditions.

Finally, our presence here is not yet firm nor are the ground rules established. (The Foreign Ministry cannot, for example, decide whether or not to give us our own cable address.) Until we are established, it is important that my reporting is not referred to by Department Officers in speaking with the press or even in diplomatic exchanged. Should any sensitive or adverse information about Iraq emanating from Washington get back to the GOI, it has many ways of harassing us, and they would not hesitate to do so.

¹ Source: National Archives, RG 59, NEA/ARN, Office of Lebanon, Jordan, Syria, and Iraq Affairs, Lot file 75D442, Box 13, POL REL, Iraq-US, 1972. Confidential. A handwritten notation reads "Some very good comments on Iraq."

327. Telegram 201125 From the Department of State to the Embassies in France, Spain, Madrid, Italy, the Netherlands, and Belgium, November 3, 1972, 2357Z¹

November 3, 1972, 2357Z

TELEGRAM
Department of State 201125
032357Z NOV 72 ROGERS

NEA/ARN:TJSCOTES:jfc

11-2-72 20695

NEA - Mr. ATHERSON

EUR/WE: RDVINE

NEA/MR. ATHERTON

NEA/IRN - MR. MIKLOS {INFO}

EUR/SPP:HMCCOWN

NEA/IAI - MR. STACKHOUSE

PRIORITY
PARIS
MADRID PRIORITY
ROME PRIORITY
THE HAGUE PRIORITY
BRUSSELS PRIORITY
PRIORITY BAGHDAD
TEL AVIV PRIORITY
TEHRAN PRIORITY
BEIRUT PRIORITY

SUBJ:
IRAQI JEWS

1. ON OCT. 30 ISRAELI COUNSELOR OF EMBASSY YOSEF BEN-AHARON CALLED ON DEPTOFF TO RELAY INFORMATION FROM ISRAELI FOREIGN MINISTRY CONCERNING REPORTS OF RENEWED

PERSECUTION OF IRAQI JEWS. ACCORDING TO ISRAELI REPORTS, BEN-AHARON STATED THAT SOME TIME IN LATE SEPT. SEVEN MEMBERS OF THE IRAQI JEWISH COMMUNITY DISAPPEARED. AT THE SAME TIME ANOTHER MEMBER OF COMMUNITY, WHICH BEN-AHARON SAID NOW NUMBERS APPROXIMATELY 250 PERSONS, WAS MURDERED IN HIS HOME. BEN-AHARON CONTINUED THAT IRAQI JEWS NOW FEAR THAT IRAQI REGIME BEGINNING AGAIN TO PERSECUTE THEM.

2. BEN-AHARON ASKED IF USG HAD ANY CONFIRMATION OF THESE REPORTS TO WHICH DEPTOFF REPLIED IN THE NEGATIVE. BEN-AHARON THEN ASKED WHAT USG MIGHT BE ABLE TO DO ON BEHALF OF IRAQI JEWS, REMINDING DEPTOFF OF BEHIND-THE-SCENES USG EFFORTS IN 1971.
3. DEPTOFF EXPRESSED DEPARTMENT'S WILLINGNESS TO STUDY MATTER BUT OBSERVED THAT AS WAS TRUE IN 1971, IT DIFFICULT FOR USG DO ANYTHING DIRECTLY ON BEHALF OF IRAQI JEWS, DESPITE RECENT ARRIVAL IN BAGHDAD OF TWO AMERICAN FSO'S AT THE U.S. INTERESTS SECTION. HE SUGGESTED THAT ISRAELIS MIGHT WISH CONTACT OTHER POWERS, ESPECIALLY FRENCH WHO APPEAR TO BE ONLY WESTERN STATE WHICH NOW ENJOYS SOME ACCESS IN BAGHDAD. BEN-AHARON APPRECIATED DIFFICULTIES FACING USG. HE STATED THAT HIS GOVERNMENT HAS ALREADY DECIDED TO APPROACH WESTERN EUROPEAN POWERS, BUT WONDERED IF USG MIGHT BE WILLING SUPPORT THESE APPROACHES. DEPTOFF PROMISED BEN-AHARON MATTER WOULD BE STUDIED ON URGENT BASIS AND HE WOULD INFORM BEN-AHARON OF FINAL DECISION.
4. SAME INFORMATION CONCERNING PLIGHT OF IRAQI JEWS HAD BEEN CONVEYED EARLIER SAME DAY BY GEORGE GRUEN, DIRECTOR, AMERICAN JEWISH COMMITTEE, WITH SAME REQUEST FOR USG ASSISTANCE.
5. FOLLOWING CONSULTATIONS WITH ASSISTANT SECRETARY SISCO, DEPARTMENT OFFICER ON NOVEMBER 3 TELEPHONED MOSHE RAVIV IN ABSENCE BEN-AHARON AND REITERATED USG BELIEF THAT ASKING RECENTLY ARRIVED USINT OFFICERS TO INTERCEDE AT THIS TIME ON BEHALF OF IRAQI JEWS MIGHT WELL PLACE THEIR MISSION IN JEOPARDY AND ALSO PROBABLY BE COUNTER-PRODUCTIVE; EMPHASIZED THAT NONETHELESS USG WILL KEEP THIS POSSIBILITY UNDER CONSTANT REVIEW AND WILL STAND READY TO CONSIDER HOW TO BE HELPFUL AT APPROPRIATE TIME DEPENDING ON CIRCUMSTANCES; AND INFORMED RAVIV THAT MEANWHILE US HAS AUTHORIZED OUR

EMBASSIES IN PARIS, MADRID, ROME, THE HAGUE AND BRUSSELS TO INQUIRE OF THEIR HOST GOVERNMENTS CONCERNING THE CURRENT SITUATION OF IRAQI JEWS AND TO EXPRESS U.S. SUPPORT OF ISRAELI EFFORTS TO INTEREST THEM IN THE PLIGHT OF THESE JEWS.

6. ACTION POSTS REQUESTED APPROACH HOST GOVERNMENTS AT APPROPRIATE LEVELS AND (2) A) INFORM THEM OF ISRAELI INFORMATION CONCERNING CURRENT SITUATION OF IRAQI JEWS; (B) REQUEST ANY INFORMATION WHICH THEY MIGHT HAVE ON THIS SUBJECT; AND EXPRESS SUPPORT OF ISRAELI EFFORTS TO INTEREST THEM IN MAKING APPROACHES THROUGH THEIR EMBASSIES IN BAGHDAD ON BEHALF OF IRAQI JEWS, SHOULD CORROBORATIVE INFORMATION BECOME AVAILABLE.

7.

FOLLOWING ARE NAMES PROVIDED BY BEN-AHARON OF IRAQI JEWS REPORTEDLY BEING HELD:

DR. EZRA AZZAM
JACOB ABDUL AZIZ
DAVID VICTOR EZRA
AZOUR SHEMESH
SHAUL SHEMESH
SAUL REJWAN
YAQUB REJWAN

IN ADDITION, NAME OF MAN MURDERED IN HOME IS ABRAHAM SAIQ.

8. DECLASSIFICATION. GDS. YY

¹ Source: National Archives, RG 59, Central Files 1970-73, SOC 14 IRAQ. Confidential; Priority. Repeated Priority to Baghdad, Tel Aviv, Tehran, and Beirut.

328. Airgram A-6 From the Interests Section in Baghdad
to the Department of State, December 1, 1972¹

December 1, 1972

AIRGRAM
Department of State
USINT BAGHDAD A-6

TO:

SECSTATE WASHDC

INFO:

ABU DHABI
ALGIERS
AMMAN
ANKARA
BEIRUT
BONN
CAIRO
DHAHRAN
JIDDA
KHARTOUM
KUWAIT
LONDON
MANAMA
MOSCOW
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FROM:

USINT BAGHDAD

DATE:

December 1, 1972

SUBJECT:

Political Assessment of Iraq-December 1, 1972

Introduction: This is a very tentative assessment of the Iraqi regime based on the only two-and-a-half months in the country and a total reliance

on secondary sources and the public media. It is long only because it is the first such assessment from Baghdad in over five years. Comments from end-users, who on some subjects may have better information than available to USINT, are not just encouraged, but solicited.

I.

The Internal Scene

The Baath regime, in power since July 1968, has achieved a semblance of stability. The only organized opposition appears to be the Kurds who are in physical control of a sizeable portion of territory along the Iranian border. Public order is maintained elsewhere with apparent ease. Until the June 1 nationalization, the economic growth rate was substantial (GNP in real terms rose at an annual rate of 5.4% from 1966 to 1970 and much more rapidly in 1971). Although no recent figures are available, the rigorous austerity measures do not seem to have hurt the vast majority of Iraqis. This year's crops were very good and some grain is being exported. Travel restriction have just been lifted for the Haj and for the favored few, there are new Mercedes (although officially banned) and something of a construction boom in luxury residential housing.

The Iraqi people have, however, paid a price for the new stability. It has been achieved through the application of increasingly effective police state methods. Many able Iraqis have gone into exile and those who remain live in a state of uncertainty and sometimes fear. Baghdad is a city of whispered conversations and glances over the shoulder. A recent incident gives a inkling of what it is like for an educated Iraqi; Dr. Clement Sarkis, a prominent physician married to an Englishwoman and a frequent guest at diplomatic functions, was picked up by Ministry of Interior or Party security men on October 23 and held incommunicado for ten days. After his release he refused to discuss his incarceration except to say he had been questioned closely about his foreign friends. The warning to the few remaining non-official Iraqis who mix socially with foreigners is clear.

The Baath appears to have failed thus far to gain wide popular support and the regime rests on the twin pillars of Party and Army. Party members are still organized in secret cells and are believed to number about 100,000; i.e. 1% of the population. Many more are believed to be part of the Party's system of informers. In addition to assassinations, the party is rumored to eliminate its dissident members or other

enemies by such means as staged automobile accidents. The most recent "accident" occurred on November 14 and involved two Syrian "comrades" who were given an elaborate mourning procession and then flown with full honors to Damascus. The Army is very much in evidence and obviously well treated, but this is not a new phenomena in Iraq. The military has practically no contact with Westerners and even routine contacts with Western military attaches must go through a liaison office. The Communist attaches and advisors are also believed to be kept at arms length. Information on the role of the Baath within the Army and on attitudes within the officer corps is virtually impossible to obtain here.

A.

The IPC Conflict

The major issue facing the regime at this time is the conflict with IPC resulting from the June 1 nationalization. The regime is trying to convey the impression that things are going much better than hoped: i.e. the IPC oil is being sold (without mentioning that a large percentage of it is going to CFP with IPC's consent), the country is fully behind the nationalization (which is probably true), Iraq has many foreign friends, and if things don't work out, there is a rapidly expanding market for oil in the USSR. The consensus of Western observers is, however, that the regime would like an early settlement that not only resolved the IPC nationalization, but also North Rumaila, BPC and in addition brought in substantial new investment. The alternative to a settlement with IPC is dismal, at least in the near term: having Iraqi oil pursued throughout the world; more barter arrangements; and a greater dependence on the USSR than desired. Yet no one here discounts this possibility. The leaders of the regime do not believe they can surrender to IPC and survive. A dangerous reorientation of the economy may be the lesser of two evils.

B.

The Kurdish Problem

After a two-and-one-half year truce, rumors were wide-spread during November of possible new fighting between the Army and the Kurds. It was believed here that the tension resulted from the Kurds taking advantage of the regime's difficulties to press their demands

for implementation of the March 1970 agreement. To give weight to their demands they probably instigated the army desertions and other incidents. The regime responded by opening a public debate—one of the freest in local memory—over differing interpretations of the March agreement. The Baath accused the KDP of cooperating with Iran and Israel and the KDP accused the Baath of bad faith, covert anti-Kurdish activities, and monopolizing power. The debate did serve to redefine the issues and perhaps with the assistance of the USSR, which is active as the intermediary, progress toward a modus vivendi that excludes fighting can be made. Neither side seems to want a renewal of large scale fighting, but neither is there sufficient mutual confidence to bring about the implementation of the agreement. Outlook: continued stalemate with minor incidents.

C.

The National Front

The regime is having rough sledding in creating the National Front in accordance with the draft National Charter issues on November 1, 1971. The Iraqi Communist Party approved and has been rewarded with two ministers (Irrigation and without Portfolio). The KDP has refused to sign the Charter because it claims inter alia that participation in the government is meaningless as long as all executive and legislative power rests with the RCC. The USSR is actively pushing the establishment of a National Front, as evinced by the large number of foreign Communist delegations that have visited Iraq in the past few months to bestow official blessing on the Baath as a progressive party worthy of party-to-party relationships.

The KDP shows no signs of giving in on the crucial issue of meaningful participation and without the KDP a National Front would be fairly meaningless.

III. External Affairs

A.

The Arabs

The regime has been more successful in breaking out of its isolation internationally than domestically. Within the Arab world, for example, Iraq is now developing new relationships with as diverse states as Algeria and the Sudan and attempting a rapprochement

with Saudi Arabia. President Bakr even sent King Hussein a birthday greeting on November 14. Serious differences still exist with Syria over oil transit payments and personal rivalries among Baath leaders. In the Arabian Gulf tradition methods of diplomacy seem to be the order of the day rather than the subversive ones.

B.

THE SOVIET THREAT

Relations with the Soviet Union and other COMECON countries have increased most substantially since nationalization and credits and loans now total \$775 Million. The Iraqi request for observer status with COMPCON is seen here as both a bargaining gambit with the West and an indication that Iraq does not again intend to become so dependent on the West. Relations with the Soviet Union, however, go well beyond economics as demonstrated by the very active Soviet role in all three of the major domestic issues facing the regime (see above). While the French Ambassador is most eloquent on the Soviet threat, perhaps to facilitate his mission, the consensus of Western Ambassadors is that Iraq and the Gulf have become major targets for the USSR. The areas of concentration are the oil sector, the military, irrigation, and the development of an Iraqi fishing fleet to ply the Arab Gulf and the Indian Ocean (Baghdad 56). More ominous is the close Communist relationship with the Ministry of Interior and Party security apparatuses. The December 3 formal agreement between the Czech and Iraqi Ministries of Interior is, as the Iraqi Minister said, "only bringing the existing relationship into the open".

We should not be lulled into complacency about the Soviet threat by the fact that Arab states elsewhere have proved relatively impervious to a dominant Russian presence. Iraq may be different. Few Arab countries are as culturally diverse and therefore capable of being controlled by a small, militant minority. For Russia, Iraq is geographically the closest Arab country. Its concrete interests here are substantial (oil, Indian Ocean, border security). The Soviets may not wish to gain direct control over the levers of power, but we should not discount this possibility. One could not help but be struck by the statement in a recent editorial in the official al-Jumhuriya that "Iraq and India form the foundation of the progressive front in Asia."

C.

RELATIONS WITH THE WEST

Although relations with the West are somewhat in abeyance pending the outcome of the IPC conflict, Iraq is seeking to expand these ties. France continues to be courted openly, but the French Ambassador maintains that no new commitments are being made, despite the commercial loss entailed, pending a settlement. If negotiations fail, France will be faced with a cruel choice of breaking with its IPC partners or losing its incipient "special position" here.

President al-BAKR received the new Canadian Ambassador on November 28 and insisted that the West had forced Iraq toward the Communist world. The Ambassador was later informed that Iraq had named an Ambassador to Ottawa despite the knowledge that Canada could not reciprocate. Greece and Brazil will establish Embassies here early next year, partly at Iraqi urging. Visa restriction for UK citizens were recently eased and commercial relations with Great Britain proceed about normally. The media is speaking less about "Western imperialism" and more about "American imperialism" and suggesting that the EEC countries are prepared to break with the past and establish a new relationship with the Arabs at Israel's expense, whereas U.S. support for Israel is more determined than ever. The U.S. is vilified daily on other issues as well—from Vietnam to crime, much of it is obviously fed in from Communist sources. The GOI's treatment of USINT has been correct, but we have not yet detected any hint of a desire for improved relations. Iraqis in general studiously avoid contact with USINT officers.

LOWRIE

¹ Source: National Archives, RG 59, Central Files 1970-73, POL 1 IRAQ-US. Confidential. Repeated to Abu Dhabi, Algiers, Amman, Ankara, Beirut, Bonn, Cairo, Dhahran, Jidda, Khartoum, Juwait, London, Manama, Moscow, New Delhi, Oman, Paris, Prague, Rabat, Tehran, Rome, Tripoli, and Tunis. Drafted by Lowrie on December 6; approved by Lowrie. In a letter to Thomas J. Scotese (NEA/ARN), December 18, Lowrie wrote that "it is no exaggeration to say that we are ostracized" by the Iraqis. "The main frustration is therefore, having to rely completely on

diplomatic colleagues (of whom only a few are well informed) and the public media." (NEA/ARN, Office of Lebanon, Jordan, Syria and Iraq Affairs, Records Relating to Iraq, Jordan, Lebanon and Syria, 1968-72, Lot 75D442, Box 14, POL 17, REPIR, American Personnel, Resumption Consular Relations, 1972)

329. Telegram 92 From the Interests Section in Baghdad
to the Department of State, December 19, 1972, 1215Z¹

December 19, 1972, 1215Z

TELEGRAM
Department of State
USINT BAGHDAD 00092 211321Z

ACTION NEA-12

INFO OCT-01 CIAE-00 DODE-00 PM-08 H-02 INR-09 L-03 NSAE-00 NSC-
10 P-03 RSC-01 PRS-01 SS-14 USIA-12 T-03 OMB-01 IO-12 ACDA-19 AID-
20 RSR-01 /132 W 063614

R 191215Z DEC 72

FM

USINT BAGHDAD

TO
SECSTATE WASHDC 83

INFO
AMEMBASSY AMMAN
AMEMBASSY KUWAIT
AMEMBASSY JIDDA
AMEMBASSY TEHRAN

SUBJ:
IRAQI FEAR OF U.S.-JORDANIAN-IRANIAN COLLUSION

1. TWO RECENT EDITORIALS INDICATE GOI INCREASINGLY CONCERNED BY WHAT IT PERCEIVES AS GROWING COLLUSION AMONG U.S., SAUDI, ARABI, JORDAN AND IRAN AIMED OF COURSE AT OVERTHROW BAATH REGIME IN IRAQ.
2. PARTY PAPER ATH-THAWRA ON DEC 12 CITED SAUDI FORMIN SAQQAF'S STATEMENT IN TEHRAN AND OTHER STATEMENTS OF GULF STATES ABOUT FOREIGN DANGER MENACING THE REGION. IT SAYS THEY COULD ONLY REFER TO USSR AND ITS FRIENDLY RELATIONS WITH IRAQ. EDITIORIAL SPEAKS OF "ESCALATION IN CONSPIRACIES AGAINST IRAQI REGIME" IN WHICH TEHRAN

PLAYING IMPORTANT ROLE AND INCREASE IN IMPERIALIST ACTIVITIES IN GULF, ALL OF WHICH REPRESENT "NEW SCHEMINGS OF AMERICAN IMPERIALISM." EDITORIAL RIDICULES THOSE WHO REVIVE OLD SOVIET BUGBEAR FALLACY TO PROMOTE THEIR OWN ENDS.

3. OFFICIAL AL-JUMHURRIYA EDITORIAL DEC 17 ATTACKS IRANIAN-JORDANIAN CONTACTS AND STATES: "WHAT IS NOW GOING ON IS CLOSE COORDINATION BETWEEN TEHRAN AND AMMAN AND SOME OTHER ARAB CAPITALS UNDER OVERALL SUPERVISION OF IMPERIALISTIC INTELLIGENCE SERVICES WITH OBJECT OF LAUNCHING FRESH ONSLAUGHT ON ARAB NATIONAL LIBERATION MOVEMENT AND ON REVOLUTIONARY IRAQ IN PARTICULAR."
4. DEC 19 BAGHDAD OBSERVER UNDER HEADLINE "US ARMS IRAN TO THE TEETH" REPORTS IRAN TO RECEIVE 202 COBRA HELICOPTER GUNSHIPS AND 287 HUEY TRANSPORT HELICOPTERS UNDER NEW ARMS AGREEMENT WITH US VALUED AT 720 MIL DOLS. DELIVERY OF HELICOPTERS TO BEGIN IN 1974 PRECEDED BY MASSIVE US TRAINING PROGRAM.

LOWRIE

¹ Source: National Archives, RG 59, Central Files 1970-73, POL IRAQ-US. Limited Official Use. Repeated to Amman, Kuwait, Jidda, and Tehran. In telegram 100 from Baghdad, December 27, Lowrie reported that news of Helms' appointment to Tehran had been characterized in the press as "indicative of role U.S. is delegating to Iran for execution imperialist plans in area." (Ibid.)

330. National Intelligence Estimate 36.2-72, Washington,
December 21, 1972¹

December 21, 1972

IRAQ'S ROLE IN MIDDLE EASTERN PROBLEMS

CONCLUSIONS

- A. Iraq is a factor in many Middle East problems. Geography, economics, and ideology stimulate tendencies toward activism in foreign policy, but these have been swamped in recent years by domestic concerns— notably squabbles within the Baath Party hierarchy and the simmering dispute with the Kurds in northern Iraq. In general Iraq's foreign relations have been troubled, in large part because of its extreme and unbending pan-Arab radicalism. This and preoccupation with domestic concerns have produced a degree of isolation, which continues, though in somewhat modified form, in the present atmosphere of laissez-faire in intra-Arab affairs.
- B. Iraq and Iran see each other as major antagonists. They are in conflict over rights in the Shatt al Arab boundary river and are rivals for influence in the smaller Gulf states. Baghdad is also troubled by Iranian aid to Kurdish rebels. Hence, the arms race between Iraq and Iran will continue, though the Iraqis have a healthy respect for Iranian military superiority and are likely to refrain from escalating incidents. Moreover, the Iraqi aim of establishing political influence in the Gulf is not likely to meet with much success since Iraqi assets and capabilities are limited and are outclassed by those of Iran and Saudi Arabia.
- C. Relations between Syria and Iraq are seriously marred by the hostility of the two Baath parties. The states are also in dispute over the transit fees for Iraqi oil shipped through Syrian pipelines and the division of the Euphrates waters which are being dammed by both countries. While in time these problems are likely to be resolved on terms relatively favorable to Syria—which has the whip hand—there seems little prospect of general rapprochement between the regimes.
- D. Relations with other Arab states are not particularly cordial. Although the Baath regime has publicly supported the fedayeen movement, it has not permitted it to engage in significant activities in Iraq. While Iraq would speak out against any Arab state moving to negotiate with

Israel, it probably would attempt very little, if any, action against such states.

- E. The Baath leaders feel the need to maintain, indeed, to expand, their oil revenue and do not appear to regard oil as a practical weapon to obtain political gain from the West. They moved to nationalize the Western owned Iraq Petroleum Company (IPC) in June 1972 only after the latter reduced oil output and, hence, income, but they did not touch its affiliates. Negotiations between IPC and Baghdad are continuing and the Iraqis seem inclined to settle for terms generally as profitable for the companies as their deals with other Gulf producers. But this would be a tricky business and would require obfuscation of the terms so Baghdad could claim victory. If this effort failed, the parties might prefer a tacit arrangement to freeze the dispute at its present stage.
- F. The Soviets have had a long-time interest in Iraq and the Persian Gulf area, but the initiative for the 1972 treaty of friendship seems to have been taken by the Iraqis. The Soviets welcomed the treaty and see additional psychological benefit from it since Sadat ousted Soviet advisors from Egypt. They realize, however, that their relations with Baghdad irritate Iran, whose goodwill Moscow values highly. While Moscow in time may seek more extensive use of Iraqi ports, overflight rights, and possible use of Iraqi airfields for staging, it will probably move very gradually in this direction. The Baath leaders value Soviet military aid and are unlikely to jeopardize it by abruptly reducing the number of advisors, as Sadat did.
- G. The Baath government sees no particular benefit in significantly improving relations with the US. The US recently sent American personnel to its interests section in Baghdad, a move which had some practical advantages for Iraq and could be made without fanfare; it does not presage further progress toward restoring diplomatic ties.

THE ESTIMATE

1. Iraq is a very different country today from what it was in 1958 when a revolutionary upheaval overturned the monarchy and set up a radical Arab nationalist regime. Despite the strong pan-Arab cast to the ideology of many of the inexperienced nationalist officers who dominated Iraq, domestic problems proved so difficult and so persistent that successive regimes were forced to turn inward.

2. It was not solely the extent of problems at home, however, that made Iraq's position so isolated in the 1960s. The period was one of intense rivalries between Arab states which NASSER's fading leadership failed to

mollify. The young Iraqi republic, though its leaders varied, was through much of this period the most dogmatic and most ideologically motivated of the Arab states. The result was often irritation and hostility, even between Iraq and other radical states. Since NASSER's death, however, relations between Arab states have changed in character; indeed there is something of a spirit of laissez-faire.

I. IRAQ SINCE THE REVOLUTION

3. Iraq has never been an easy country to govern, with its large Kurdish minority living in the hills in the north and the Arab majority divided between the Shiite and Sunni branches of Islam. Sunni Arabs, who number only about a quarter of the total population have consistently dominated the government. By breaking down central authority the revolution compounded the problem of administering the diverse groups. The former ruling clique-wealthy, often foreign educated, and accustomed to look to the West for support-has either emigrated or lost its positions of power. Republican regimes have had to rebuild the governing apparatus almost from scratch, a process hampered by recurrent shifts of regime.

4. Confronted with these difficulties and lacking wide acceptance of their legitimacy, governments since 1958 have generally adopted harsh repressive tactics against all opponents. Rivals have been jailed, exiled, or even murdered. Regimes have encouraged and manipulated mob violence against their enemies. And the cumulative weight of these violent tactics has engendered a general fear of informers that pervades Iraqi life. Nonetheless, the effectiveness of government controls is mitigated by administrative inefficiency, and the regime has allowed some emigres to pay brief visits to their homeland.

5. Successive revolutionary regimes have had only modest success in improving living conditions of the populace. While the economy has grown at an average annual rate of about five percent in recent years, the rewards have not been evenly distributed. Initial efforts to improve the lot of the peasants by confiscating large private landholdings caused extensive disruption. Some of the ill effects have been overcome, but much land remains in government hands and agricultural output has failed to keep pace with population growth. Industrial and commercial activity, mostly in government hands, has lagged, but over the past 15 years a substantial amount of economic infrastructure in the form of communications, public utilities, and public housing has been built. And

the governments have had large inflows of foreign cash from oil to bolster the economy and avoid major crises.

6. Nationalization of the Iraq Petroleum Company (IPC) in June 1972, however, curtailed oil output, causing Iraq a loss of some \$130 million in revenues in the following six months. Thus far, Iraq has received somewhere between \$50 and \$90 million in loans principally from Libya and Kuwait to help make up the loss. To conserve foreign exchange, the government cut imports sharply, including those for development projects. Although by late 1972 Iraq was again receiving oil revenues roughly equal to the average receipts of the previous year, the government has refused to relax the austerity measures that are causing hardships in the domestic economy. Government workers are subjected to forced savings; cuts in imports have resulted in shortages of consumer and capital goods. Most important for the long run, the development program, which was just beginning to show some real progress in such fields as irrigation projects and industrial development, has been sharply reduced.

II. MAJOR DOMESTIC PREOCCUPATIONS

7. The Baath (1) Party of Iraq-in power since July 1968-is part of a pan-Arab ideological movement founded over a quarter century ago in Syria. The leaders of the Iraqi party are more wedded to pan-Arabism and since 1966 have had apparently irreconcilable personal differences with those at the head of the Syrian party. Indeed, personality has often been more important than ideology in setting specific policies of the Baghdad regime. Military support was essential to the Baath's success in seizing power in Baghdad and remains a key element. But the Iraqi armed forces, unlike those in Syria, have been reduced in importance in the equation of power. The Iraqi civilian leaders have purged the officer corps, while raising its pay. They have also brought a number of dedicated party members into the military. There remains, however, a military faction in the Baath and probably a non-Baath or anti-Baath faction in the military forces.

(1) Baath means resurrection or rebirth in Arabic.

8. Committed to monopolizing power, the present Baath leadership, during its four years of rule, has managed to curb or destroy political dissidents except for the Kurdish nationalists in the northern mountain fastness. In this situation, strife among the Baath leaders appears to be the primary threat to continued stable rule. Within the Baath Party, the

civilian faction under Saddam Husayn al Takriti, Deputy Chairman of the Revolutionary Command Council, has been in the ascendant, but there are continuing signs of friction between this clique and that of President Hasan al Bakr who has had closer ties with the military wing of the Party. Saddam Takriti is being criticized for problems stemming from increasing friction with the Kurds, the nationalization of the IPC, failures to secure late-model arms from the USSR, and intrigue over plans to form a National Front. President BAKR seems to be infiltrating personnel loyal to him into sensitive positions in the regime. It is hard to judge how this factional infighting will turn out. But sooner or later this conflict seems likely to come to a head, producing a major reshuffle in the government.

9. Should these internal disputes lead to the ouster of Saddam Takriti and his supporters by BAKR's clique, the armed forces would undoubtedly again play a greater role in the political process. But the policies of the regime might not change greatly. Such a break in the revolutionary ranks, however, would weaken central authority and might promote additional military plotting. This might even raise the chances of a coup by a non-Baath group in the military, although the regime's principal intelligence arm-the so-called Public Relations Bureau-is said to have "watchdogs" in military units. Despite these and other efforts over the past few years to turn the military establishment into a Baath preserve, it seems likely that especially among lower and middle ranking officers a number of non-party members remain. Lacking information on the loyalty and outlook of these officers as we do, it is not possible to suggest with confidence what changes a non-Baath regime would make. But it is virtually certain that in this case military officers would be dominant and that they would govern in the authoritarian manner of previous regimes.

The Kurdish Stalemate

10. Like their predecessors, the Baath leaders have found the Kurdish problem difficult. Most of the Kurdish districts of northern Iraq have been outside of effective control by the central authorities for a decade. Extensively supported by Iran-and Israel-the charismatic Mulla Mustafa Barzani has successfully overcome traditional tribal rivalries to weld disparate Kurdish groups into a more or less homogeneous movement capable of standing off Baghdad's thrusts. After repeated failures to reimpose its authority by force of arms, the Baath government in March 1970-with Saddam Takriti reputed to be the chief architect-reluctantly brought itself to offer Barzani and his Kurdish Democratic Party (KDP) a

generous settlement, providing for a wide measure of autonomy for the Kurds in their areas. (2) This ended open warfare, but has not provided genuine peace.

(2) The most important provisions of the agreement call for delimitation of the Kurdish area, a Kurdish Vice President, a national census to determine Kurdish representation in any future legislature, and Kurdish control of security forces in the designated Kurdish area.

11. Tension is again rising in relations between Baghdad and the Kurds. The Baath government has never fully lived up to the terms agreed in 1970. There is little prospect that it will. In fact, the Baath government still would like to bring the Kurdish areas under its direct control. To this end, it continues to intrigue against Barzani in hopes of splitting the Kurds. Recently there have been renewed clashes between Baghdad's forces and the Kurds. (3) But although the government is losing patience with Barzani, it has not succumbed to the temptation to reopen full-scale hostilities. The Baghdad leaders apparently recognize their present inability to carry military action to a successful conclusion against Barzani. They may also hope that time will increase the strains within the Kurdish movement, providing better opportunities to end the autonomy of the north at some later date. Further, the Soviets are no doubt counseling forbearance.

(3) Serious fighting is impossible in winter when heavy snowfall makes the Kurdish area impassable. Only in the period May through October is weather suitable for major military ground action in the Kurdish region.

12. For his part, Barzani bitterly mistrusts the Baath government which has made several attempts on his life. He continues to search for outside support and would like direct assistance from the US to complement the weapons, money, and military instructors received from Israel and Iran. Barzani is dissatisfied with the present stalemate, but on the whole finds it less onerous than open warfare. His Kurdish defense forces, equipped only with light arms, lack the capability for sustained warfare outside of their mountain sanctuaries. They can exploit rugged terrain of the north to push back attacks, but cannot carry the war to Baghdad. Moreover, renewed hostilities would not be popular with the Kurds who suffered especially from air attacks in previous campaigns.

13. While the present stalemate may well hold for some time, it is inherently fragile. Given present tensions, small-scale clashes of the sort that have taken place in past months seem inevitable, especially after the

end of the enforced immobility of the winter season. This will pose a continuing challenge to the Baath regime and form a ready pretext for broader hostilities.

14. Baghdad feels other grievances against the Kurds as well. Barzani has proved unresponsive to Soviet urging to join the Communist Party of Iraq as a second junior member of a National Front dominated by the Baath. (There is little chance that the Kurds will agree to participate as long as Baghdad does not meet the terms of the 1970 agreement.) This undoubtedly irritates the Baath leadership and may also be weakening the interest of the Kremlin in providing diplomatic support to the Kurds. Any diminution of Soviet concern about the fate of the Kurds would also encourage the Baath regime to revive the war. In any event, there is only miniscule prospect that relations between Barzani and the Baath will improve. And the Kurdish problem will almost certainly remain a constraint on the freedom of action at home and abroad of any Iraqi regime.

15. The chances for a resumption of full-scale fighting would increase sharply with the departure of Barzani. Now about 70, Barzani seems in relatively good health. Suspicious as he is of Baghdad's good faith-with reason-he is not likely to put himself within reach of the Baath Party regime. But when he leaves the scene, there is no one in the Kurdish camp who could play his unifying role. Without Barzani, the effectiveness of the KDP would be questionable. It would probably be challenged by Jلال Talabani, once the second ranking figure in the KDP. Expelled from the party in 1964, he heads a younger, more radical group whose progressive social views are antipathetic to the traditional Kurdish tribal order. Moreover, without Barzani's commanding presence, tribal rivalries would be likely to come to the fore again. Such disunity among the Kurds would powerfully tempt almost any regime in Baghdad to attempt to reimpose its authority. And under these circumstances, an early resumption of warfare would become likely.

III. RELATIONS WITH NEIGHBORING STATES

16. More than preceding Iraqi regimes, the Baath government in Baghdad has ideological-as well as national-aspirations in the Arab world. Believing deeply in their version of pan-Arab socialism, some Baath leaders would like to export their "progressive" approach to their fellow Arabs. But the Baath in Baghdad has encountered both resistance and apathy in its endeavors abroad. The Arab world appears to be going through a cycle of fragmentation-each country emphasizing national

concerns and giving diminished attention to matters of larger Arab interest. Even the Iraqi Baath Party seems to be losing some of its resolve to promote pan-Arab designs.

17. In part, the Baghdad regime is constrained by the weakness of its armed forces. Intense political involvements and extensive purges have lowered the quality and training of Iraqi military personnel. This, more than the amount and characteristics of equipment, severely limits military effectiveness. The Iraqi Armed Forces have little offensive capability. They are overshadowed by the Iranian military establishment on the ground, at sea, and especially in the air. Iraq could defeat Kuwait militarily as long as the latter did not receive external help, from say the Iranians. Logistical considerations would make it difficult for Iraq to carry out military action against the relatively defenseless states of the Gulf coast. The Baghdad government probably recognizes something of its weakness and seems unlikely to attempt major military action to accomplish its regional designs.

Dispute with Iran

18. Iraq and Iran see one another as major antagonists. Relations between the two were poisoned following the overthrow of the Iraqi monarchy. Each side is now convinced of the malevolence and untrustworthiness of the other. This mistrust has been fanned by simmering dispute over sovereignty in the Shatt al Arab waterway. (See map.) The Shah has denounced the 1937 agreement which accorded Iraq complete control of this important boundary river; and Iran has taken military measures to enforce its claims to navigational rights. Another source of trouble has been Iranian assistance to Barzani, of which the Baath leaders are well aware. Both Baghdad and Tehran have undertaken to sponsor subversion against the other-e.g., Tehran's abortive coup attempt in January 1970 and Baghdad's assistance to Iranian terrorists. And the two countries are also rivals for influence in the smaller states on the Gulf.

19. There is little prospect for early improvement in relations between Iraq and Iran. The Shah's ambitions for a dominant role in the area and his plans to modernize and expand his armed forces will cause concern in the Baath leadership. These plans, which he justifies partly as a response to what he perceives as the threat from Iraq, will further stimulate Baghdad to seek equipment in the USSR. Likewise, continuing Soviet assistance to the Iraqi Armed Forces will only boost the Shah's determination to maintain regional military superiority. The Iraqi leaders have a healthy respect for the Shah's military edge and have backed

down from military confrontation whenever large-scale action seemed likely. This caution is likely to persist even in the face of provocations by the Shah. We do not think Iran is likely to initiate major military action against Iraq.

Ambitions in the Gulf

20. Iraqi regimes have long nourished designs to play a larger role in the Gulf. Abdul Karim Qasim, leader of the 1958 revolution, advanced claims to Kuwait, precipitating fears that he was preparing for military action to enforce his demands. After his overthrow, however, the short-lived 1963 Baath regime in Baghdad renounced these claims and succeeding governments have not revived them. While the present Baath government has been attempting to establish a commercial as well as a political influence in the area, it clearly is not willing to commit a large share of its resources to that end. The Iraqis appear to be making Bahrain their center of operations. The Baath regime is also in contact with dissident groups, such as the Popular Front for the Liberation of the Occupied Arab Gulf, which are seeking to overthrow the traditionalist governments of the smaller Gulf states.

21. Thus far, Iraqi subversive activity has not met great success. The Baghdad regime's desire to establish formal relations with the emerging Gulf states has kept it from openly pursuing propaganda attacks on these conservative regimes. Moreover, in the quest for influence Iraq is far outclassed by the wealth and proximity of Iran and Saudi Arabia. Despite these problems, Baghdad is wedded to its image as a revolutionary power. Hence, it seems almost certain to continue to support subversion in low key with money and arms. But under the circumstances Baghdad is not likely to score much success.

Syrian-Iraqi Relations

22. There is little love lost between the ruling Baath parties in Iraq and Syria. Baghdad has harbored Syrian dissidents and has pressed the more pragmatic Syrian party to acknowledge Iraqi primacy. At the same time, under Soviet prodding, the Iraqi regime has made tentative overtures to Damascus to compose their general differences. But Baghdad's terms are not acceptable to the Syrian leaders, who have little to gain by closer ties with Iraq.

23. Relations are further ruffled by a dispute over transit fees for oil shipped through the Syrian segment of the now nationalized IPC

pipeline. Iraq is resisting Syrian demands for sharply higher fees, which could significantly reduce its profit on oil from the northern fields. Meetings on this issue between Damascus and Baghdad have been unavailing. Meanwhile, Syria is letting the oil flow in hopes eventually of receiving a better settlement. While Damascus is not being paid pending agreement, it probably has the whip hand as there is no other outlet for oil from the northern fields. And eventually economic pressures will probably lead the parties to a resolution of this dispute in which Syria would receive higher fees than IPC paid.

24. There seems little likelihood, however, of general rapprochement between Syria and Iraq as long as the present leaders remain in power in either country. The Syrians are tilting toward Cairo these days. Not only does this decrease their interest in improving relations with Baghdad; it poses difficulties for the Iraqis who are usually suspicious of Cairo. The chances for reconciliation are further dimmed by other contentious issues, such as the use of Euphrates waters. This matter will become particularly urgent when the large Syrian dam now under construction is finished. The USSR, which gives considerable economic aid to dam and reclamation projects in both countries, has urged better cooperation on river development. While in the end the parties will no doubt reach some agreement, the process is not apt to be smooth and there will probably be mutual recriminations for some time to come.

Other Arab Regimes

25. Iraqi relations with other Arab states are not as frigid as they have been at times past, but neither are they particularly cordial. Baghdad and King Husayn have no special bone to pick since the Iraqi forces withdrew from their forward bases in Jordan near the ceasefire line with Israel. These forces had complicated the King's efforts to bring the fedayeen under control, and Husayn is still suspicious of Iraq. Despite general antipathy to monarchies, the Baath leaders seem to have come to something of a modus vivendi with the Saudi Arabian Government. But this could be vitiated if the Iraqis became more active in the Gulf, for Riyadh is extremely suspicious of Iraqi intentions in this area. The Baath leaders are happy that NASSER is gone from Egypt, and they are especially pleased at Sadat's preoccupation with Egyptian affairs. Yet Egypt still looms for them as a rival, and no warmth is likely to develop in their relations.

The Arab-Israeli Dispute

26. Iraq has always talked tough on the question of Israel, but is far from the battle lines and has managed to be relatively little involved in actual fighting. From the end of the 1967 war until 1971, Baghdad did station a force of about 20,000 men—one-fifth of its armed forces—in Jordan and a few thousand in Syria to show solidarity with the Arab cause. These gestures, however, represented small sacrifice for the Baath regime, which used such assignments in part as a form of dignified exile for officers of suspected loyalty. And once King Husayn had broken the power of the fedayeen in Jordan in September 1970, the Iraqis, after initial indecision, began to withdraw their forces. Indeed, while paying lip service to the fedayeen cause, Baghdad has avoided being drawn into a leading role in this issue. Although the Baath regime has publicly supported the fedayeen movement, it has not permitted it to engage in significant activities in Iraq.

27. Baghdad's hard line against Israel is certain to continue. The Iraqis reject UN resolution 242 and adamantly oppose concessions to Israel as part of a settlement. Baghdad would clearly speak out—as it has in the past—against any moves toward Egyptian and Jordanian negotiations with Israel. But it probably would attempt very little, if any, concrete action against these states if they decided to try to reach a settlement with Israel, and, in any case, probably has few assets to employ against them.

Turkey.

28. Except for a short interval under Qasim, Iraqi governments have traditionally maintained good relations with Turkey. Both states have a common interest in keeping the lid on Kurdish dissidence. They also share interest in arriving at equitable arrangements for the use of the Euphrates waters. Bilateral talks have been held on this matter over the past few years, though final resolution of this problem is not likely for some time. A recent exchange of high-level visits has confirmed the good relationship between the states, and there is no reason to expect significant change in the near future.

IV. OIL

29. Iraq's stature and international role are very much bound up with the development of its large oil resources. Management of this critical resource, which generates more than a third of Iraq's gross national product and more than three-fourths of all government revenues, has been a major challenge to the Baath Party regime. In its approach to this problem, the party is generally governed more by its appreciation of

market factors and the laws of supply and demand than by the imperatives of its socialist ideology. The Baath leaders recognize the need to preserve, indeed, to expand, the flow of oil revenue which is an all-important prop of the regime. No Iraqi Government of any stripe has yet shut down oil production, although Iraq briefly boycotted sales to some Western nations immediately after the 1967 Arab-Israeli conflict. The Baath regime does not appear to regard oil as a practical weapon for obtaining gain from the West.

30. Iraq's nationalization of the IPC, which operated the large producing fields in the north, came only after more than a decade of running dispute over concession rights, beginning with Iraqi seizure of 99 percent of the concession area in 1961. These differences had curtailed investment in new facilities, slowing the rate of increase in oil output to half that for the Middle East as a whole over the past decade. In fact, most of the growth in oil production in Iraq in recent years has come from maximizing the use of facilities that existed before 1961. Moreover, given prevailing tanker costs, shipment through the pipeline to the Mediterranean had become more expensive than through the Persian Gulf. These factors had induced IPC to cut back production, an action which in June 1972 provoked nationalization of the IPC Kirkuk fields in northern Iraq. The government did not touch the Basra Petroleum Company's sizable field in the south, nor even the small Mosul field in the north, though both were operated by affiliates of IPC.

31. Oil production was sharply curtailed immediately following nationalization, but Iraqi efforts to arrange alternative supply contracts have been relatively successful. IPC itself contributed to the easing of the crisis by agreeing to suspend legal action against purchasers of oil produced from its Kirkuk concession until there had been time to negotiate a compromise solution. The original time limit for these talks has been extended until the end of 1972. Meanwhile, Baghdad has concluded provisional arrangements to sell oil to the Compagnie Francaise de Petroles (CFP), a major shareholder of IPC. Iraq has also concluded deals to supply Greece, Italy, the USSR, and East European states with oil from the nationalized fields. Iraq is now shipping about 800,000 barrels a day to the Mediterranean through a pipeline system which has a capacity of about 1.2 million.

32. Iraq's success in disposing of these quantities of oil has depended in part on the cooperation of IPC. Its prospects for sharp increases in sales-with concomitant increases in revenue-appear to hinge on reaching some agreement with IPC. While the USSR and East Europe are presently

assisting Iraq to develop its North Rumaila field, they are neither prepared nor able to dispose of large quantities of oil. (4) In the short run, Soviet ports and distribution facilities are not oriented toward receiving or trans-shipping oil from abroad. Also, both Moscow and East Europe suffer from foreign exchange constraints that would complicate such deals. Principally, however, it would be the difficulty for the Communist countries to arrange for the marketing of Iraqi oil that would discourage them from a major attempt to supplant IPC. They are probably also concerned about the possible decrease of their own oil revenues and damage to their reputation as reliable members of the international commercial community.

(4) A more comprehensive discussion of this issue will be forthcoming in NIE 3-73, "International Petroleum Prospects", to be issued early in 1973.

33. Iraq's dependence on the Western oil companies is all the greater because it has not received wholehearted support from its Persian Gulf neighbors in the Organization of Petroleum Exporting Countries. These countries are making arrangements with the international oil companies that promise an uninterrupted supply of oil to world customers at terms tolerable to both producers and sellers. Though over the long run, international demand for oil will make increased production from Iraqi reserves of pressing importance, these arrangements remove for some years much of the urgency for the Western companies to purchase larger quantities of Iraqi oil.

34. The Baath leaders apparently recognize that their position has weaknesses, and do not feel great confidence in their ability to dispense entirely with the international oil companies. The Baghdad regime seems inclined to settle for participation in the operations of the Basra and Mosul companies on something like the formula generally accepted by other Persian Gulf producers. For reasons of prestige, the Baath regime will not renounce nationalization of IPC. But there are signs that the party would be amenable to some settlement in effect providing similar benefits to IPC. This would be a tricky business and the terms would have to be sufficiently obfuscated to permit Baghdad to claim victory. It would also require considerable cooperation by the companies.

35. A formal settlement which in the case of IPC allowed the companies a level of profitability similar to that from handling Persian Gulf crude would represent the optimum solution for all parties and would be a tribute to their devotion to economic interest over principle. If this effort failed, a freezing of the dispute at its present stage would be likely. Both

Baghdad and the companies would probably prefer a tacit arrangement on something like present terms-i.e., with CFP in fact acting for its IPC partners-to a formal settlement that appeared to be an undesirable precedent for the future. For a few years at least neither Iraqi need for money nor the oil companies' need for crude will be so extreme as to force either side into what it considers a bad bargain.

V. IRAQ AND THE GREAT POWERS

36. The Baath regime wants to maintain its independence of both the Soviet Union and the West. But because of experience with European mandates, suspicion of the role of Western governments in oil matters, and abiding antipathy for all whom they see as Israel's supporters, the Baghdad leaders regard the West in general and the US in particular as malevolent imperialists, whereas they are more confident of the friendly intent of the USSR. This attitude has been shared by all governments since the revolution, but the tone has varied from the somewhat more cordial approach to the West by Abd al-Rahman Arif before the 1967 war to the present deep suspicion by the Baath Party. The present regime also appears to wish a notably closer relationship with the USSR than some of its immediate predecessors had thought desirable.

The USSR

37. The Soviets have had a long-time interest in Iraq and the Persian Gulf area. But the initiative for the 1972 treaty seems to have been taken by the Iraqis. The Baghdad leadership evidently reckoned that it would enhance the regime's domestic prestige and its reputation in the Arab world-at least among the radical Arabs. Moreover, the Baath must have hoped that a treaty might lead to an increase in Soviet military and economic aid, and assistance in increasing Iraqi production and marketing of oil. Equally, the Iraqis probably calculated that the conclusion of an accord might transform the USSR's benevolent neutrality in the simmering Iraq-Iran dispute into a much more benevolent and less neutral stand. The treaty was concluded in April and ratifications were exchanged in Moscow by Foreign Minister al Bald on 20 July 1972 in the midst of Sadat's expulsion of Soviet military advisors from Egypt. Baghdad has subsequently applied to the Soviet trading bloc, CEMA, for observer status.

38. The Soviets have a considerable investment in Iraq. Economic assistance has amounted to over half a billion dollars and military assistance more than a billion since 1956. This makes Iraq the recipient of

more aid than any other country in the region except Egypt. Most Iraqi military equipment is of Soviet origin, and Iraq is heavily dependent on the USSR for spare parts, replacements and military expertise. Yet the Soviets find relations with Iraq a thorny issue. Having signed friendship treaties with Egypt and India, Moscow could scarcely turn down Iraq without risk of damage to its relationship. Besides, the Soviets were attracted by the chance to formalize their dealings with one more Arab state. Now that Soviet forces have been ousted from Egypt, the psychological benefit from formal ties with Iraq has become higher. But an Iraqi treaty irritates Iran with whom Moscow has been bent on improving relations over the past decade. Indeed, the USSR appears to value highly the growing network of economic deals growing out of the agreement to purchase sizable quantities of Iranian natural gas. No doubt also the Kremlin recognizes that Iran is likely to play a far more important role in the region than is Iraq.

39. The Iraqi treaty had little effect on Soviet-Arab relations as a whole. Not only did Sadat soon break the spirit if not the letter of Egypt's treaty by expelling Soviet forces, but other radical Arab regimes expressed dissatisfaction with the Iraqi treaty itself. Libya even withdrew its Ambassador from Baghdad for a time in protest. The Asad government in Syria clearly feels no obligation to emulate Iraq in making a formal arrangement with Moscow.

40. Within Iraq, Soviet military arrangements are not a significant source of irritation. The USSR has about 400 military personnel in Iraq, serving mostly as advisors. They have not been as obtrusive as were those in Egypt. Soviet naval vessels operating in the Indian Ocean frequently call at the port of Umm Qasr for provisions, supplies, and to show the flag. There have even been some joint exercises with the small Iraqi Navy, but these activities have been intermittent and small scale. Particularly in view of the risk of damaging their relations with Iran, the Soviets do not seem to be pressing for the development of major facilities in Iraq. While Moscow in time may seek more extensive use of Iraqi ports, overflight rights, and possibly use of Iraqi airfields for staging, it will probably move very gradually in this direction and will be prepared to draw back if either the Iraqi price is too high or the Iranian protests are too loud.

41. Soviet-Iraqi relations will probably remain close for some years to come. The Baath Party is not searching for spectacular gestures to enhance its prestige and seems unlikely to twist the Kremlin's tail by sending home Soviet advisors as Sadat has done. Even if the Baghdad regime were to decide to improve relations with the West in general and

with the US in particular, it would not do so at the expense of its links with Moscow which provide much economic and political benefit. For their part, the Soviets have no reason to wish to disturb the relationship. They will no doubt maintain their present support to the Baghdad government. The Soviet military aid program will continue, though Moscow will be very conscious of its effect on the Shah.

The United States

42. The Baath government sees no particular benefit in significantly improving relations with the US. American "imperialism", particularly in terms of US support for Israel and the activities of the US oil companies, remains the regime's favorite whipping boy and scapegoat. When Iraq broke diplomatic relations with the US after the Arab-Israeli conflict in 1967, it agreed to permit interests sections in Baghdad and Washington. Iraq kept personnel assigned to the Indian embassy in Washington, but the US did not send American personnel to Baghdad until September 1972. This move did relieve some practical difficulties and could be carried out without fanfare. It does not, however, presage further progress toward restoring diplomatic ties. Indeed, the Baath regime would be likely to remain far behind other "progressive" Arab governments in dealing with the US. For example, if Sadat were to restore diplomatic relations with the US, Baghdad might well denounce Egyptian action. It would almost certainly feel little compulsion to follow suit.

43. There is not much chance of early change in this prognosis. Factional and personal rivalries within the Baath Party, however they come out, do not revolve around relations with the US. Any Baath regime would be likely to continue the policy of reserve toward restoring diplomatic ties. Even a non-Baath government would not be likely to move rapidly to repair relations with the US. Suspicion of Washington runs deep in Iraq, and there is no internal faction which seems willing to risk running against this tide.

[Map: Iraq and Environs]

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¹ Source: Central Intelligence Agency, NIC Files, Job 79R01012A, Box 442, 2, NIE 36.2-72, Iraq's Role in Middle Eastern Problems. Secret.